



As EPA's own studies have shown, increasing the efficient use of natural gas in homes, commercial and industrial businesses will help reduce carbon emissions. Attached is a presentation by EPA's Kathleen Hogan which shows that a natural gas water heater will, on average, generate less than half the carbon dioxide of an equivalent electric water heater when all the carbon dioxide emissions from source to end use are considered.<sup>1</sup> In areas with the highest regional emission factors for electricity, natural gas water heating generates less than a third the carbon dioxide of equivalent electric water heaters. Added benefits of using gas are that overall energy consumption will be reduced and customers will save money – a win-win-win proposition for the affected parties and the public interest.

While measuring carbon dioxide emissions based on the quantity of natural gas supplied to residential, commercial, industrial and electric generation customers may be one of the easier ways to estimate greenhouse gas emissions, future emission reduction policies based on these data could hamper such sensible emissions reduction strategies. In the example of water heating, the beneficial act of replacing an electric water heater with an equivalent natural gas water heater would result in the natural gas utility reporting increased emissions of 2,278 lbs per year of carbon dioxide, while the average electric utility would report decreased emissions of 4,936 lbs per year of carbon dioxide. While APGA is not challenging EPA's decision to collect emission data from energy suppliers, it urges EPA to use care that any future actions do not inadvertently discourage the direct and efficient use of natural gas.

In addition, according to EIA data public gas systems have already achieved significant reductions in greenhouse gas emissions. EIA Form 176 data indicates that between 1997 and 2006 the average annual gas consumption of municipal gas system residential customers decreased 27 percent from 75 Mcf/customer to 55 Mcf/customer.<sup>2</sup> Annual consumption by municipal gas commercial customers decreased 18 percent from 495 Mcf/customer to 407 Mcf/customer. We urge EPA to consider this fact in any future rulemaking in which emission reductions are considered.

APGA offers the following specific comments on the Proposed Rule.

**Monitoring and QA/QC requirements.**

In section 98.404(c) of the Proposed Rule, EPA proposes to require that “all flow meters and product or fuel composition monitors shall be calibrated prior to the first reporting year, using a suitable method published by the American Gas Association Gas Measurement Committee reports on flow metering and heating value calculations and the Gas Processors Association standards on measurement and heating value. Alternatively, calibration procedures specified by the flow meter manufacturer may be used. Fuel flow meters shall be recalibrated either annually or at the minimum frequency specified by the manufacturer.”

**APGA Comment:** For natural gas utilities, this requirement is both impossibly onerous and unnecessary. It would require that the gas billing meter at each of the approximately *68 million* natural gas customers be calibrated before 2010. This would place an impossible burden on gas utilities. Calibrating a gas billing meter typically involves replacing the customer's existing meter with another meter that has been calibrated by the manufacturer or in the utility's meter shop. Calibrating a gas meter

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<sup>1</sup> “ENERGY STAR and Measuring Energy Efficiency,” Kathleen Hogan, Director, Climate Protection Partnerships Division, US EPA, February 2008, p. 13.

<sup>2</sup> [http://www.eia.doe.gov/oil\\_gas/natural\\_gas/applications/eia176query.html](http://www.eia.doe.gov/oil_gas/natural_gas/applications/eia176query.html)

involves passing a known quantity of air or gas through the meter and comparing the meter reading with the known volume. The temperature and pressure of the gas passing through the meter must be carefully controlled. The specialized equipment used for this purpose is called “meter provers.” Only a finite number of meter provers exists, and many utilities do not have the capability to calibrate meters in-house.

Utilities have a vested interest in maintaining the accuracy of gas billing meters. Utilities bill customers and are paid by customers based on readings of these meters. State public utility commissions have regulations regarding the frequency that utilities subject to utility commission jurisdiction must periodically change out and calibrate gas billing meters. Policies vary from fixed intervals (e.g., every 15 years) to statistical sampling of the various makes and models of gas meters. In no case have utilities been ordered to recalibrate every gas billing meter in a single calendar year.

Public gas systems, while not subject to utility commission regulations in most states, typically have similar programs to ensure gas billing meter accuracy. Since public gas systems are owned and operated by government entities such as cities, towns, villages, counties and utility districts, public gas system meter accuracy policies are also overseen by governmental authorities. The important point is that it is in the financial interest of the utility to ensure that its gas billing meters are accurate because a utility’s revenue is based on accurate gas billing meter readings.

In addition heating value calculations are typically provided by the pipeline supplier(s) of gas to the local utility. The pipeline is typically responsible for the calibration of this equipment under terms laid out in the custody transfer contract between the pipeline and the utility, which may provide the utility the right to observe the calibration process. Once again, there is a financial interest on the part of both the pipeline and the utility to ensure that the heating value is accurately measured. EPA need not impose detailed QA/QC requirements to ensure the accuracy of this measurement equipment.

Elsewhere in the Proposed Rule EPA has recognized that differing treatment is justified for the calibration of gas billing meters. In Subpart C--General Stationary Fuel Combustion Sources, EPA proposes to exempt gas billing meters from the initial meter calibration requirements.<sup>3</sup> We urge EPA to exempt gas billing meters operated by natural gas distribution utilities from both the initial and ongoing calibration requirements of this rule.

### **Reporting requirements**

In Section 98.406(b) of the Proposed Rule, EPA proposes that in addition to the information required by Sec. 98.3(c), the annual report for each local distribution company must contain the following information:

“(1) The total annual volume in Mcf of natural gas received by the local distribution company for redelivery to end users on the local distribution company's distribution system.

