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Docket No. EPA-HQ-OAR-2021-0317

January 31, 2022

Ms. Karen Marsh  
Sector Policies and Programs Division (E143-05)  
Office of Air Quality Planning and Standards  
U.S. EPA  
Research Triangle Park, NC 27711

**RE: AGA's Comments on Notice of Proposed Standards of Performance for New, Reconstructed, and Modified Sources and Emissions Guidelines for Existing Sources: Oil and Natural Gas Sector Climate Review, 86 Fed. Reg. 63110 (Nov. 15, 2021)**

Dear Ms. Marsh:

The American Gas Association ("AGA") appreciates the opportunity to comment on EPA's notice of proposed rulemaking regarding standards of performance for new, reconstructed, and modified sources and emissions guidelines for existing sources in the oil and natural gas sector.

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 76 million residential, commercial, and industrial natural gas customers in the U.S., of which 95 percent — more than 73 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies, and industry associates. Today, natural gas meets more than thirty percent of the United States' energy needs. The scale of importance of natural gas and its delivery systems and their role in providing safe, affordable, reliable, and resilient energy service choices to customers cannot be understated. AGA is committed to reducing greenhouse gas emissions through smart innovation, new and modernized infrastructure, and advanced technologies that maintain reliable, resilient, and affordable energy service choices for consumers.

AGA and its members have a strong interest in this rulemaking because it will impact: (1) the cost and methane intensity of the natural gas product they deliver to customers (their core business); (2) their ability to implement plans to achieve low or net zero greenhouse gas (GHG) goals, which are increasingly a focus for investors, some

state utility regulators and customers; and (3) certain member operations that EPA is proposing to regulate. On this latter point, AGA appreciates that EPA is proposing to retain the 2016 definition of the source category excluding natural gas distribution company (LDC) operations inside and including the LDC custody transfer station.<sup>1</sup> However, this exclusion will not apply to facilities upstream of the LDC custody transfer station. As far as can be determined at this stage in the absence of the proposed regulatory text and based on the preamble discussion, it appears EPA's standards would cover AGA member company operations in natural gas production, gathering and boosting, and interstate transmission and storage sectors, including natural gas underground storage facilities and liquefied natural gas (LNG) that are located upstream of the LDC custody transfer station. Any AGA members with operations upstream of the LDC Custody Transfer Station have a direct interest in the application of the proposed rule to those operations.

## **Comments**

### **1. AGA Supports Clear and Reasonable Federal Regulation of Methane and VOC Emissions**

AGA supports clear and reasonable Federal regulation of methane and volatile organic compound (VOC) emissions from the oil and natural gas sector, as this should help to create a level playing field and increase the supply of natural gas available to our member gas utilities and their customers that is produced and transported with lower emissions.

We note that EPA is not the only federal agency considering methane emission regulations. The Department of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA) is also evaluating methane regulations for natural gas pipelines and storage in response to President Biden's executive orders on climate change. EPA should coordinate with PHMSA to avoid duplicative or conflicting requirements.

### **2. Emissions from Local Natural Gas Distribution Are Already Very Low and Continuing to Decline.**

AGA members have made great strides in modernizing our nation's natural gas system to provide safe, reliable service to customers. This modernization helped significantly reduce methane emissions. The most recent EPA Inventory of U.S. Greenhouse Gas Emissions shows that methane emissions from distribution systems declined by 69 percent from 1990 through 2019. The EPA Inventory also shows that only 0.1 percent – or one tenth of one percent – of the natural gas delivered nationwide is

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<sup>1</sup> See 40 C.F.R. §60.5430a, as published in 2016, 81 Fed. Reg. 35824 (June 3, 2016), and as reinstated by Congressional Review Act Resolution in 2021.

emitted from distribution systems.<sup>2</sup> This has been achieved largely by replacing cast iron and unprotected steel distribution mains with modern polyethylene plastic or cathodically protected steel pipe and by upgrading metering and pressure-regulating stations to replace high bleed pneumatic devices.

Our members continue to seek opportunities to reduce methane emissions, for example through their commitments in the EPA Methane Challenge program to replace pipe and to reduce emissions from pipeline blowdowns and dig-ins.

AGA and our member utilities also have an ambitious innovation agenda – to develop new fuels and technologies that can reduce greenhouse gas emissions and advance energy resiliency and sustainability.

