

Class Location Requirements

Class Location Methodology Workshop - Arlington, VA April 16, 2014

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Topics

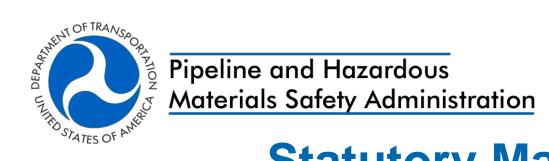
- PHMSA Objectives
- Update on Section 5, statutory mandate
- Timeline
- Provide overview
- Review comments received on Gas ANPRM & Notice of Inquiry



PHMSA Objectives

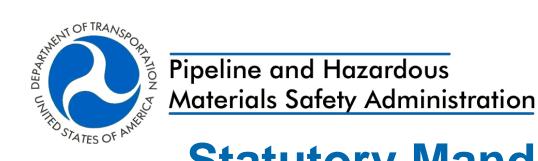
As required by statutory mandate –

- To develop and provide a report to Congress on the expansion of the Integrity Management Program outside HCAs
- Determine if the expansion mitigates the need for class location requirements



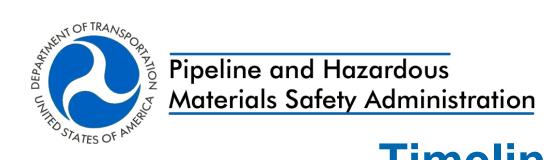
Statutory Mandate

- Section 5 (a) of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011
 - requires PHMSA to evaluate and issue a report on whether Integrity Management Program (IMP) requirements, or elements of IMP, should be expanded beyond high consequence areas (HCAs), and
 - with respect to gas transmission pipeline facilities, whether applying IMP requirements to additional areas would mitigate the need for class location requirements.



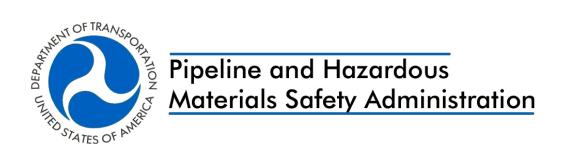
Statutory Mandate (cont.)

- Section 5 (b) of the 2011 Act requires evaluation to consider -
 - (1) priority for public safety
 - (2) importance to reducing risks in HCAs
 - (3) Incremental costs of applying IM outside HCAs
 - (4) IM assessments and repairs that do not disrupt pipeline service
 - (5) IM requirements outside HCAs that are most effective and efficient options
 - (6) Appropriate Repair criteria outside HCAs



Timeline

- August 25, 2011: ANPRM Gas (outside HCAs)
- January 3, 2012, Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011
- August 1, 2013: Notice of Inquiry (class locations)
- February 25, 2014: Updated PAC
- April 16, 2014: Class Location Workshop
- May 16, 2014: Comments on workshop
- Summer 2014: Complete Congressional Report



Summary

Where do we go?

- No Class Location
- Class location (No Change)
- Class Location Modified/Expanded
- HCAs and PIR modified
- Other Alternative Methods

How should it apply?

- Gas Transmission
- Gathering or Distribution
- Interstate and Intrastate
- Operating Stress Level
- Diameter or MAOP
- Existing, Pre-1970 or New Pipelines

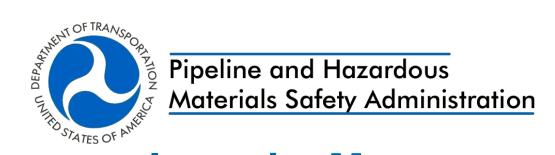




Class Location

Class locations:

- Derived from the ASME, "Gas Transmission and Distribution Pipeline Systems," (ASME B31.8);
- Deeply imbedded in Part 192; and
- Industry is comfortable with the approach.



Integrity Management Approach

Gas Integrity Management:

- Uses high consequence areas (HCAs) to identify areas of higher risk along pipelines; and
- Provide a more rigorous approach for maintaining pipeline integrity to those pipeline segments that pose a threat to public safety and property damage.

