

A Resolution Regarding Natural Gas Storage in Salt Caverns

WHEREAS, Following the Federal Energy Regulatory Commission's Order 636, salt cavern storage has emerged as a highly desirable means of maintaining a reliable supply of natural gas at reasonable cost; *and*

WHEREAS, Salt caverns that are properly located, constructed, and operated can help the natural gas industry become more cost effective by reducing capital requirements and operating costs; *and*

WHEREAS, In those instances where salt cavern storage facilities are constructed, or are proposed for construction, it is left to the state regulatory commission, in conjunction with the host facility, to develop and monitor the safety standards which assure continued safe and reliable operation of that facility; *and*

WHEREAS, While the U.S. Department of Transportation has, pursuant to the Natural Gas Pipeline Safety Act of 1968, jurisdiction over the design, construction, operation, and maintenance of natural gas transmission lines and distribution facilities and has traditionally provided the performance standards which have been available for state regulatory agencies in the monitoring and enforcing of gas safety issues, and while surface facilities associated with storage are subject to these DOT regulations, it does not have regulations addressing the subsurface portions of salt cavern storage facilities; *and*

WHEREAS, In recognition of the need for standards and guidelines for use by its member states, the Interstate Oil and Gas Compact Commission, through its Energy Resources Committee, formed a subcommittee composed of federal and state regulators, as well as professionals from several industry associations, which developed a document entitled "Natural Gas Storage in Salt Caverns - A Guide for State Regulators"; *and*

WHEREAS, That document offers state agencies the model guidelines which can assist in addressing operational and safety problems of storing natural gas in underground salt caverns; *now, therefore, be it*

RESOLVED, By the National Association of Regulatory Utility Commissioners (NARUC) at its 107th Annual Convention in New Orleans, Louisiana, that the document entitled "Natural Gas Storage in Salt Caverns - A Guide for State Regulators" be, and hereby is, endorsed as a model guideline for use by state regulatory agencies involved in the construction, operation and safety of those portions of underground salt cavern storage facilities not covered by federal pipeline safety regulations.

Sponsored by the Committee on Gas
Adopted November 15, 1995