

APGA Weekly Update, April 21, 2016

Senate Passes Legislation Addressing Utility Use of Drones

On April 19, the Senate passed legislation reauthorizing the Federal Aviation Administration (FAA) by a 95-3 vote. Included in the legislation was an amendment offered by Senator Inhofe (R-Okla.), titled the Unmanned Aerial Vehicles (UAV) for Energy Infrastructure Act, intended to allow energy infrastructure operators to use UAVs to comply with federal inspection and safety requirements that operators already have authority to use manned aircraft for compliance. Several public natural gas systems have utilized, or are in the process of moving towards utilization of, UAVs to assist them in the operation of their utility, particularly as it pertains to inspections. The legislation directs the Department of Transportation to develop a process to allow utilities and other operators of critical infrastructure to utilize UAVs for inspection, maintenance, etc., purposes without line of sight requirements and without restrictions on the time of operation.

APGA previously joined an April 4 energy association letter in support of the legislation. In the letter, APGA and the other groups expressed support for the FAA to establish a process by which owners and operators of crucial infrastructure may incorporate the use of UAVs into regulatory compliance, safety, emergency response, and operational activities. The groups also stated that this legislation will “improve both safety and reliability through the use of these new UAV technologies”.

The issue now moves to the House, which is in the process of moving its version of FAA reauthorization legislation. A copy of the joint association support letter is available on the APGA website at www.apga.org/correspondence. For questions on this article, please contact Dave Schryver of APGA staff by phone at 202-464-2742 or by email at dschryver@apga.org.

APGA Signs Letter Calling on EPA to Utilize NGVs

On April 11, APGA joined the American Gas Association, the National Waste and Recycling Association, and the Coalition for Renewable Natural Gas in signing a letter from NGVAmerica to the Environmental Protection Agency (EPA) calling on the agency to utilize natural gas vehicles (NGV) as a part of any settlement with Volkswagen (VW) over its diesel emissions scandal.

In September 2015, VW admitted publicly that the company installed “defeat devices” in 500,000 diesel cars in the U.S. and 10.5 million vehicles around the world to allow these vehicles to pass emissions inspections. The software would sense that the vehicle was undergoing testing and adjust engine performance to meet the required thresholds. However,

in real world driving, the emissions of Nitrogen-Oxide (NOx) are up to 40 times higher than EPA allows.

VW and EPA have been negotiating a settlement to deal with the company's violations of federal law, part of which is rumored to be Supplemental Environmental Projects (SEP) that will reduce NOx pollution. The letter argues that natural gas Near-Zero engines, which produce almost no NOx emissions, are cost-effective and have superior NOx emissions than the electric vehicle equivalents. More specifically the letter argues that these Near Zero engines should be utilized in three demonstration projects:

1. Incentive Program to Deploy "Near-Zero" HD Vehicles in Nonattainment Areas;
2. Incentive Program to Deploy "Near-Zero" Vocational Vehicles in Municipalities; and,
3. Deploy "Near-Zero" HD Vehicles in the Volkswagen Fleet for Parts/Goods Movement.

A copy of the letter and a description of the projects are posted on APGA's website at www.apga.org/news/correspondence. For questions on this article, please contact Scott Morrison of APGA staff by phone at 202-464-2742 or by email at smorrison@apga.org.

House Transportation and Infrastructure Committee Passes PIPES Act

The House Transportation and Infrastructure Committee passed their version of pipeline safety legislation titled the Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016 on April 20. The PIPES Act is largely non-controversial and is focused on expediting pending Pipeline and Hazardous Materials Safety Administration (PHMSA) rulemakings, improving data quality used by PHMSA, and creating standards for the underground storage of natural gas in light of the Southern California gas leak. The bill does include a modified version of emergency order authority, which did generate some controversy as it was originally drafted and opposed by industry. The current language includes some restrictions to ensure that PHMSA does not utilize this tool to go around the regular rulemaking authority.

