



Legislation Summary:

An Act relative to protecting consumers of gas and electricity from paying for leaked and unaccounted for gas

Initial bill number: [H2683](#) (Bill numbers will change as legislation proceeds.)

Sponsor: Rep. Christine Barber

This bill aims to protect consumers and create economic incentives for utility companies to replace and repair leaky pipes while pushing development of improved technology and practices to mitigate loss of methane, a potent, heat-trapping, greenhouse gas. Currently gas companies have little incentive to replace leaky pipes because they are able to pass along the cost of “lost”, i.e., “unaccounted for gas” to consumers.

This bill also does not permit the utilities to charge consumers all of the costs of these repairs of gas leaks. It is estimated that the revenue from the sale of gas recovered by closing leaks will be sufficient to cover the cost of repair as estimated by the utilities.

The bill provides a financial incentive to repair the leaks quickly. It takes advantage of the reporting requirements of legislation passed that created a uniform system that classifies the severity of leaks and sets a timeline for their repair based on the level of leak risk. According to industry officials, the repairs mandated may add an estimated \$1 to \$2 a month to the average gas bill, but over the longer term, Massachusetts customers could save tens of millions of dollars a year once all gas leaks are repaired. A report commissioned by Senator Edward Markey and released in August 2013 indicates that “at least 99 billion cubic feet of natural gas was ‘lost and unaccounted for’ in Massachusetts from 2000-2011.” Pipes tasked to bring natural gas from point A to point B released somewhere in the range of \$640 million-\$1.5 billion in gas into the world. Per person, the report estimated that customers with Boston Gas (part of National Grid), New England Gas, NStar Gas (now Eversource), and Essex Gas “each paid over \$370 to \$875 on average in lost and unaccounted for gas costs from 2000-2011.” Required reporting by the utilities shows that the lost gas ranges from \$24 million up to \$66 million, which over a six year period, is more than what the utilities have estimated is their cost for repairing leaks.

The replacement of aging natural gas infrastructure is on the agenda of regulators, distribution companies, local officials, and consumer groups. In 2013, the Board of Directors of the National Association of Regulatory Utility Commissioners passed a resolution that “encourages regulators and industry to consider sensible programs aimed at replacing the most vulnerable pipelines as quickly as possible.” The American Gas Association has largely embraced these efforts to improve the safety and deliverability of natural gas distribution systems and 38 states have now adopted accelerated pipeline replacement programs, including mechanisms for utilities to recover costs associated with replacing leak-prone pipe. Under the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2016, the Pipeline and Hazardous Materials Safety Administration must conduct a state-by-state survey on the

progress of cast iron pipeline replacement, which are some of the oldest and leakiest pipelines still in use, and hazardous leaks must be promptly repaired.

States generally allow gas distributors to recover costs of shipping natural gas to their customers, including gas lost between the transmission hub and the gas meter. Massachusetts, for example, passes the cost of lost and unaccounted for gas on to ratepayers using the state's cost of gas formula in its utility regulations. This system reduces the incentive for gas distributors to repair gas leaks or replace old gas lines that are especially prone to leaking. The Massachusetts Department of Public Utilities has implemented incentive programs to encourage distributors to replace the old and obsolete cast iron lines.

League Positions: The LWVUS and LWVMA have long been strong advocates for efforts to protect both consumers and our environment and natural resources. Consumers should not pay for a product they do not receive. The League recognizes the need to reduce the amount of GHG into our atmosphere, and that methane, the primary component of natural gas is a potent greenhouse gas. In addition the League is a strong advocate of conservation in order to reduce our reliance on fossil fuels.