



Weekly Update April 15, 2010

We Need YOU in Washington this May!

Make Plans to Attend APGA's Government Relations Conference

APGA's Annual Government Relations Conference is scheduled for Tuesday, May 4th and Wednesday, May 5th in Washington, DC. Please make plans to attend this important event. There are a number of key legislative issues facing public gas systems and it greatly enhances our efforts when members of Congress hear directly from representatives of their communities. **This year there will be no registration fee to attend the conference.** The conference will be held at The Westin Arlington Gateway in Arlington, VA.

The conference will begin at 1pm on Tuesday with presentations from key congressional and APGA staff on legislative issues facing public gas systems. The presentations on Tuesday will conclude by 3:00pm to reserve time for participants to attend meetings with members of your congressional delegation. During last year's meeting, APGA members met with over 40 congressional offices to communicate their views on important legislative issues. This is a critical component of the meeting as it allows Congress to hear directly from their constituents regarding issues that impact their public gas systems. The day will conclude with a widely-attended reception at APGA's Capitol Hill office on Tuesday night.

Wednesday morning's session will begin with a breakfast at a restaurant on Capitol Hill. After breakfast there will be additional presentations. The breakfast meeting will conclude by 10am on Wednesday to allow time for congressional meetings.

Although there is no registration fee, we are still asking attendees to register [HERE](http://www.apga.org/i4a/pages/index.cfm?pageID=3572): <http://www.apga.org/i4a/pages/index.cfm?pageID=3572> to assist us in our planning efforts. A final agenda for the conference will be available shortly. If you have any questions on the Government Relations Conference, please contact Dave Schryver of APGA's staff by phone at 202-464-2742 or by email at dschryver@apga.org.

DOE Moving Toward Full-Fuel-Cycle Energy Measurement

It has been several decades but APGA sees a light at the end of the tunnel. On March 29, 2010, Department of Energy (DOE) deputy assistant secretary, Cathy Zoi sent a letter to the White House announcing DOE's intention to propose a policy initiative for public review and comment to develop and use estimates of full-fuel-cycle energy savings and greenhouse gas emissions as the basis for evaluating appliance energy conservation standards. DOE would also propose to

use full fuel-cycle estimates to inform consumers of the impacts of appliance use. See the letter here at www.apga.org/files/public/NAS%20Signed%20letter.pdf.

The proposal, expected sometime in August, will implement the National Academy of Sciences recommendation to DOE that the goals of energy efficiency standards are best served by measurement of efficiency and energy consumed through the full fuel cycle, beginning at the source of energy production.

The Building Technologies Program within DOE's Office of Energy Efficiency and Renewable Energy will be responsible for implementing the initiative. We expect a federal register notice to be published in June or July that will provide details on a public input meeting on potential implementation approaches.

For further information, contact Bob Beauregard at 202-464-2742 or bbeauregard@apga.org.

Senate Returns From Recess – Resumes Work on Financial Reform Legislation

The Senate returned on April 12 from a two-week recess. Senate Majority Leader Harry Reid has indicated that passage of financial reform legislation will be a priority. He has communicated a goal of passing the legislation prior to the Memorial Day recess. A key component of financial reform legislation will be regulation of the over-the-counter (OTC) market.

Public gas systems utilize the OTC market to hedge risk. However, there has been a push to include mandatory clearing of all OTC transactions as part of financial reform legislation. Mandated clearing of all OTC transactions would require public gas systems to be able to post margin and meet potential margin calls. In the case of a standard exchange (NYMEX) traded natural gas contract, the initial margin collateral posted at inception is approximately \$5,000 per contract (10,000 MMBtu).

APGA has communicated in testimony before Congress that legislation which would require all commodity contracts to be cleared or exchange traded will significantly impair a public gas system's hedging strategy and place an increased financial and operational burden on the communities and consumers they serve. Ultimately, public gas systems would be forced to minimize, if not eliminate, hedging activities which in turn would expose their consumers to greater price volatility.

The House passed its version of financial reform legislation, entitled the Wall Street Reform and Consumer Protection Act (HR 4173), last December 2009. That legislation included an exemption, supported by APGA, from mandatory clearing for end-users such as public gas systems. The Senate Banking Committee approved its version of financial reform in March. APGA has expressed opposition to the mandatory clearing language in that legislation. Prior to financial reform legislation coming to the Senate floor, it is expected that the Agriculture Committee will release and mark-up its version of an OTC title. Differences between the

Agriculture and Banking Committee titles will then have to be resolved prior to the bill coming to the floor (similar to the process that took place in the House).

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.

Pickens Testifies Before House Tax Writing Committee

T. Boone Pickens testified April 14 before the influential House Ways and Means Committee during a hearing to examine the effectiveness of current energy tax policy and to identify additional steps to ensure job growth, reduction of oil dependence and greenhouse gas emissions in the energy sector. Mr. Pickens testimony touted natural gas as a critical component to achieve oil security and emissions reductions. Pickens urged Congress to adopt the tax and other incentives for natural gas vehicles and infrastructure contained in the Pickens Plan and NAT GAS Act (H.R. 1835). APGA has openly supported the Pickens Plan and pushed for Congress to adopt the NAT GAS Act.