The markup was, as expected, non-controversial as the Chairman, Ranking Member, Subcommittee Chairman, and Subcommittee Ranking Member all agreed to act as one group in consideration of amendments, many of which were included in the underlying bill. This meant that the amendments were pre-cleared by both parties and amendments were largely accepted by the committee. A list of the amendments that were actually discussed during the hearing and the vote outcomes if any took place are included below.

Amendments Discussed/Voted on:

CARSIN_034: This amendment requires the Secretary of Transportation to enter into an

agreement with the National Academy of Sciences to study the short and long-term health impacts of pipeline oil spills. Outcome: Defeated by voice vote.

HAHN_061: This amendment requires the verification and inspection of active or abandoned pipelines within 180 days of transfer by sale. Outcome: Included in the underlying bill

HAHN_062: This amendment lowers the criminal liability standard from "knowingly and willfully" to "recklessly", which is a lower standard of scrutiny. Outcome: Defeated by voice vote.

LIPINS_090: This amendment requires the Government Accountability Office to conduct a study on the sufficiency of the pipeline cybersecurity efforts. Outcome: Withdrawn given agreement to work on issue with Chairman.

MALONY_052: This amendment requires the Comptroller General to conduct a study to examine the short-term and long-term health impacts of emissions from natural gas compressor stations on employees working at such stations and the populations surrounding such stations. Outcome: Defeated by Voice Vote.

MALONY_053: This amendment requires the Comptroller General to study the impact of methane emissions on the U.S.' ability to meet the Paris Climate Agreement. Outcome: Defeated by Voice Vote.

NOLAN_060: This amendment would require that nearly all U.S. gas or liquid pipelines and permitted by the federal government be constructed out of U.S. steel and iron ore. Outcome: Defeated 32 to 16.

NOLAN_062: This amendment would require that PHMSA strengthen recordkeeping with respect to steel used in U.S. pipelines. Outcome: Defeated: 34 to 17

SANFOR_071 This amendment would increase the reporting period for PHMSA to provide Congress with updates on outstanding 2011 mandates from reporting every 60 days to every 90 days. Outcome: Accepted on Voice Vote.

SANFOR_072: This amendment would maintain the authorization of appropriations at the Fiscal Year 2016 level throughout the duration of the bill. Outcome: Withdrawn

WOODAL_022: This amendment would return the standards for placarding on trucks transporting fuels back to their pre-guidance letter standards which require only one placard rather than multiple placards pending the outcome of a DOT rulemaking on the issue. Outcome: Withdrawn

Moving forward, the PIPES Act will have to be merged with the House Energy and Commerce Committee bill, the Pipeline Safety Act of 2016, which at this point has only passed the Energy and Power Subcommittee and still has to pass the full committee. Once the full House Energy and Commerce Committee passes the Pipeline Safety Act, the PIPES Act and the Pipeline Safety Act will have to be merged and then voted on by the full House of Representatives. Then, the House and Senate will likely go to a conference committee to hash out the differences between the House bill and the Senate-passed bill, the Securing America's Future Energy: Protecting our Infrastructure of Pipelines and Enhancing Safety Act, and then both chambers will pass the new, compromise bill, which will then be sent to the President for his signature. It remains unclear what the final bill will be and therefore it is unclear if President Obama will sign such a bill.

APGA will keep members informed of developments with pipeline safety legislation. For questions on this article, please contact Scott Morrison of APGA staff by phone at 202-464-2742 or by email at smorrison@apga.org.

Senate Passes Comprehensive Energy Legislation

On April 20, the Senate passed comprehensive energy legislation, titled the Energy Policy Modernization Act of 2015, by a vote of 85-12. The bill contains several provisions supported by APGA, including language that delays the Department of Energy's (DOE) implementation of the furnace rule to allow stakeholders the opportunity to negotiate and reach agreement on a rule that makes sense.

