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SENATE BILL NO. 950

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on February 7, 2018)

(Patron Prior to Substitute—Senator Hanger)

A BILL to amend and reenact §§ 62.1-44.15:20 and 62.1-44.15:21 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 3.1 of Title 62.1 an article numbered 2.6, consisting of sections numbered 62.1-44.15:80 through 62.1-44.15:84, relating to interstate natural gas pipelines; Department of Environmental Quality review; upland construction.

Be it enacted by the General Assembly of Virginia:

1. That §§ 62.1-44.15:20 and 62.1-44.15:21 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 3.1 of Title 62.1 an article numbered 2.6, consisting of sections numbered 62.1-44.15:80 through 62.1-44.15:84, as follows:

§ 62.1-44.15:20. Virginia Water Protection Permit.

A. Except in compliance with an individual or general Virginia Water Protection Permit issued in accordance with this article, it shall be unlawful to:

1. Excavate in a wetland;

2. On or after October 1, 2001, conduct the following in a wetland:

a. New activities to cause draining that significantly alters or degrades existing wetland acreage or functions;

b. Filling or dumping;

c. Permanent flooding or impounding; or

d. New activities that cause significant alteration or degradation of existing wetland acreage or functions; or

3. Alter the physical, chemical, or biological properties of state waters and make them detrimental to the public health, animal or aquatic life, or to the uses of such waters for domestic or industrial consumption, or for recreation, or for other uses unless authorized by a certificate issued by the Board.

B. The Board shall, after providing an opportunity for public comment, issue a Virginia Water Protection Permit if it has determined that the proposed activity is consistent with the provisions of the Clean Water Act and the State Water Control Law and will protect instream beneficial uses.

C. Prior to the issuance of a Virginia Water Protection Permit, the Board shall consult with and give full consideration to any relevant information contained in the state water supply plan described in subsection A of § 62.1-44.38:1 as well as to the written recommendations of the following agencies: the Department of Game and Inland Fisheries, the Department of Conservation and Recreation, the Virginia Marine Resources Commission, the Department of Health, the Department of Agriculture and Consumer Services, and any other interested and affected agencies. When considering the state water supply plan, nothing shall be construed to limit the operation or expansion of an electric generation facility located on a man-made lake or impoundment built for the purpose of providing cooling water to such facility. Such consultation shall include the need for balancing instream uses with offstream uses. Agencies may submit written comments on proposed permits within 45 days after notification by the Board. If written comments are not submitted by an agency within this time period, the Board shall assume that the agency has no comments on the proposed permit and deem that the agency has waived its right to comment. After the expiration of the 45-day period, any such agency shall have no further opportunity to comment.

D. Issuance of a Virginia Water Protection Permit shall constitute the certification required under § 401 of the Clean Water Act, *except for any applicant to the Federal Energy Regulatory Commission for a certificate of public convenience and necessity pursuant to § 7c of the federal Natural Gas Act (15 U.S.C. § 717f(c)) to construct any natural gas transmission pipeline greater than 36 inches inside diameter, in which case issuance of a Virginia Water Protection Permit pursuant to this article and a certification issued pursuant to Article 2.6 (§ 62.1-44.15:80 et seq.) shall together constitute the certification required under § 401 of the federal Clean Water Act.*

E. No locality may impose wetlands permit requirements duplicating state or federal wetlands permit requirements. In addition, no locality shall impose or establish by ordinance, policy, plan, or any other means provisions related to the location of wetlands or stream mitigation in satisfaction of aquatic resource impacts regulated under a Virginia Water Protection Permit or under a permit issued by the U.S. Army Corps of Engineers pursuant to § 404 of the Clean Water Act. However, a locality's determination of allowed uses within zoning classifications or its approval of the siting or construction of wetlands or stream mitigation banks or other mitigation projects shall not be affected by the provisions of this subsection.

60 F. The Board shall assess compensation implementation, inventory permitted wetland impacts, and
61 work to prevent unpermitted impacts to wetlands.