Renewable Natural Gas, known as RNG, can be produced from farms, landfills and water resource recovery facilities or from renewable electricity. Through RNG we are capturing methane that would normally go into the atmosphere. RNG is carbon neutral, versatile and fully compatible with the U.S. pipeline system. RNG is a sustainable emission reduction strategy that is cost competitive with other emission reducing technologies.

Hydrogen can also be blended into the gas system both to reduce methane emissions from transporting the blended gas and to reduce carbon emissions from customer equipment. Hydrogen can be produced either from natural gas (capturing and utilizing the carbon) or by using wind and solar electricity.

We are also seeking to reduce methane emissions from our upstream suppliers. Working with institutional investors and non-governmental organizations (NGOs), AGA and the Edison Electric Institute (EEI) developed an Environmental, Social, Governance (ESG) reporting template tailored to issues relevant to gas and electric utilities, including methane. To encourage upstream suppliers to publicly disclose their methane emissions in a robust and comparable way, we developed our Natural Gas Sustainability Initiative (NGSI).<sup>3</sup> NGSI provides comprehensive methane intensity metrics for five segments of the natural gas supply chain: (1) production; (2) gathering and boosting; (3) processing; (4) transmission and storage; and (5) natural gas distribution. By posting their NGSI methane intensity, companies can be recognized for their leadership, providing a strong incentive for companies across the natural gas supply chain to reduce methane emissions.

NGSI is designed to be complementary to other efforts to reduce methane emissions and is intended to work in concert with regulatory standards. Ensuring that methane emissions from the natural gas supply chain are minimized is a critical part of our members' efforts to decarbonize.

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<sup>2</sup> See Understanding Updates to the EPA Inventory of Greenhouse Gas emissions from Natural Gas Systems (May 21, 2021) at <https://www.aga.org/research/reports/epa-updates-to-inventory-ghg/> (last accessed Jan. 31, 2022).

<sup>3</sup> See <https://www.aga.org/about/investor-relations/natural-gas-sustainability-initiative-ngsi/> (last accessed Jan. 31, 2022).

AGA members are also taking action to reduce the carbon intensity of their delivered product by acquiring natural gas that has been certified as meeting stringent emission standards by independent third-party auditors. This is a new innovative product that has expanded rapidly in the last year. For example, Rocky Mountain Institute (RMI) and SYSTEMIQ announced a new certified low methane gas standard in December 2020 called MiQ (Methane Intelligence)<sup>4</sup> that incorporates the NGSi methane intensity metric for production coupled with monitoring on a semi-annual or quarterly basis to detect and fix any higher-emitting sources. Several producers announced in 2021 that they are obtaining third party certification under these standards to offer certified lower methane intensity natural gas.

### **3. AGA Appreciates and Supports the Proposal to Retain the Exclusion of Local Natural Gas Utility Operations from the Crude Oil and Natural Gas Source Category, and Urges that This Exclusion be Clearly Stated in the Regulatory Text for OOOOa, OOOOb and OOOOc**

In the 2016 methane Subpart OOOOa NSPS final rule, EPA recognized the dramatic emission reductions gas utilities have achieved and excluded natural gas utility operations from the Crude Oil and Natural Gas Source Category to which the rule applies. That exclusion was restored along with the text of the 2016 rule by the Congressional Review Act Resolution passed by Congress and signed into law by President Biden on June 30, 2021. We appreciate and strongly support EPA's expressed intention to retain the LDC exclusion as part of the definition of the affected source category. EPA has explained that the scope of this rulemaking will affect entities throughout the *Crude Oil and Natural Gas Production* source category as defined in 1979 and clarified in 2016, which includes oil and natural gas well sites, gathering and boosting stations, natural gas processing plants, and sources in the interstate natural gas transmission and storage segments, and ends at the local distribution company custody (LDC) transfer station. The source category excludes the LDC custody transfer station and facilities inside that station, such as *intrastate* transmission lines, distribution mains, metering and regulating stations and gas utility underground and LNG peak shaving storage facilities<sup>5</sup> that provide reliable and affordable supply to local customers during times of peak demand, especially in the winter heating season.

The exclusion for gas utility operations continues to be justified by the continuing progress natural gas utilities have made in reducing their methane emissions as detailed above in Section 2.

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<sup>4</sup> See <https://miq.org/> (last accessed Jan. 18, 2022).