Specifically, the furnace language in the bill would prohibit DOE from prescribing a final natural gas furnace rule until:

1. DOE convenes a representative advisory group of interested stakeholders, including, among others, manufacturers, distributors, contractors, home builders, energy efficiency advocates, natural gas utilities, electric utilities, and consumer groups;
2. That advisory group completes an analysis of a nationwide requirement of a condensing furnace efficiency standard within one year including a complete analysis of current market trends regarding the transition of sales from non-condensing furnaces to condensing furnaces, the projected net loss in the industry of the present value of original equipment manufactured after adoption of the standard, the projected consumer payback period and lifecycle cost savings, a determination of whether the standard is economically justified, and other common economic principles; and,
3. The advisory group makes a determination as to whether a nationwide requirement of a condensing furnace efficiency standard is technically feasible and economically justified and

that determination would be published in the Federal Register.

Should the advisory group determine that a nationwide requirement of a condensing furnace efficiency standard is not technically feasible and economically justified, DOE is required to, within 180 days from the date the determination is published in the Federal Register, establish amended standards through a negotiated rulemaking process.

By contrast, the furnace language in the House-passed energy bill delays DOE's furnace rule until July 2016 to allow stakeholders the opportunity to continue negotiations.

The bill also contains language supported by APGA that repeals Section 433 of the Energy Independence and Security Act of 2007. Section 433 mandates the elimination of all fossil fuel-generated energy use in federal buildings by the year 2030. The mandate covers new buildings and major renovations of at least \$2,500,000 (in 2007 dollars). Repeal of this provision has long been an APGA priority. Lastly, during debate on the legislation Senators Isakson (R-Ga.) and Bennett (D-Colo.) offered an amendment, titled the SAVE Act, which passed on a 66-31 vote. The SAVE Act, which APGA supports would reform mortgage underwriting practices to account for the energy costs of homeownership. Specifically, the SAVE Act would allow prospective borrowers and lenders to factor in quantifiable energy savings and easily compare the efficiency of homes. Such reforms would increase consumer awareness of home energy use, spur demand for energy efficient and cost-effective appliances including those fueled by natural gas.

The next step will be the formation of a conference committee to resolve differences between the comprehensive energy bills passed by the House and Senate. Chairman Murkowski (R-Alaska) has communicated her intent to get a bill to the President prior to Congress departing for its month-long August recess. For questions on this article, please contact Dave Schryver of APGA staff by phone at 202-464-2742 or by email at dchryver@apga.org.

APGA and NGVAmerica Sponsor CNG from Sea to Shining Sea

The American Public Gas Association and NGVAmerica are the presenting sponsors of the [CNG from Sea to Shining Sea Road Rally](#).

The mission of this road rally is to inform and educate the American public on the benefits of natural gas vehicles (NGV) and natural gas fueling infrastructure through local, state, and national media outlets. This rally will demonstrate the viability and vibrancy of the domestic NGV market and shows that NGVs can travel across the nation as there is already adequate refueling stations to make this trip a reality.

Organized by Pat Riley, General Manager of Gibson County Tennessee Utility District, the

rally will start in Long Beach, Calif., and end in Washington, D.C. It will take place from May 30 to June 10 of this year. There are 13 media stops scheduled along this rally as follows:

- Long Beach, CA
- Mesa, AZ
- Albuquerque, NM
- Oklahoma City, OK
- Little Rock, AR
- Memphis, TN
- Trenton, TN
- Dickson, TN
- Sevierville, TN
- Rock Hill, SC
- Greenville, NC
- Richmond, VA
- Washington, DC

Please consider supporting this rally by joining with a vehicle, attending one or more media stops, or becoming a sponsor to show the increased visibility of natural gas as an important and viable alternative fuel for vehicles.