“(2) The total annual CO<sub>2</sub> mass emissions associated with the volumes in paragraph (b)(1) of this section and calculated in accordance with Sec. 98.403.

“(3) The total natural gas volumes received for redelivery to downstream gas transmission pipelines and other local distribution companies.

“(4) The name and EPA and EIA identification code of each individual covered facility, and the name and EIA identification code of any other end-user for which the local gas distribution company delivered

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<sup>3</sup> Proposed Section 98.34(d)(1) Page 16636

greater than or equal to 460,000 Mcf during the calendar year, and the total natural gas volumes actually delivered to each of these end-users.

“(5) The annual volume in Mcf of natural gas delivered by the local distribution company to each of the following end-use categories. For definitions of these categories, refer to EIA Form 176 and Instructions. [emphasis added]

“(i) Residential consumers.

“(ii) Commercial consumers.

“(iii) Industrial consumers.

“(iv) Electricity generating facilities.

“(6) The total annual CO<sub>2</sub> mass emissions associated with the volumes in paragraph (b)(5) of this section and calculated in accordance with Sec. 98.403.”

**APGA Comment:** Since utilities are already reporting to the Federal government via Energy Information Agency (EIA) Form 176 the annual volume of natural gas delivered to each of these end-use categories, EPA should obtain this data from EIA rather than require the same data to be reported again. The EIA data list higher heating value, enabling EPA to estimate carbon dioxide emissions using Equations NN-1 or NN-2. The only information requested by EPA that is not already collected by EIA would be in response to paragraph (b)(4) for facilities receiving more than 460,000 Mcf from the utility. As noted below, under this proposal EPA will obtain that information directly from the affected facilities.

EPA proposes that utilities report the name and EPA and EIA identification code of each individual covered facility, and the name and EIA identification code of any other end-user for which the local gas distribution company delivered greater than or equal to 460,000 Mcf during the calendar year. This is unnecessary as the natural gas delivered to industrial customers and for electric generation will already be reported to EPA under this rule by those facility owners. APGA is concerned that such redundant reporting, in addition to being unduly burdensome, may result in double counting those carbon dioxide emissions. In addition, the utility may not know the EPA and EIA identification codes for these customers. The utility may not know whether the gas is burned, in which case carbon dioxide is produced, or used as a chemical feedstock, in which case carbon dioxide is not produced. Further, natural gas use may be considered confidential business information by some industrial customers.

The Paperwork Reduction Act of 1995 (44 U.S.C. §§ 3501 et seq.) seeks to minimize the paperwork burden resulting from the collection of information by or for the Federal Government. Furthermore it seeks to ensure the greatest possible public benefit from and maximize the utility of information created, collected, maintained, used, shared and disseminated by or for the Federal Government. The information on natural gas sales is the same information already collected by the EIA in EIA Form 176. In fact, as shown above EPA references EIA Form 176 definitions in this Proposed Rule. In the spirit of the Paperwork Reduction Act and for the other reasons noted above, APGA urges EPA to obtain the natural gas sales information from EIA rather than require utilities to report the same information that is already reported by the affected facility.

### **Recordkeeping**

EPA proposes in Section 98.3(g) of the Proposed Rule to require utilities to retain the following records:

“(1) A list of all units, operations, processes, and activities for which GHG emission were calculated.

“(2) The data used to calculate the GHG emissions for each unit, operation, process, and activity, categorized by fuel or material type. The results of all required fuel analyses for high heat value and carbon content, the results of all required certification and quality assurance tests of continuous monitoring systems and fuel flow meters if applicable, and analytical results for the development of site-specific emissions factors.

“(3) Documentation of the process used to collect the necessary data for the GHG emissions calculations.

“(4) The GHG emissions calculations and methods used.

“(5) All emission factors used for the GHG emissions calculations.

“(6) Any facility operating data or process information used for the GHG emission calculations.

“(7) Names and documentation of key facility personnel involved in calculating and reporting the GHG emissions.

“(8) The annual GHG emissions reports.

“(9) A log book, documenting procedural changes (if any) to the GHG emissions accounting methods and changes (if any) to the instrumentation critical to GHG emissions calculations.

“(10) Missing data computations.

“(11) A written quality assurance performance plan (QAPP). Upon request from regulatory authorities, the owner or operator shall make all information that is collected in conformance with the QAPP available for review during an audit. Electronic storage of the information in the QAPP is permissible, provided that the information can be made available in hard copy upon request during an audit. At a minimum, the QAPP plan shall include (or refer to separate documents that contain) a detailed description of the procedures that are used for the following activities:

“(i) Maintenance and repair of all continuous monitoring systems, flow meters, and other instrumentation used to provide data for the GHG emissions reported under this part. A maintenance log shall be kept.

“(ii) Calibrations and other quality assurance tests performed on the continuous monitoring systems, flow meters, and other instrumentation used to provide data for the GHG emissions reported under this part.”

**APGA Comment:** The first three items are routinely available as they are critical to the business of the utility. Items 4-6 are unnecessary if EPA accepts APGA’s suggestion that EPA obtain these data from EIA. It will be EPA performing the calculation based on data it receives from EIA. Item 8 will also be unnecessary if calculations are done by EPA based on EIA data. Items 9-11 should not apply to gas billing meters.

APGA appreciates the opportunity to comment on the Proposed Rule and welcomes any questions.



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