

Michael Ruby

Thank you for the opportunity to comment on the proposed amendments to WAC 173-441. These comments focus on what seems to be confusion in the proposal over just what is a facility and what is a supplier of natural gas.

The existing Ecology GHG reporting rule clearly classifies interstate and intrastate pipelines as facilities that must report all emissions and assign the correct global warming potential (GWP) to the individual gases, properly handling fugitive emissions. Local distribution networks are calculated in terms of their delivery, assuming complete combustion of the handled gases. Unfortunately, the proposed amendments to the current rule, as currently proposed, create confusion over how emissions from interstate and intrastate pipelines are reported. The definitions in 173-020(1)(i)(iii)(A) and (D) state that interstate and intrastate pipeline operators and local distribution companies are "Fuel supplier"(s) and are pointed to section 122 for further details. This leads to concern that fugitive emissions from pipelines will not be reported as they will not be considered "facilities".

On the other hand Table 120-1 of Section 120 correctly incorporates Subpart W of 40CFR98, which lists Petroleum and Natural Gas Systems as covered source categories, including interstate and intrastate pipelines and local distribution companies in 98.230(a)(4), (8) and (10) and through 98.238. It appears to be the intention here to include both the pipelines and the compressor stations along the pipelines as a single entity for the calculations described in this section. The CO₂e reported will assign the correct GWP to fugitive emissions from compressors and other equipment. The inclusion of local distribution companies here does contribute to confusion but it seems this is only intended to include their line equipment such as compressors and not their pipeline supply, which is regulated under NN, which you correctly deleted from Table 120-1.

This is further confused in the proposed rule amendments by the inclusion of refineries, interstate and intrastate pipelines and other facilities in the statement of supplier source categories in 173-122(1)(a)

- (iii) Refiners that produce liquefied petroleum gas;
- (iv) Operators of interstate pipelines delivering natural gas;
- (vii) Operators of intrastate pipelines delivering natural gas;
- (viii) Natural gas liquid fractionators
- (x) Facilities that make and deliver liquefied natural gas products or compressed natural gas products by liquefying or compressing natural gas received from interstate pipelines.

The wording chosen suggests perhaps there is some effort here to separate the facilities from the persons who operate the facilities but that would be quite strange and adds to the confusion. For "facilities", it is clearly the owner or operator that has the duties. For "suppliers" and "electric power entities" it is sometimes the supplier or the entity and sometimes the owner or operator who has the duties. Some attention needs to be paid to consistency.

Furthering the confusion are the, first, inclusion and then the exemptions in 173-122(2)(l), which disqualifies from 173-122 any "pipeline or piping system" that is subject to WUTC regulation, which includes all four of the natural gas end user suppliers in Washington. The two interstate

suppliers that operate most of the intrastate pipelines in Washington are also exempted from this definition by their regulation by FERC. It appears that the intent is to make it clear that the pipelines should report under 173-120 and not under -122 in spite of the definition in 020 and their inclusion in -122(1)(a). However, there are detailed descriptions of how the entities exempted by this provision also have responsibilities under this section in -122(4)(d).

There appears to be a grammatical error in 173-122(2)(l), where it states that "For the purposes of this chapter, . . . are subject to reporting under this chapter." The same problem occurs in -122(2)(m), where it states "for the purposes of this chapter . . ." The intention of these definitions would be more appropriately restricted if the word "section" were used instead of "chapter", particularly if they are instead to be subject to reporting requirements of section 173-120 in the case of (2)(l).

Actual calculations of emissions are described in 40CFR98 Subpart W for pipelines and Subpart NN for natural gas suppliers. For Subpart W methane emissions from compressor stations and natural gas distribution systems are clearly required to be reported as such. If the pipelines are subject to -120 and not -122, then the issue of fugitive emissions is clear. However the conflicting texts muddy the water. Subpart NN only applies to Local distribution companies. This section requires that the emissions from end users are reported only as the complete combustion of the natural gas supplied, which is appropriate for this source category.

Thus the issue of appropriately reporting methane emissions from pipelines would be well clarified by revisions to the new definition in 173-020(1)(i)(iii), the assertion of source category in 173-122(1)(a) and some additional tweaking of the text. The intent to regulate pipelines under 173-120 suggests -020(1)(i)(iii)(A) and (C) should be deleted. Definition -020(1)(i)(iii)(D) should be rewritten as "Local distribution companies, other than the pipelines they operate" to be consistent with Subpart W.

The definition of "supplier" in RCW 70A.15.2200(5)(h)(ii) is no different from the use in 172-122 and does not in any way limit the provisions of 173-120 and its reference to 40CFR98 Subpart W.