Sponsorship opportunities are available for \$500, which includes your company's name and logo on a banner that will be prominently displayed on or near the stage for the media to see during the ceremonies or interviews. These banners will be placed at every media stop along the rally. If you are interested in supporting this nationwide rally by being a sponsor, please contact Sheila Deringis of APGA at sderingis@apga.org. For more information how to join the rally with a vehicle or attend a media stop, please contact Pat Riley at: pat@gcud.net.

For questions on this article, please contact Scott Morrison of APGA staff by phone at 202-464-2742 or by email at smorrison@apga.org.

Enter the 2016 APGA Safety Contest

Your gas system is invited to participate in the Annual APGA Safety Contest. All APGA members are eligible to enter this contest. This contest is based on the number of employee hours worked and the number of hours lost to accident or injury during the 2015 calendar year. The winners of each group will be selected based on a statistical calculation. Systems that qualify for this safety award will receive a certificate and may also be eligible to receive a safety plaque based on the number of consecutive years they have won. The Safety Contest rules and entry form can be downloaded here for your completion by May 15, 2016. You can also complete the survey online at www.surveymonkey.com/r/2016safetycontest.

The winners will be announced at the APGA Annual Conference in Newport, R.I., this summer. For questions regarding the contest, please contact the APGA office at 202-464-2742.

Apply Now for the 2016 APGA Safety Management Excellence Award

In 2015, the APGA Operations and Safety Committee selected Middle Tennessee Natural Gas of Smithville, Tenn., as the winner of the prestigious APGA Safety Management Excellence Award. This award is presented to one system each year whose safety programs and safety record demonstrate effectiveness and innovation, and exemplify the commitment to safety that is the hallmark of public natural gas.

Applications for the 2016 award are now being accepted and must be received by APGA no later than May 15, 2016. We have greatly simplified the application process, and this year's application consists of three basic questions seeking information about safety programs that you believe are innovative or particularly effective and which other APGA members could emulate.

APGA urges all members to submit an application for this year's safety award. While only one system can win the award, the best ideas will be shared with other APGA members throughout the coming year in Public Gas News, on the APGA website, and during APGA Operations and Safety Committee monthly conference calls. Download the Safety Management Excellence Award Memo and Entry Form at <http://www.apga.org/resources/awards/safety-management> for your completion by May 15, 2016. You can also complete the contest online at <https://www.surveymonkey.com/r/2016ManagementExcellence>. For further information, please contact Simon Cook of APGA staff by phone at 202-464-2742 or by email at scook@apga.org.

APGA Marketing & Sales Awards Now Open!

The APGA Marketing & Sales Awards are annual awards to recognize APGA public natural gas

systems who have worked hard over the past year to market natural gas in their communities. All APGA members are encouraged to submit their innovative and successful marketing programs, branding initiatives or customer service campaigns for consideration and recognition. The 2016 Marketing & Sales Awards will feature three categories-CNG/NGV, Residential Sales/Promotions, and Commercial Sales/Promotions. Members may submit entries for any number of categories. And new in 2016, each category is broken up into two subcategories based on system size. Contest winners will be announced at the APGA Annual Conference in Newport, R.I., this July. Entries are due by May 26.

Please go to www.apga.org/resources/awards/msaward for more information on the award and to submit entries. For questions on the Marketing & Sales Awards, please contact Audrey Anderson of APGA staff by phone 202-464-2742 or by email at aanderson@apga.org.

EIA Reports Storage Increase of 7 Bcf to Put Working Gas Storage at 2,484 Bcf

Here is the weekly EIA Summary Report issued on Thursday, April 21, 2016, which reports the week's storage report highlights for Friday, April 15, 2016. A 7 Bcf increase has been reported.

Working gas in storage was 2,484 Bcf as of Friday, April 15, 2016, according to EIA estimates. This represents a net increase of 7 Bcf from the previous week. Stocks were 881 Bcf higher than last year at this time and 811 Bcf above the five-year average of 1,673 Bcf. At 2,484 Bcf, total working gas is within the five-year historical range.