



March 27, 2020

COVID-19: Response of the Oil and Gas Pipelines Sector

The spread of the novel coronavirus and the measures put in place to control it are impacting U.S. oil and natural gas pipelines—a critical infrastructure sector. Pipelines are essential not only in providing liquid fuel for transportation and natural gas for consumer and industrial uses, but also as a critical source of fuel for electric power plants. (For more discussion of critical infrastructure, see CRS Report R45809, *Critical Infrastructure: Emerging Trends and Policy Considerations for Congress*, by Brian E. Humphreys).

On March 11, the World Health Organization declared a global pandemic associated with the novel coronavirus which causes “coronavirus disease 2019” (COVID-19). Due to the spread of the coronavirus in the United States, President Trump declared a national emergency on March 13. The virus also has prompted emergency restrictions in some states intended to slow community transmission, such as limits on public movement, requirements for “social distancing,” and the mandatory closure of certain businesses and places of public assembly.

Response in Pipeline Operations

Employee illness at pipeline companies may impact the safety and reliability of their systems. As of March 25, CRS is not aware of any pipeline service problems due to coronavirus. Nonetheless, the pipeline sector is taking steps to prevent any such disruptions. According to the Association of Oil Pipe Lines (AOPL), which represents crude oil and refined products pipeline operators, they are taking “precautions and actions to ensure our Nation’s energy delivery system continues to operate safely.” Likewise, the Interstate Natural Gas Association of America (INGAA), which represents interstate gas pipeline operators, states that its members “are taking the necessary steps to maintain safe and reliable operations to ensure delivery of natural gas.”

The AOPL lists specific actions its members are taking in response to coronavirus. These actions include following government health recommendations; updating company plans to minimize health risks; continuing to inspect, maintain and monitor pipelines; staying in close contact with fellow operators and government agencies to exchange information on best practices, to identify problems, and resolve them.

Additional measures reportedly being implemented or considered by some pipeline operators are worker health screening and sequestering critical employees to avoid infection. Social distancing may not greatly affect some workers, such as field inspectors, but could create challenges for workers in control rooms or on construction teams who typically are in close proximity to one another.

Cybersecurity measures to protect pipeline computer networks, such as industrial control system “air gapping,” in which critical computers are physically isolated from outside networks, may complicate staffing because they may prevent workers from remotely monitoring or controlling their systems.

The American Gas Association (AGA), which represents investor-owned natural gas distribution companies, states that its members “remain vigilant in monitoring the effects of the virus to maintain operational capabilities across their service territories.” The AGA places a specific focus on maintaining natural gas supply to health care and other essential service industries, ensuring “they have the energy they need to provide ... critical services.” Member companies also are implementing policies to keep workers from entering homes unless necessary for safety and increasing the hygiene and protection of those who do.

Essential Worker Status

A specific issue in pipeline operations involves statewide orders, such as that issued in Louisiana on March 22, which requires all workers to “stay at home” unless they are “providing essential services.” The Louisiana order does not name pipeline workers as “essential,” so their availability may be unclear. Under such orders, which vary by state, some subcategories of pipeline industry workers, (e.g., control room staff), potentially could be treated as essential while others may not. Ambiguity about pipeline worker status under such orders could create confusion and complicate staffing response to the coronavirus among affected companies.

Independent of any state orders, President Trump’s *Coronavirus Guidelines for America*, issued on March 16, states: “If you work in a critical infrastructure industry, as defined by the Department of Homeland Security [DHS] ... you have a special responsibility to maintain your normal work schedule.” The DHS’s Cybersecurity and Infrastructure Security Agency (CISA) issued a list of “Essential Critical Infrastructure Workers” on March 19 which explicitly includes petroleum and natural gas pipeline workers. Although CISA states that its list is for guidance only and that “it is not ... a federal directive or standard,” some states, such as Oklahoma, are using the list as the basis for identifying essential workers in state orders.

