



## Weekly Update March 31 2011

### **APGA Files Motion to Intervene in Freeport Application to Export LNG**

On March 28, APGA filed a Motion to Intervene with the Department of Energy in the application of Freeport LNG Development, L.P., to export approximately nine million metric tons annually of domestically produced liquefied natural gas (LNG) by vessel from its Freeport Terminal on Quintana Island, Texas. In its motion, APGA states that the export of large quantities of natural gas may have significant adverse implications for domestic consumers of natural gas, for U.S. energy supply and national security. The motion further states that the export of natural gas is inconsistent with a policy of reducing our energy dependence. As argued in APGA's filing, instead of exporting domestic natural gas, the United States should maximize its use domestically in order to increase energy efficiency, reduce greenhouse gas emissions and increase energy independence. APGA members provided valuable input and comments in the drafting of this motion. We want to thank you for your efforts.

APGA had also filed a Motion to Intervene in an application filed by Sabine Pass to export LNG. APGA's opposition to the applications to export LNG were made after a series of discussions beginning at APGA's Board and Committee meetings in January.

A copy of APGA's Motion to Intervene is available on the APGA website at [www.apga.org](http://www.apga.org). If you have any questions on this article, please contact Dave Schryver of APGA's staff by phone at 202-464-2742 or by email at [dschryver@apga.org](mailto:dschryver@apga.org).

### **APGA Files Comments on Proposed Position Limits Rule**

On March 28, APGA filed comments in response to a proposed rule issued by the Commodity Futures Trading Commission (CFTC) that addresses position limits. The proposed rule was required under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under the rule, the CFTC has proposed speculative position limits on energy commodities that would apply both across markets as well as to each market individually. The position limits only apply to speculative positions and do not apply to positions taken as part of a hedging strategy. In its rule, the CFTC proposes to establish position limits in two phases. The first phase would involve adopting spot-month limits based on current levels set by Designated Contract Markets; then, in phase two, the Commission would establish non-spot-month limits based on open interest levels and Commission-determined spot-month limits.

In its comments, APGA states that the establishment of "an aggregate limit across markets on which contracts on the same commodity are traded is necessary to reduce or diminish the recent unwarranted price volatility." APGA expresses concern that the proposed speculative position limits for non-spot months may be too high and therefore "largely ineffective in achieving their purpose of reducing or

diminishing excessive speculation and the unwarranted price movements caused thereby.” APGA strongly supports the use of spot-month speculative position limits aggregated across markets. Spot-month limits are a proven and effective tool for addressing markets with constrained deliverable supplies, which is typical of the markets for natural gas. Under the Commission’s proposal, however, cash-settled contracts are permitted a separate limit. APGA also urges the Commission to enhance the proposed large trader reporting system to collect the data necessary to address the issue of limiting the size and effect of passive, long-only traders.

A copy of the comments referenced in this article are available on the APGA website at [www.apga.org](http://www.apga.org). If you have any questions on this article, please contact Dave Schryver of APGA’s staff by phone at 202-464-2742 or by email at [dschryver@apga.org](mailto:dschryver@apga.org).

### **APGA Sends Letter of Support for Amendments Blocking EPA Regulation of Greenhouse Gases**

On Monday, March 28, APGA sent a letter to Senate Leadership and to several Senators in support of drafted amendments to block the Environmental Protection Agency’s (EPA) authority to regulate greenhouse gas (GHG) emissions from stationary sources. Specifically, the letter expresses support for three amendments authored by Senators Inhofe, Baucus, and Rockefeller (as of March 31) are anticipated to be offered to the Small Business Innovation Research Program/Small Business Technology Transfer Program Reauthorization Act of 2011 under consideration by the Senate.

Senator Inhofe’s amendment seeks to permanently ban the EPA from regulating GHGs from stationary sources. Moreover, the legislation also bans the regulation of GHGs from mobile sources of GHGs such as cars and trucks in addition to overturning President Obama’s settlement with the automobile industry and environmental groups. This amendment is viewed as extreme and is unlikely to pass the Senate due to concerns about the automobile settlement and because it effectively overturns the Supreme Court’s ruling in 2007 ordering the EPA to regulate GHGs.

In contrast to Senator Inhofe’s legislation, Senator Baucus offered an amendment to codify a rule put forth by EPA that is known as the Tailoring Rule. The Tailoring Rule would increase the amount of GHGs businesses are allowed to emit before they become subject to regulation. In short, the Tailoring Rule helps to protect smaller manufacturers, businesses, etc., from EPA regulation. This amendment was designed to help moderate Democrats that may face an anti-EPA backlash in their home states. However, it appears unlikely to pass the Senate as Republicans are not likely to support it.

Perhaps the amendment with the best chance of passage is that offered by Senator Rockefeller. His amendment would prevent the EPA from regulating GHGs from stationary sources for two years, while leaving the automobile settlement intact. Senator Rockefeller argues that his legislation is a moderate course that protects businesses from EPA regulation, while allowing Congress time to negotiate compromise legislation to deal with climate change. This legislation has the best chance of passage as it is favored by moderate Democrats and does enjoy some support from Republicans. It is not inconceivable that if the Inhofe amendment fails, Republicans will support the Rockefeller amendment.