<sup>5</sup> It should be noted that LNG peak shaving facilities are much smaller than LNG import export terminals, have different equipment and lower emissions.

**4. To Avoid Confusion, EPA Should Clarify in Section 60.5365a and the Corresponding Provisions of New Subparts OOOOb and OOOOc that the Listed Types of Facilities Are Subject to the Rule Only *If They are Located Within the Crude Oil and Natural Gas Production Source Category.***

Unfortunately, there is no proposed regulatory text in EPA’s “notice of proposed rulemaking,” and the scope of the existing rule is not clearly described in the current, 2016 version of 40 C.F.R. Part 60, Subpart OOOOa, §60.5365a. That scope provision is intended to answer the question: “Am I subject to this subpart?” A small gas utility or cooperative that does not have an environmental lawyer on staff may not understand that the rule applies only to facilities that are located within the Crude Oil and Natural Gas Production source category as defined in §60.5430a, and that they should turn to the definitions section toward the end of the rule to discover that the source category does not include operations inside and including the LDC custody transfer station, and then understand that the subpart only applies to facilities in the defined source category. Clarifying language was added to section 60.5365a in 2020. At a minimum, that clarifying language should be restored in Subpart OOOOa and should be included in the new scope provisions of Subparts OOOOb and OOOOc so that it is clear to anyone asking “am I subject to this subpart” that facilities inside and including the LDC custody transfer station are not subject to the subpart.

AGA urges EPA to include the following italicized text in section 60.5365a and the analogous scope sections of Subparts OOOOb and OOOOc: “You are subject to the applicable provisions of this subpart if you are the owner or operator of one or more of the onshore affected facilities listed in paragraphs (a) through (j) of this section, *that is located within the Crude Oil and Natural Gas Production source category, as defined in §60.5430a. Facilities located inside and including the LDC custody transfer station are not subject to this subpart.*”

**5. AGA Supports INGAA’s Comments, Including Those on Erroneous Applicability Dates, the Difficulty of Commenting without a Proposed Rule, and Technical Provisions Applicable to Certain Natural Gas Transmission and Storage Facilities**

AGA supports Sections I- XI of the comments filed in this docket by the Interstate Natural Gas Association of America (INGAA) on EPA’s Nov. 15, 2021 notice of proposed rulemaking in this docket (INGAA’s Comments).

First, as INGAA’s Comments note in Sections I - II, several consequences flow from EPA’s decision not to include proposed regulatory text in the Nov. 15, 2021 notice of proposed rulemaking. It is so unusual for an agency to publish a “notice of proposed rulemaking” without including the actual proposed regulatory text that practitioners with multiple decades of experience have never encountered it. EPA’s November 15, 2021 notice would be better characterized as an Advance Notice of Proposed Rulemaking.

For the reasons stated in INGAA’s Comments, AGA agrees that EPA cannot use the date of that notice as the trigger for determining what is a “new source” or an “existing

source” for purposes of EPA’s contemplated new subparts OOOOb for new sources and OOOOc for existing sources. We agree with INGAA that consistent with the Administrative Procedure Act and Clean Air Act section 111(b) and 111(d), the requirements of OOOOb should apply to affected sources that commence construction after the date when EPA publishes proposed regulatory text in the Federal Register, and the requirements of OOOOc should apply to existing sources defined as those that commenced construction on or before September 18, 2015, the date EPA published the proposed methane and VOC NSPS that were finalized in 2016 as Subpart OOOOa and reinstated by the Congressional Review Act Resolution in 2021.

AGA also agrees with INGAA that the absence of proposed regulatory text makes it very difficult to determine what EPA actually plans to do and how that would affect the interstate transmission and storage facilities operated by certain of our members. For example, in the notice of proposed rulemaking, EPA has listed a cryptic description of proposed standards for “well sites” in Tables 2 and 3, but without regulatory text, it is not possible to determine whether or how those standards would apply to underground storage facilities and storage wells as opposed to production wells and well sites. The term “well site” makes little sense in the context of an underground storage facility. When EPA publishes its proposed regulatory text, it would be helpful to list the proposed standards for interstate natural gas “underground storage wells” separately. There are operational differences between production wells and underground storage wells constructed in depleted production fields or salt caverns that may warrant separate treatment in the proposed regulatory text.