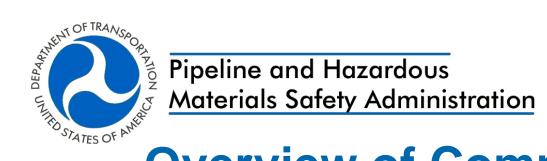
Pipeline and Hazardous Materials Safety Administration

Overview of Comments on IM Expansion (ANPRM)

Public Comments:

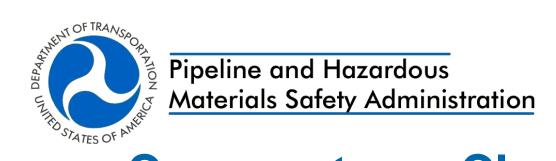
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- Revise the IM to include more mileage (e.g., include entire Class 3 and 4 area in lieu of only the potentially impacted area inside Class 3 & 4) and critical infrastructure.
- IM plans for densely populated areas (Class 4) and for a new Class 5 encompassing cities with population greater than 100,000, be developed in consultation with local emergency responders.



Overview of Comments on IM Expansion (ANPRM)

- Industry: Application of IM principles to non-HCA areas should be left to industry as a voluntary effort.
- NAPSR: Prefer the current class location system
- The Jersey City Mayor's office: Current class system does not sufficiently reflect high density urban areas, and petitioned PHMSA to add three (3) new class locations.



Comments on Class Location – (Notice of Inquiry)

Industry Overview of Comments:

- Keep class locations intact for existing pipelines.
- Allow a PIR approach to be used for new pipelines and when Class locations change.
- Class locations imbedded in regulations and adopting a single design factor approach would be too complicated to implement.
- Stakeholders need to be involved before any rulemaking is made.

Pipeline and Hazardous Materials Safety Administration

Materials Safety Administration Comments on Class Location Notice of Inquiry

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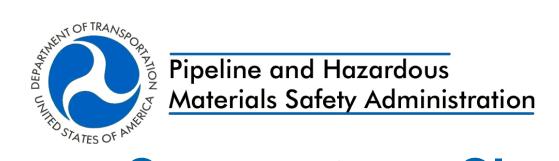
 Allow operators to choose method for design factors, existing class locations or PIR (HCA method).

API:

 Without Class locations it is not possible to determine regulatory status of gathering lines.

APGA:

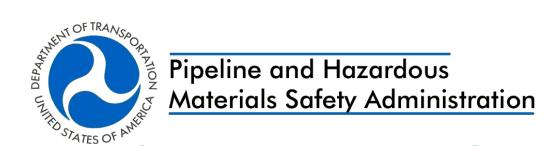
- Limit new requirements to lines operating ≥ 30% SMYS.
- Revise definition of a transmission pipeline.



Comments on Class Location - Notice of Inquiry

• INGAA:

- IM should be extended beyond HCAs.
- Allow either existing class locations or PIR method.
- Revise certain operation and maintenance requirements that may no longer be necessary given new technology and integrity management activities.



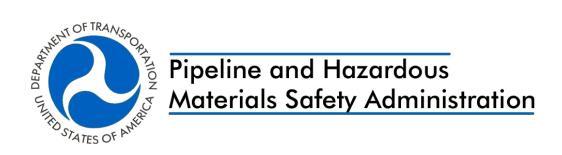
Comments on Class Location - Notice of Inquiry

Iowa Utilities Board

- Keep existing class locations.
- Add additional safety to buildings outside small radius PIRs.

Iowa Assoc. of Municipal Utilities

- New regulations would impose new and significant costs to operators of small diameter, low pressure pipelines.
- Revise definition of transmission pipeline.

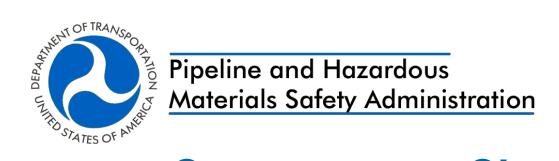


Comments on Class Location - Notice of Inquiry

Pipeline Safety Trust:

- Supports applying IM beyond HCAs.
- Expand class location definitions.
- Strengthen existing Integrity
 Management rule.

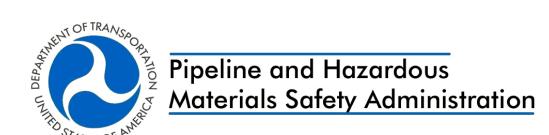




Comments on Class Location – Testimony July 2011

NAPSR

- Class locations apply much more than integrity management:
 - apply to design, such as valve spacing, whether that valve is 10 miles away or 2 miles away;
 - odorization and operations, leak surveys, patrolling.
- Class locations are a much broader concept than just integrity management, so we do have concerns on that.



Summary

- There is a broad perspective from industry and the public on the expansion of the IMP requirements.
- The implications of changing class location could have significant regulatory impact.
- There are several alternatives to consider.