New Pipeline Construction

Worker restrictions in response to the coronavirus are affecting ongoing construction of at least one new pipeline project. On March 20, Energy Transfer LP announced that it was suspending most construction activities on its Mariner East Pipeline in Pennsylvania to comply with the governor’s order to close “all non-life-sustaining

businesses.” Mariner East is being developed to transport natural gas from southwestern Pennsylvania to Delaware. The company subsequently has been granted waivers to resume certain activities to secure and stabilize its construction sites and ensure the safety of already constructed segments. An environmental group in Nebraska is petitioning for suspension of pre-construction work on the Keystone XL Pipeline on the grounds that workers from out of state may spread the coronavirus into local communities. Any future business or worker restrictions in other states could potentially affect other ongoing pipeline construction projects.

Reduced travel, business closures, and other economic impacts related to the coronavirus outbreak are suppressing near-term oil and natural gas demand. Lower oil prices also may lead to lower domestic oil production, which could lower requirements for pipeline takeaway capacity. This reduced demand is causing major pipeline developers to significantly scale back near term capital investments in new pipeline infrastructure. According to the trade press, some pipeline companies have reported cuts in 2020 capital budgets on the order of 30% to 40%. The downturn is having less of an impact on existing pipeline development projects, however, as many have been financed based upon long-term, bilateral contracts.

Response of Pipeline Safety Agencies

The federal pipeline safety program is administered by the Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA), working with state pipeline safety regulators. Together, the federal and state agencies regulate the safety of the nation’s hazardous liquid (e.g., crude oil) and natural gas pipelines.

Recognizing that “the resources of its state partners may be limited” due to coronavirus, PHMSA issued guidance on March 19 to state pipeline safety agencies. The guidance advises states to identify and prioritize critical work; monitor the need for special permits, waivers, and stays of enforcement; follow health guidelines to minimize coronavirus exposure; and, in the event of travel restrictions, determine whether to expedite current work, conduct it remotely, or postpone it. PHMSA’s guidance also outlines its own plans to conduct state program-related functions remotely and to reschedule in-person activities.

On March 20, PHMSA issued a “Notice of Stay of Enforcement and Notice of Enforcement Discretion” to pipeline, underground natural gas storage, and liquefied natural gas (LNG) operators potentially impacted by the coronavirus. In its notice, PHMSA recognizes that staffing limitations “may necessitate actions by personnel that may not fully meet federal operator qualification (OQ), control room management (CRM), and employment drug testing requirements.” PHMSA also states that it “will exercise discretion in its overall enforcement of other parts of the pipeline safety regulations,” and “will not object to waivers,

special permits, stays of enforcement or similar measures granted by State authorities.”

Response in FERC Pipeline Regulation

The Federal Energy Regulatory Commission (FERC) has siting and rate authority under the Natural Gas Act over interstate natural gas pipelines, as well as regulatory authority over the bulk power system. On March 12, the Senate confirmed James Danly to fill one of two vacant seats on the five-person commission. Having four members may help to ensure a quorum for votes in the near term on FERC matters, should a commissioner become affected by COVID-19. These decisions may involve pipeline permits, appeals of permit decisions, judicial orders, and pipeline rates. The President has not named a candidate to fill the remaining vacancy on the commission.

On March 19, FERC announced measures in response to the coronavirus emergency “to ensure that Americans have access to reliable energy.” Measures potentially affecting pipelines include extension of time on deadlines for certain required filings; expeditious action on other requests for extensions or waivers of commission orders; postponement of enforcement-related site audits and investigative testimony; and case-by-case postponement of administrative law hearings as their dates approach.

In a concurrent release, the FERC Chairman stated that, while the commission expects regulated entities to comply with its requirements, its staff and the Office of Enforcement would work with companies “to provide informal guidance and advice that reasonably balances what is happening on the ground with applicable compliance requirements.” However, certain proceedings have statutory deadlines to which the Commission must adhere. Notably, rehearing of FERC orders under the Natural Gas Act must be filed within 30 days of the order. The Commission has no discretion to extend this deadline. Commissioner Richard Glick has stated that this deadline could pose challenges to “parties who are otherwise dealing with the pandemic.”

On March 27, FERC joined with the National Association of Regulatory Utility Commissioners, whose members regulate intrastate natural gas pipelines and distribution companies, stating that the two entities have been “in close communication and consultation” on their actions and responses to the coronavirus emergency. As the first step in their partnership, the statement urges “all state authorities to designate utility workers as essential to the nation’s critical infrastructure.”

Paul W. Parfomak, Specialist in Energy and Infrastructure Policy

IFI1476

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.