APGA supports all three amendments equally because all three seek to achieve our position of blocking EPA regulation of GHG's from stationary sources. APGA believes that given the wide ranging impacts of GHG regulation by the EPA on consumers, industry, and the economy, only Congress can craft reasonable, effective climate legislation that acknowledges natural gas' critical role in the U.S.'s low-carbon energy future.

The letter can be viewed at [www.apga.org](http://www.apga.org).

If you have any questions on this article, please contact Scott Morrison of APGA's staff by phone at 202-464-2742 or by email at [smorrison@apga.org](mailto:smorrison@apga.org).

### **APGA Partners with NGVAmerica**

Recently, APGA entered into a partnership with NGVAmerica that not only continues to show our support for the wide spread use of natural gas vehicles (NGV) but also allows APGA members to benefit from an NGVAmerica membership at a discounted rate.

As a result of our partnership, NGVAmerica is now offering APGA members a 50% percent discount on the membership rate to NGVAmerica. Once a member, you will begin to receive the NGVAmerica weekly newsletter and monthly progress report. We encourage our members to check out the NGVAmerica website at [www.ngvamerica.org](http://www.ngvamerica.org) and join us in support of natural gas vehicles.

### **APGA to Collaborate with Gas Industry Partners on DOE Comments**

On March 14, the Department of Energy initiated a Quadrennial Technology Review (DOE-QTR) of its energy technology policies and programs. APGA saw this as a great opportunity to communicate the efficiency, environmental, security and price attributes of natural gas and provide technically sound reasons for DOE to devote greater resources to natural gas technology research and development. Comments are due at DOE on April 15, 2011. See the Federal register notice by going to [www.edocket.access.gpo.gov/2011/pdf/2011-5794.pdf](http://www.edocket.access.gpo.gov/2011/pdf/2011-5794.pdf)

APGA sought agreement of the American Gas Association, Interstate Natural Gas Association of America, Natural Gas Supply Association, National Propane Gas Association and the Gas Technology Institute (GTI) to collaborate on developing one set of comments reflecting all sectors of the natural gas industry. GTI is now preparing the first draft of comments for group review.

APGA members will be kept up-to-date on this initiative.

For more information, please contact Bob Beauregard at 202-464-2742 or [bbeauregard@apga.org](mailto:bbeauregard@apga.org).

### **April is National Safe Digging Month**

Despite all the public education efforts of utilities and the government, excavation damage remains the leading cause of distribution pipeline incidents. To combat this, April has been designated *National Safe Digging Month* and APGA encourages members to take this opportunity to remind the public that using the call before you dig one-call system is the best way to ensure safety. 8-1-1 is now a nationwide number that connects the caller with the appropriate one-call center from anywhere in the country. Local utilities are then dispatched where they mark off gas lines so that customers do not dig in those locations. The Common Ground Alliance has provided some ideas for how utilities can assist in promoting *National Safe Digging Month*.

### **Initiatives to Raise Awareness**

- Incorporate the Safe Digging Month message into electronic communications (Twitter, Facebook, email)
- Post the Safe Digging Month message on your website including placement of the NSDM button on company home pages and electronic bill pay sites where possible.
- Obtain a quote from Leadership (i.e. CEO, Mayor, Utility Board Chair) that can support your organization's commitment to National Safe Digging Month. Additionally, submit the quote to the Common Ground Alliance as a testimonial for use in national outreach.
- Identify one additional creative way your organization can promote 811 during April 2011. Whether it is an internal contest for creative use of the 811 logo, collaboration with Arbor Day events, working with new partners such as fire departments, equipment rental companies, sports teams or others, targeted advertising campaigns or other innovative approaches to supporting National Safe Digging Month.

To view additional ideas please visit [www.call811.com](http://www.call811.com).

For further information contact John Erickson, APGA vice president, Operations at 202-464-2742, ext 1002 or [jerickson@apga.org](mailto:jerickson@apga.org).

### **DOT to Hold Pipeline Safety Forum April 18**

The U.S. DOT and the Pipeline and Hazardous Materials Safety Administration are calling the top executives of the pipeline safety stakeholder community together to help speed up the rehabilitation, repair, and replacement of critical pipeline infrastructure with known integrity risks. A half-day forum in Washington DC on April 18 will bring together safety experts, researchers, industry representatives, state partners, other federal agency officials and members of the public to share their expertise, experiences, research, and ideas. This is in response to a series of high profile pipeline accidents over the past six months that have called into question whether the government and industry are properly managing pipeline integrity.

On March 29, APGA Chairman Mark Bussman, 1<sup>st</sup> Vice Chairman Jeff Tuttle, Jim Heckle of York County (SC) Natural Gas Authority and Randy Gyory of Philadelphia Gas Works and representatives from the other pipeline trade association met with Transportation Secretary Ray LaHood to discuss how government and industry can ensure the "fitness for service" of America's energy pipeline system. APGA

agreed to work with the Department of Transportation (DOT) to reassure the public that our pipeline infrastructure is being properly inspected and maintained.