62 **§ 62.1-44.15:21. Impacts to wetlands.**

63 A. Permits shall address avoidance and minimization of wetland impacts to the maximum extent
64 practicable. A permit shall be issued only if the Board finds that the effect of the impact, together with
65 other existing or proposed impacts to wetlands, will not cause or contribute to a significant impairment
66 of state waters or fish and wildlife resources.

67 B. Permits shall contain requirements for compensating impacts on wetlands. Such compensation
68 requirements shall be sufficient to achieve no net loss of existing wetland acreage and functions and
69 may be met through (i) wetland creation or restoration, (ii) purchase or use of mitigation bank credits
70 pursuant to § 62.1-44.15:23, (iii) contribution to the Wetland and Stream Replacement Fund established
71 pursuant to § 62.1-44.15:23.1 to provide compensation for impacts to wetlands, streams, or other state
72 waters that occur in areas where neither mitigation bank credits nor credits from a Board-approved fund
73 that have met the success criteria are available at the time of permit application, or (iv) contribution to a
74 Board-approved fund dedicated to achieving no net loss of wetland acreage and functions. When utilized
75 in conjunction with creation, restoration, or mitigation bank credits, compensation may incorporate (a)
76 preservation or restoration of upland buffers adjacent to wetlands or other state waters or (b)
77 preservation of wetlands.

78 C. The Board shall utilize the U.S. Army Corps of Engineers' "Wetlands Delineation Manual,
79 Technical Report Y-87-1, January 1987, Final Report" as the approved method for delineating wetlands.
80 The Board shall adopt appropriate guidance and regulations to ensure consistency with the U.S. Army
81 Corps of Engineers' implementation of delineation practices. The Board shall also adopt guidance and
82 regulations for review and approval of the geographic area of a delineated wetland. Any such approval
83 of a delineation shall remain effective for a period of five years; however, if the Board issues a permit
84 pursuant to this article for an activity in the delineated wetland within the five-year period, the approval
85 shall remain effective for the term of the permit. Any delineation accepted by the U.S. Army Corps of
86 Engineers as sufficient for its exercise of jurisdiction pursuant to § 404 of the Clean Water Act shall be
87 determinative of the geographic area of that delineated wetland.

88 D. The Board shall develop general permits for such activities in wetlands as it deems appropriate.
89 General permits shall include such terms and conditions as the Board deems necessary to protect state
90 waters and fish and wildlife resources from significant impairment. The Board is authorized to waive the
91 requirement for a general permit or deem an activity in compliance with a general permit when it
92 determines that an isolated wetland is of minimal ecological value. The Board shall develop general
93 permits for:

94 1. Activities causing wetland impacts of less than one-half of an acre;

95 2. Facilities and activities of utilities and public service companies regulated by the Federal Energy
96 Regulatory Commission or State Corporation Commission, *except for construction of any natural gas*
97 *transmission pipeline that is greater than 36 inches inside diameter pursuant to a certificate of public*
98 *convenience and necessity under § 7c of the federal Natural Gas Act (15 U.S.C. § 717f(c)).* No Board
99 action on an individual or general permit for such facilities shall alter the siting determination made
100 through Federal Energy Regulatory Commission or State Corporation Commission approval. The Board
101 and the State Corporation Commission shall develop a memorandum of agreement pursuant to
102 §§ 56-46.1, 56-265.2, 56-265.2:1, and 56-580 to ensure that consultation on wetland impacts occurs prior
103 to siting determinations;

104 3. Coal, natural gas, and coalbed methane gas mining activities authorized by the Department of
105 Mines, Minerals and Energy, and sand mining;

106 4. Virginia Department of Transportation or other linear transportation projects; and

107 5. Activities governed by nationwide or regional permits approved by the Board and issued by the
108 U.S. Army Corps of Engineers. Conditions contained in the general permits shall include, but not be
109 limited to, filing with the Board any copies of preconstruction notification, postconstruction report, and
110 certificate of compliance required by the U.S. Army Corps of Engineers.

