



Weekly Update January 20, 2011

Administration Issues Executive Order to Reduce Burdensome Regulation of Industry

On Tuesday, January 18, President Obama issued an Executive Order to government agencies entitled “On Improving Regulation and Regulatory Review.” The order requires the review of existing regulations in order to reduce the regulatory burden on industries of all types. The logic of the Executive Order is that by reducing unnecessary regulation of industry, badly needed job creation and economic growth will increase.

The Executive Order seeks to achieve these goals by reducing the bureaucratic “red tape” that confronts industry operations or their efforts to expand. The Executive Order details those existing regulations that are outdated, unnecessary, or wasteful should be modified, streamlined, or repealed.

Moreover, the Executive Order sets out general principles for future regulation that emphasize the need for agencies to increase public participation in rulemakings, follow scientific integrity guidelines, and generally reduce the burden on industry.

Highlights of Agency Principles for Future Regulation

1. Propose or adopt a regulation only upon a reasoned determination that its benefits justify its costs (recognizing that some benefits and costs are difficult to quantify)
2. Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives, taking into account, among other things, and to the extent practicable, the costs of cumulative regulations;
3. Identify and assess available alternatives to direct regulation, including providing economic incentives to encourage the desired behavior, such as user fees or marketable permits, or providing information upon which choices can be made by the public.

For the full list please visit: <http://www.whitehouse.gov/the-press-office/2011/01/18/improving-regulation-and-regulatory-review-executive-order>.

Reaction to the Executive Order has been mixed. Industry groups such as the National Association of Manufacturers praised the President for his efforts, while environmental and

consumer groups were mostly opposed. Meanwhile, political analysts stated their belief that President Obama had a dual purpose in proposing the order: mending ties with industry and defusing Republican House oversight efforts that will attempt to overturn agency regulations. Whether or not either of the goals will be attained is unknown, but will likely be determined in the months ahead.

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.

HURRY! Register for the APGA 2011 Gas Supply Conference

Time is running out to register for the APGA 2011 Gas Supply Conference! If you are joining us for the Winter 2011 Board and Committee Meetings please make plans to stay for the Gas Supply Conference.

We have an outstanding line-up of speakers to provide you with important information about natural gas supply, current market changes, available purchase alternatives to protect your municipal utility from price spikes and an overview of what the gas supply markets have in store for 2011.

2011 APGA Gas Supply Conference

WHEN: February 1-2, 2011

WHERE: [Sanibel Harbour Resort & Spa](#)
Ft. Myers, Florida

REGISTRATION: Register at www.apga.org/sanibel.

Although the room block cutoff date has passed, the hotel has agreed to provide rooms at the conference rate of \$199 on a space available basis. [Hurry space is limited!](#) **Make your room reservations at the Sanibel Harbour Resort & Spa** by calling (888) 767-7777 or (239) 466-4000.

If You Delivered More Than 460 Million Cubic Feet Of Gas In 2010 You MUST Report!

All systems that delivered more than 460 million cubic feet of gas in 2010 are required to file a report with the Environmental Protection Agency (EPA) by March 30, 2011. In order to file this report, each operator must file a Certificate of Representation with EPA no later than January 30, 2011. In order to file the Certificate of Representation an operator must have a written Electronic Signature Agreement (ESA) from EPA, which could take several weeks to process, so if your system delivered more than 460 million cubic feet of gas in 2010 you should contact EPA to get the ESA now!

For more information please contact John Erickson, APGA vice president, Operations at 202-464-2742, ext 1002 or jerickson@apga.org.

Congress to Consider Pipeline Safety Reauthorization

The 112th Congress will likely begin consideration of pipeline safety legislation in the next few months. The previous bill, *the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006*, expired on September 30, 2010 and is currently operating under the continuing resolution that expires on March 4, 2011.

This reauthorization has taken on increased importance on Capitol Hill after the tragic explosion of a natural gas pipeline in San Bruno, CA and an oil pipeline spill in Marshall, Michigan. To date, the majority of Congressional responses to these incidents have largely been confined to hearings and public comments declaring support for stronger safety requirements for pipelines.

