Lost and Unaccounted for Gas and Infrastructure Replacement for LDCs

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Why Are People Talking About This?

- Growing focus on methane emissions.
- Administration initiatives on methane reduction.
- Multiple recent reports and news stories on methane.
- Public concern over emissions, in part linked to broader concerns over gas production and infrastructure and even fossil fuel more broadly.
LAUF - What It Is?

- The difference between gas received and gas delivered.
- Made up of many components
- Calculated differently by different entities.
- Often a rate-making construct – not an emission factor.
What It Isn’t – A Surrogate for Emissions

LAUF

Metering, Accounting, Linepack

Theft, Own Use

Methane Emissions

Reaches Atmosphere

Actually Lost from System

Not to scale
Focus on leak-prone pipe
- Cast-iron
- Unprotected steel
- Older plastic

A relatively small share of the mileage but a disproportionate share of emissions.
Most of the cast iron pipe is in only a few states.

These are some of the highest-cost locations for replacement.

Many states have other kinds of leak-prone pipe.
LDCs have been replacing cast iron pipe for safety considerations – about 3%/year.

Recent discussions have focused on the potential for accelerated replacement for environmental benefits.

Environmental benefits are not part of the conventional utility rate-making construct.

– Safe, reliable service at the lowest cost.
Most states have some form of special rate structure to support cost recovery for pipeline replacement programs. Key components of such programs include:

- Certainty of cost recovery
- Timeliness of cost recovery
- Setting targets for replacement
- Providing incentives or penalties for performance
- Incorporating emissions into the program

California, Oregon, Illinois and Massachusetts have passed legislation focusing on LDC infrastructure. California’s and Oregon’s directly target methane emissions while Massachusetts’ is purely focused replacement by a fixed deadline.
Barriers to Pipeline Replacement

- Cost
- Uncertainty of Cost recovery
- Adequacy of skilled labor
- Concern over potential rate-payer Impacts
- Lack of Regulatory Recognition for Innovative Technology
- Public Objections to Gas Infrastructure