111 E. Within 15 days of receipt of an individual permit application, the Board shall review the
112 application for completeness and either accept the application or request additional specific information
113 from the applicant. Within 120 days of receipt of a complete application, the Board shall issue the
114 permit, issue the permit with conditions, deny the permit, or decide to conduct a public meeting or
115 hearing. If a public meeting or hearing is held, it shall be held within 60 days of the decision to conduct
116 such a proceeding, and a final decision as to the permit shall be made within 90 days of completion of
117 the public meeting or hearing. *In addition, for an individual permit application related to an application*
118 *to the Federal Energy Regulatory Commission for a certificate of public convenience and necessity*
119 *pursuant to § 7c of the federal Natural Gas Act (15 U.S.C. § 717f(c)) for construction of any natural*
120 *gas transmission pipeline greater than 36 inches inside diameter, the Board shall complete its*
121 *consideration within the one-year period established under 33 U.S.C. § 1341(a).*

122 F. Within 15 days of receipt of a general permit application, the Board shall review the application
 123 for completeness and either accept the application or request additional specific information from the
 124 applicant. A determination that an application is complete shall not mean the Board will issue the permit
 125 but means only that the applicant has submitted sufficient information to process the application. The
 126 Board shall deny, approve, or approve with conditions any application for coverage under a general
 127 permit within 45 days of receipt of a complete preconstruction application. The application shall be
 128 deemed approved if the Board fails to act within 45 days.

129 G. No Virginia Water Protection Permit shall be required for impacts to wetlands caused by activities
 130 governed under Chapter 13 (§ 28.2-1300 et seq.) of Title 28.2 or normal agricultural activities or normal
 131 silvicultural activities. This section shall also not apply to normal residential gardening, lawn and
 132 landscape maintenance, or other similar activities that are incidental to an occupant's ongoing residential
 133 use of property and of minimal ecological impact. The Board shall develop criteria governing this
 134 exemption and shall specifically identify the activities meeting these criteria in its regulations.

135 H. No Virginia Water Protection Permit shall be required for impacts caused by the construction or
 136 maintenance of farm or stock ponds, but other permits may be required pursuant to state and federal
 137 law. For purposes of this exclusion, farm or stock ponds shall include all ponds and impoundments that
 138 do not fall under the authority of the Virginia Soil and Water Conservation Board pursuant to Article 2
 139 (§ 10.1-604 et seq.) of Chapter 6 pursuant to normal agricultural or silvicultural activities.

140 I. *An individual Virginia Water Protection Permit shall be required for impacts to state waters for*
 141 *the construction of any natural gas transmission pipeline greater than 36 inches inside diameter*
 142 *pursuant to a certificate of public convenience and necessity under § 7c of the federal Natural Gas Act*
 143 *(15 U.S.C. § 717f(c)). For purposes of this subsection:*

144 1. *Each wetland and stream crossing shall be considered as a single and complete project; however,*
 145 *only one individual Virginia Water Protection Permit addressing all such crossings shall be required for*
 146 *any such pipeline. Notwithstanding the requirement for only one such individual permit addressing all*
 147 *such crossings, individual review of each proposed water body crossing with an upstream drainage area*
 148 *of five square miles or greater shall be performed.*

149 2. *All pipelines shall be constructed in a manner that minimizes temporary and permanent impacts to*
 150 *state waters and protects water quality to the maximum extent practicable, including by the use of*
 151 *applicable best management practices that the Board determines to be necessary to protect water*
 152 *quality.*

153 3. *The Department shall assess an administrative charge to any applicant for such project to cover*
 154 *the direct costs of services rendered associated with its responsibilities pursuant to this subsection. This*
 155 *administrative charge shall be in addition to any fee assessed pursuant to § 62.1-44.15:6.*

