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Proposed Revision to Class Location Requirements When Population Increases

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The Pipeline and Hazardous Materials Safety Administration (PHMSA) has published an ***Advanced Notice of Proposed Rulemaking*** (ANPRM) requesting comments on existing requirements for gas transmission pipelines following population growth. This notice is the result of previous Agency requests for comment, Congressional mandates, Agency workshops, and industry comments dating back nearly a decade. The proposed rulemaking could provide industry with additional options when population increases trigger class location changes, and thereby avoid costly pipe replacement or pressure testing.

'Class location' has long been key to PHMSA gas pipeline safety rules, where a pipeline's safety margins and stringent safety requirements increase as population density increases along the pipeline. The concept originated in industry consensus standards in place prior to minimum federal pipeline safety standards issued in 1970. Class location factors have been incorporated into numerous regulatory requirements (e.g., design, construction, and operations and maintenance including design factors, operating pressures, and block valve spacing). Among other things, the regulations require that operators monitor and update class locations as population changes, which in certain circumstances would require operators to replace, pressure test, or derate transmission pipelines to a lower operating pressure (e.g., 49 C.F.R. Parts 192.5 and 192.611).

Since implementation of the integrity management (IM) rules under 49 C.F.R. Part 192, some in the industry have argued that class locations are no longer necessary, redundant, and/or are overly burdensome and unnecessary in light of improvements in technology and operator IM programs. At the direction of Congress, PHMSA reviewed class locations and found that they should not be eliminated entirely because of the added safety benefits they provide.

Industry groups suggested revisions to the class location rules, particularly in light of PHMSA's proposed rulemaking to extend IM requirements in new areas (moderate consequence areas). One proposal that has found traction in the current deregulatory and regulatory reform environment is the proposal to allow operators alternate methods to substantiate a pipeline's operating pressure in light of an increased class location. This concept is not new, as PHMSA has approved certain alternate integrity assessment and management methods under these circumstances through its Special Permit process, since at least 2004. Through this process, PHMSA has established several threshold conditions for operators to be eligible for a Special Permit.

While at the preliminary stages, PHMSA's ANPRM preamble signals some aspects that may feature in an eventual notice of proposed rulemaking.

1. Application of IM: The Agency acknowledges that IM assessments and programs could be a comparable alternative to pipe replacements, but noted concerns regarding construction practices and operational maintenance threats are not always properly assessed and mitigated by operators. PHMSA explained that if operators perform integrity assessments on significant portions of non-integrity management pipelines, it could further consider using such assessments to determine whether pipe in a changed class location remains "fit for service."

2. Records Issues: PHMSA notes that while prudent operators may know the characteristics and conditions of their pipelines outside of application of IM areas and could manage class location changes through performance of IM measures, some operators may not.

3. Forward Looking: PHMSA states that any revisions to the class location requirements would have to be forward-looking and apply to pipelines constructed after a certain effective date.

4. Design and Construction Changes Trigger Upgrades: Consistent with existing Part 192 requirements, if an operator makes design and construction changes to a pipeline, it would require upgrades commensurate with the existing class location.

5. "Two-Class Bump" Concept: PHMSA expresses hesitation about a proposal to provide allowances for pipelines with class location increases from 1 to 3 and 2 to 4, in areas of rapid population growth. The Agency notes that problems with pipe manufacturing quality, construction practices, welding, field coating, IM assessments, and record documentation may weigh in favor of requiring pipe replacement under these circumstances, particularly for high pressure transmission lines.

PHMSA requests comment on a variety of proposals to modify the class location rules in this regard, including: (1) what factors should make a pipeline eligible to avoid pipeline replacement or pressure testing when a class location increases (e.g., diameter, operating pressure, grandfathered pipe, in service failures, cracking indications, corrosion, pipe seam type, etc.); and (2) alternative methods and conditions to confirm that a pipeline is commensurate with its class location and whether they should be more stringent than IM (whether through PHMSA criteria in the Special Permit process or some fitness for service standard).

The ANPRM presents industry with a significant opportunity to amend the Part 192 rules for gas transmission pipelines. Revisions to the class location requirements could avoid costly pipe replacements and pressure testing. They could also reduce uncertainty associated with class location Special Permits (which can be time consuming, unilaterally revoked, and require renewal). Comments are due October 1, 2018 (60 days from publication).