To register for the April 18 forum go to <http://opsweb.phmsa.dot.gov/pipelineforum/>. For further information contact John Erickson of APGA's staff 202-464-2742, ext 1002 or [jerickson@apga.org](mailto:jerickson@apga.org).

### **Technical Pipeline Safety Standards Committee Supports Modified Control Room Management Compliance Deadlines**

In a meeting on March 24 and 25, the Technical Pipeline Safety Standards Committee (TPSSC) voted unanimously to support changes proposed by the Pipeline and Hazardous Materials Safety Administration (PHMSA) to the compliance dates for the control room management (CRM) rule. Mike Bellman of Richmond, VA and Rich Worsinger of Rocky Mount, NC represent public gas on the TPSSC. The CRM rule, issued on December 3, 2009 requires operators that have controllers to implement programs to reduce controller fatigue and other measures to reduce the chance of controller error. Ironically, the meeting was held at the Marriott Hotel at Reagan National Airport where an air traffic controller fell asleep during the night of March 24, forcing several flights to land without assistance from the control tower.

Few APGA members have employees they would consider controllers, but the rule defined "controller" so broadly that anyone who can monitor pressures or flow rates via a computer could be deemed a controller subject to the rule. APGA is seeking clarification from PHMSA to narrow the definition to individuals whose primary responsibility is monitoring and controlling pipelines.

Originally operators had until August 1, 2012 to comply with most of the rule's requirements, but PHMSA proposed to move up the deadline for some requirements. The changes supported by the TPSSC are:

- By August 1, 2011, require operators to implement the following provisions:
  - **(b) Roles and responsibilities**
  - **(c) Provide adequate information (5)** – Establish and implement procedures for when a different controller assumes responsibility, including the content of information to be exchanged.
  - **(d) Fatigue mitigation (2)** – Educate controllers and supervisors in fatigue mitigation strategies and how off-duty activities contribute to fatigue
  - **(d) Fatigue mitigation (3)** – Train controllers and supervisors to recognize the effects of fatigue
  - **(f) Change Management**
  - **(g) Operating experience**
- By August 1, 2012 require operators to implement the following provisions:
  - **(c) Provide adequate information (1) – (4)**
  - **(d) Fatigue mitigation (1)** – Establish shift lengths and schedule rotations that provide controllers off-duty time sufficient to achieve eight hours of continuous sleep

- **(d) Fatigue mitigation (4)** – Establish a maximum limit on controller hours-of-service, which may provide for an emergency deviation from the maximum limit if necessary for the safe operation of a pipeline facility
- **(e) Alarm Management**
- **(h) Training**

**Note:** Systems having fewer than 250,000 meters need only comply with fatigue mitigation, change management and operating experience requirements, assuming they have employees that meet the definition of a controller.

TPSSC also was briefed on other rulemakings being considered by PHMSA. For further information contact John Erickson of APGA's staff at 202-464-2742, ext 1002 or [jerickson@apga.org](mailto:jerickson@apga.org).

*The National Chamber Foundation and the [Institute for 21st Century Energy](#) invite you to our upcoming*

***CEO Leadership Series featuring***

**Thomas A. Fanning  
Chairman, President, and CEO  
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**Wednesday, April 13, 2011**

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***Energy Policy for the 21st Century***

Join NCF and the Institute for 21st Century Energy on April 13 for a CEO Leadership Series luncheon featuring Tom Fanning, Chairman, President and Chief Executive Officer of Southern Company.

Mr. Fanning will discuss how Southern Company is advancing energy policy and creating jobs; their commitment to nuclear power; and Southern Company's work in carbon capture and sequestration technology, including construction of the company's integrated gasification combined cycle plant in Mississippi.

*About Southern Company:*

- One of the largest producers of electricity in the United States
- More than 500,000 shareholders; NYSE SO since Sept. 30, 1949

- Four retail operating companies: Alabama Power, Georgia Power, Gulf Power, Mississippi Power, serving 120,000 square miles in four states
- Competitive generation business extends to markets in six southeastern states
- 26,000 employees; 4.4 million customers

**Weekly Storage Report: Storage decreases to 1,624 Bcf.**

Here is the weekly EIA Summary Report issued on Thursday, March 25, 2011, that reports last week's storage report highlights for Friday, March 25, 2011. A 12 Bcf increase has been reported.

**Summary**

Working gas in storage was 1,624 Bcf as of Friday, March 25, 2011, according to EIA estimates. This represents a net increase of 12 Bcf from the previous week. Stocks were 12 Bcf less than last year at this time and 68 Bcf above the 5-year average of 1,556 Bcf. In the East Region, stocks were 39 Bcf below the 5-year average following net withdrawals of 7 Bcf. Stocks in the Producing Region were 133 Bcf above the 5-year average of 607 Bcf after a net injection of 25 Bcf. Stocks in the West Region were 26 Bcf below the 5-year average after a net drawdown of 6 Bcf. At 1,624 Bcf, total working gas is within the 5-year historical range.