156 *Article 2.6.*

157 *Additional Upland Conditions for Water Quality Certification.*

158 **§ 62.1-44.15:80. Findings and purpose.**

159 *The General Assembly determines and finds that to comply with § 401 of the federal Clean Water*
 160 *Act (33 U.S.C. § 1341), any applicant for a federal license or permit to conduct any activity that may*
 161 *result in any discharge into navigable waters shall provide the federal licensing or permitting authority*
 162 *with a certification from the state in which the discharge originates or will originate certifying that any*
 163 *such discharge will comply with applicable provisions of the Clean Water Act. The General Assembly*
 164 *determines and finds that the Virginia Water Protection Permit program has proven to be sufficient to*
 165 *evaluate and, when necessary, mitigate potential water quality impacts for most federally permitted*
 166 *projects. Virginia Water Protection Permit coverage addresses the impacts caused to wetlands and*
 167 *streams by excavating in a wetland, draining or significantly altering wetland acreage or function,*
 168 *filling or dumping in a stream or wetland, or permanently flooding or impounding a wetland area or*
 169 *stream. However, the conditions and requirements of a Virginia Water Protection Permit do not cover*
 170 *activities in upland areas, outside of wetlands and streams, that may result in a discharge to state*
 171 *waters. The General Assembly determines and finds that for construction of natural gas transmission*
 172 *pipelines greater than 36 inches inside diameter that are subject to a certificate of public convenience*
 173 *and necessity under § 7c of the federal Natural Gas Act (15 U.S.C. § 717f(c)), there may be activities in*
 174 *upland areas that may have the potential to affect water quality but that do not fall within the scope of*
 175 *the Virginia Water Protection Permit program. Information related to such impacts would not be*
 176 *contained in the Joint Permit Application utilized to determine permit conditions for a Virginia Water*
 177 *Protection Permit. The General Assembly determines and finds that issuance of a Virginia Water*
 178 *Protection Permit and a certification issued pursuant to this article shall together constitute the*
 179 *certification required under § 401 of the Clean Water Act for natural gas transmission pipelines greater*
 180 *than 36 inches inside diameter subject to § 7c of the Natural Gas Act.*

181 **§ 62.1-44.15:81. Application and preparation of draft certificate conditions.**

182 A. *Any applicant for a federal license or permit for a natural gas transmission pipeline greater than*

183 36 inches inside diameter subject to § 7c of the federal Natural Gas Act (15 U.S.C. § 717f(c)) shall
184 submit a separate application, at the same time the Joint Permit Application is submitted, to the
185 Department containing a description of all activities that will occur in upland areas, including activities
186 in or related to (i) slopes with a grade greater than 15 percent; (ii) karst geology features, including
187 sinkholes and underground springs; (iii) proximity to sensitive streams and wetlands identified by the
188 Department of Conservation and Recreation or the Department of Game and Inland Fisheries; (iv)
189 seasonally high water tables; (v) water impoundment structures and reservoirs; and (vi) areas with
190 highly erodible soils, low pH, and acid sulfate soils.

191 B. At any time during the review of the application, but prior to issuing a certification pursuant to
192 this article, the Department may issue an information request to the applicant for any relevant
193 additional information necessary to determine (i) if any activities related to the applicant's project in
194 upland areas are likely to result in a discharge to state waters and (ii) how the applicant proposes to
195 minimize water quality impacts to the maximum extent practicable to protect water quality. The
196 information request shall provide a reasonable amount of time for the applicant to respond.

197 C. The Department shall review the information contained in the application and any additional
198 information obtained through any information requests issued pursuant to subsection B to determine if
199 any activities described in the application or in any additional information requests (i) are likely to
200 result in a discharge to state waters with the potential to adversely impact water quality and (ii) will
201 not be addressed by the Virginia Water Protection Permit issued for the activity pursuant to Article 2.2
202 (§ 62.1-44.15:20 et seq.). The Department of Game and Inland Fisheries, the Department of
203 Conservation and Recreation, the Department of Health, and the Department of Agriculture and
204 Consumer Services shall consult with the Department during the review of the application and any
205 additional information obtained through any information requests issued pursuant to subsection B.
206 Following the conclusion of its review, the Department shall develop a draft certification for public
207 comment and potential issuance by the Department or the Board pursuant to § 62.1-44.15:02 that
208 contains any additional conditions for activities in upland areas necessary to protect water quality. The
209 Department shall make the information contained in the application and any additional information
210 obtained through any information requests issued pursuant to subsection B available to the public.