However, on January 5 Congresswoman Speier (D-CA) introduced legislation, H.R. 22, to strengthen pipeline safety measures. This legislation includes seven new mandated highlights, three of which are included below:

1. Requires installation of automatic or remote shut-off valves in all Class 3 and Class 4 high consequence areas and in areas within ten miles of a high-risk seismic fault.
2. Requires pipeline operators to give first responders and the Pipeline and Hazardous Safety Materials Administration emergency plans covering actions to be taken in case of a pipeline rupture.
3. Requires operators to inspect pipelines every five years using proven methods to detect corrosion and pipe stress and if these methods are not feasible, the operator is prohibited from operating the line at high pressure.

Congresswoman Speier's bill is unlikely to be considered by the House given the new Republican majority. In the House, Congressman Mica (R-FL), Chairman of the House Transportation and Infrastructure Committee, will play a major role in the drafting of the House reauthorization of the Pipeline Safety Act. In the Senate, Senators Feinstein (D-CA) and Boxer (D-CA) may introduce their own pipeline safety legislation.

APGA testified last Congress before the House Transportation and Infrastructure Committee on pipeline safety reauthorization. APGA's testimony expressed concern with potential efforts to expand excess flow valve requirements to commercial and industrial businesses and multifamily residences. It also stated opposition to any changes in the current formula that would shift the user fees to the distribution systems. APGA continues to communicate these priorities to Congress.

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State of the Union May Include Natural Gas

President Obama will deliver his State of the Union address on January 25. The President is expected to again address the issue of civility in political discourse, as well as a variety of other topics in the typically wide-ranging address.

National and inside-the-Beltway press have speculated that the President will proffer a framework for a tax reform/deficit reduction plan in order to deal with the nation's long-term fiscal health. The President may also reiterate his support for core components of his agenda including job creation, energy, environmental protection, and education and immigration reforms. Energy and more specifically natural gas, offers the President a critical avenue for bipartisan cooperation in the face of Congressional intransigence in the majority of policy areas.

In the past several months, the Obama Administration has stated its support for natural gas as a critical component of the U.S. energy future. As such, inclusion of natural gas in the State of the Union could be a winning issue for President Obama as there are bipartisan supporters of natural gas in both Houses of Congress, making a potential legislative victory more likely.

Such allies could include House Energy and Commerce Committee Chairman Fred Upton (R-MI) who has stated his support for an "all-of-the-above strategy" which will likely include natural gas as a central component and Senate Majority Leader Harry Reid who offered legislation promoting natural gas vehicles as a potential transportation solution in the 111th Congress.

Though the political landscape is comparatively favorable, any energy proposal could quickly become contentious as EPA regulation of Greenhouse Gases, a Clean Energy Standard, and other complex energy reform proposals could be included or attached to any natural gas legislation. Moreover, activist groups of all political stripes will push hard for inclusion of their priorities, making any legislative push once again a delicate task.

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Weekly Storage Report: Storage decreases to Bcf 2,716.

Here is the weekly EIA Summary Report issued on Thursday, January 20, 2011, that reports last week's storage report highlights for Friday, January 14, 2011. A 243 Bcf decline has been reported.

Summary

Working gas in storage was 2,716 Bcf as of Friday, January 14, 2011, according to EIA estimates. This represents a net decline of 243 Bcf from the previous week. Stocks were 74 Bcf higher than last year at this time and 51 Bcf above the 5-year average of 2,665 Bcf. In the East Region, stocks were 83 Bcf below the 5-year average following net withdrawals of 126 Bcf. Stocks in the Producing Region were 133 Bcf

above the 5-year average of 835 Bcf after a net withdrawal of 91 Bcf. Stocks in the West Region were 1 Bcf above the 5-year average after a net drawdown of 26 Bcf. At 2,716 Bcf, total working gas is within the 5-year historical range.