Second, AGA also supports Sections III – XI r of INGAA’s Comments for the reasons stated therein. In particular, as INGAA explains in Section IV of the INGAA Comments, it makes sense to delay repairs until regularly scheduled maintenance shutdowns to avoid unnecessary blowdowns that would actually increase rather than decrease overall methane emissions. EPA has proposed to amend Subpart OOOOa to allow natural gas transmission and storage operators to delay repairs that require a shut down or blowdown until the next scheduled maintenance shut down. That makes sense. We agree with INGAA that EPA should also include an identical approach in the regulatory text for the new Subpart OOOOc.

EPA must also allow for the lead times needed to obtain certain types of parts, as INGAA describes. Operators should not be penalized for circumstances they do not control, and imposing penalties will not reduce emissions where a repair simply cannot be performed until a part is received.<sup>6</sup> AGA requests that EPA provide in the regulatory text for revised Subpart OOOOa and new Subpart OOOOc that where no shutdown or blowdown is needed, the operator should repair the leak within 30 days after receiving the parts. AGA also agrees with INGAA that where a repair requires a shut down or blowdown, the regulatory text should allow the repair to be performed during the next scheduled shutdown for maintenance after receipt of the requisite parts, not to exceed two years. Again, this will avoid unnecessary blowdown emissions. In addition, it is critical that EPA retain the functionality exemption for pneumatic controllers where

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<sup>6</sup> INGAA Comments, section IV.C.

necessary for safety and reliability and to provide an exemption for sites where electric power is unavailable, especially considering that emissions from gas-driven pneumatic controllers in the transmission and storage segment are small – at just 0.4% of total methane emissions according to data from EPA’s Technical Support Document.<sup>7</sup>

## **6. AGA Supports Efforts to Reduce Emissions from Blowdowns, but EPA Should Not Propose Standards for Pipeline Blowdowns Without Reopening its Small Business Administration (SBA) Advisory Panel Consultation**

EPA has requested comment on whether to propose standards for certain additional emission sources, including pipeline blowdowns. See section XIII. B. of the Nov. 15, 2021 notice. EPA notes that while blowdown emissions due to pigging is the primary area for which EPA seeks comment, the agency also has requested comment on whether to define a pipeline as an affected facility and to require the pipeline owner or operator to be responsible for meeting standards for blowdowns anywhere along the pipeline, including for maintenance and inspection or emergency repairs.

AGA members have voluntarily sought to improve estimates of blowdown emissions and to reduce emissions from blowdowns on both distribution and transmission pipelines. Member subject matter experts developed AGA’s Blowdown Emission Reduction White Paper,<sup>8</sup> published in August 2020, to share lessons learned and leading practices for avoiding the need for blowdowns when possible and for reducing emissions when blowdowns are necessary. There is still much to learn, and AGA plans to review and update the White Paper to help members achieve their emission reduction goals.

That said, we note that if EPA plans to propose standards for pipeline blowdowns, the agency will need to offer a fresh opportunity for affected small entity representatives (SERs) to comment on how those proposed standards would impact their costs and operations. This past summer, EPA did not allow an AGA member company that operates a small entity interstate natural gas transmission pipeline to provide testimony before EPA’s Small Business Advisory Review (SBAR) panel on the grounds that EPA’s proposed methane standards would only affect pipeline compression, not the pipeline itself, and the SER operated an interstate pipeline that had no compression. It is difficult to determine at this stage how a proposed pipeline blowdown standard would affect such small interstate pipelines without a description of the possible regulatory options under consideration, but if the agency wishes to proceed with a pipeline blowdown standard, it will need to reconvene the SBAR and allow affected interstate pipeline SERs to inform the agency how the proposed standards would affect small interstate pipelines.

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<sup>7</sup> Technical Support Document at Table 8-2 (Oct. 2021), Docket ID No. EPA-HQ-OAR-2021-0317-0166.

<sup>8</sup> The AGA Blowdown Emission Reduction White Paper is available at <https://www.aga.org/contentassets/fdb295e9799449d78d3b07b4a0eac453/aga-blowdown-emissions-reduction-white-paper-final-8.5.20.pdf> (last accessed Jan. 18, 2022).

AGA looks forward to seeing the proposed regulatory text. In the meantime, if you have any questions, please contact me or Tim Parr, AGA Deputy General Counsel at [tparr@aga.org](mailto:tparr@aga.org).

Respectfully Submitted,

A handwritten signature in black ink that reads "Pamela A. Lacey". The signature is written in a cursive, flowing style.

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