211 D. Notwithstanding any applicable annual standards and specifications for erosion and sediment
212 control or stormwater management pursuant to Article 2.3 (§ 62.1-44.15:24 et seq.) or 2.4
213 (§ 62.1-44.15:51 et seq.), the applicant shall not commence land-disturbing activity prior to approval by
214 the Department of an erosion and sediment control plan and stormwater management plan in
215 accordance with applicable regulations. The Department shall act on any plan submittal within 60 days
216 after initial submittal of a completed plan to the Department. The Department may issue either approval
217 or disapproval and shall provide written rationale for any disapproval. The Department shall act on any
218 plan that has been previously disapproved within 30 days after the plan has been revised and
219 resubmitted for approval.

220 E. No action by either the Department or the Board on a certification pursuant to this article shall
221 alter the siting determination made through Federal Energy Regulatory Commission or State
222 Corporation Commission approval.

223 F. The Department shall assess an administrative charge to the applicant to cover the direct costs of
224 services rendered associated with its responsibilities pursuant to this section.

225 **§ 62.1-44.15:82. Public notice of draft certificate conditions.**

226 A. The Department shall prepare a public notice of draft certification conditions developed pursuant
227 to § 62.1-44.15:81 that the applicant shall cause to be published once in one or more newspapers of
228 general circulation selected by the Department in the areas in which the proposed activity is to take
229 place.

230 B. The public notice shall include:

231 1. The name, address, telephone number, and government email address of the Department office at
232 which persons may obtain information pertinent to the application;

233 2. A brief description of the activity that may result in a discharge to state waters or how to obtain
234 detailed information on the activity;

235 3. The location of such activity and the state waters that may be affected. The location shall include
236 a listing of all counties and cities in which the activity will occur and include either maps of the project
237 area or directions on how to access such maps. Where possible, location information shall reference
238 route numbers, road intersections, map coordinates, or similar information or how to obtain detailed
239 information on the activity;

240 4. A summary of the draft certification conditions;

241 5. A brief description of the procedures for formulation of a final determination of any conditions,
242 including the appropriate comment period required by subsection C and the means by which interested
243 persons may comment on the application; and

244 6. Instructions for requesting a public hearing if a public hearing is not already scheduled.

245 C. If no public hearing has already been scheduled, a period of 30 days following the date of the
246 publication of public notice shall be provided during which interested persons may submit written
247 comments and requests for a hearing. If a public hearing has already been scheduled, public notice
248 shall be provided at least 30 days before the public hearing date.

249 **§ 62.1-44.15:83. Requests for public hearing, hearings, and final decisions procedures.**

250 A. The issuance of a certification pursuant to this article shall be a permit action for purposes of
251 § 62.1-44.15:02.

252 B. The Department shall assess an administrative charge to the applicant to cover the direct costs of
253 services rendered associated with its responsibilities pursuant to this section.

254 **§ 62.1-44.15:84. Requests for modification or revocation; public notice.**

255 A. The applicant or the Department may request that conditions in the certification be modified or
256 revoked. Requests for modification or revocation of any certification conditions shall contain the
257 following information:

258 1. If the request is made by the applicant, the name, mailing address, and telephone number of the
259 requester and the name, mailing address, and telephone number of any person representing the
260 requestor;

261 2. Where applicable, a statement specifically setting forth the requested modification and the reason
262 for such modification; and

263 3. Where applicable, a statement specifically setting forth the reason for the requested revocation.

264 B. The Director shall review all requests for modification or revocation and make a tentative
265 determination within 60 days of receipt of the completed request whether to grant or deny the requested
266 modification or revocation.

267 C. Any draft modification or revocation shall be public noticed, and final decisions shall be made in
268 the same manner as the original certification.

269 **2. That the provisions of this act shall apply to any application submitted on or after July 1, 2018,**
270 **for a federal license or permit for construction of a natural gas transmission pipeline that has an**
271 **inside diameter of greater than 36 inches pursuant to a certificate of public convenience and**
272 **necessity under § 7c of the federal Natural Gas Act (15 U.S.C. § 717f(c)).**