Pickens said before the hearing that last year the U.S. imported nearly 12 million barrels of oil per day during a recession. Seventy percent of that oil was used as principal transportation fuel for America's 250 million cars and light trucks, and 8.5 million heavy trucks. Pickens went on to tell the committee that he is for all forms of energy that are domestic, fossil and renewable, but that we need a comprehensive, long-term energy plan. Pickens added that natural gas in particular is the best domestic substitute we have right now for moving long-haul 18-wheelers. One part of a comprehensive domestic energy plan should be to convert those heavy trucks and fleet vehicles to run on natural gas because it's nearly 100 percent domestic. Pickens estimates that if we put the right incentives in place we can get our heavy trucks and fleet vehicles off foreign diesel and on to domestic natural gas. This action alone could reduce our need for foreign oil by as much as one-third.

The committee plans to look at several energy incentives included in the *Energy Improvement and Extension Act of 2008* and the *American Recovery and Reinvestment Act of 2009*. Congress extended several energy tax incentives earlier this year including the alternative fuel excise tax credit that benefits natural gas vehicles. However, many of these incentives were only extended for one year and Congress will once again be faced with whether to extend the incentives at the end of 2010.

You can view Mr. Pickens' testimony by visiting:
http://waysandmeans.house.gov/media/pdf/111/2010Apr14_Pickens_Testimony.pdf

If you have questions on this article contact Nate Hill at 202-464-2742 or nhill@apga.org.

House Committee to Consider Energy Efficiency Incentives

Key members of the House of Representatives Energy and Commerce Committee introduced a bipartisan bill to provide rebates for home energy retrofits. The program created under the legislation is called "HomeStar" and is supported by the Administration. The Home Star program would provide consumers -- through their contractors -- a rebate for 50 percent of an efficiency project or up to \$1,500 per retrofit for a total benefit not to exceed \$3,000 (named Silver Star); or, if a whole home is upgraded, a 20 percent rebate where the homeowner could get up to \$3,000 (Gold Star).

Some examples of appliances made eligible in the draft legislation include a natural gas or propane furnace with an AFUE rating of 92 or greater; a natural gas or propane boiler with an AFUE rating of 90 or greater; a natural gas or propane water heater with a storage water heater with an energy factor of 0.80 or more or a thermal efficiency of 90 percent or more; a tankless natural gas or propane water heater with an energy factor of at least .82; a natural gas or propane storage water heater with an energy factor of at least .67.

The House Energy and Environment Subcommittee approved a draft "Home Star" bill by voice vote before the April recess. On April 15, the full House Energy and Commerce Committee will mark up the bipartisan bill introduced today. On the Senate side, the Senate Energy & Natural Resources committee has held hearings but is yet to mark up Home Star legislation.

You can view the draft Home Star legislation introduced on April 14 by clicking on the following link:
http://energycommerce.house.gov/Press_111/20100415/CommitteePrint.Homestar_as.amended.pdf

If you have questions on this article contact Nate Hill at 202-464-2742 or nhill@apga.org.

Join us for the Free Operations and Safety Roundtable Conference Call

APGA is pleased to announce that at 2 pm on Wednesday, April 21, the APGA Operations and Safety Committee will conduct the fourth monthly Operations and Safety Roundtable via a conference call. These roundtables are intended for APGA members to share and learn about other utilities' policies and procedures and experiences in various operations and safety topics. Calls last 30-40 minutes and include several presentations followed by open discussion. The April topic is "Cathodic protection." The call in number is **1-800-377-8846**, passcode: **368617#**.

As an added feature, those with internet access may also log in via APGA's GoToMeeting site and be able to see the presentations as well as hear the presenters. Register Now at: <https://www2.gotomeeting.com/register/423813219>. We also encourage you to complete a short on-line survey about your cathodic protection experiences at <http://www.surveymk.com/s/cathodicsurvey>.

For further information contact John Erickson, APGA Vice President, Operations at 202-464-2742 or jerickson@apga.org.

Weekly Storage Report

Here is the weekly EIA Summary Report issued on Thursday, April 15, 2010, that reports last week's storage report highlights for Friday, April 9, 2010. A 87 Bcf **increase** has been reported.

Summary

Working gas in storage was 1,756 Bcf as of Friday, April 9, 2010, according to EIA estimates. This represents a net increase of 87 Bcf from the previous week. Stocks were 64 Bcf higher than last year at this time and 246 Bcf above the 5-year average of 1,510 Bcf. In the East Region, stocks were 126 Bcf above the 5-year average following net injections of 45 Bcf. Stocks in the Producing Region were 55 Bcf above the 5-year average of 610 Bcf after a net injection of 38 Bcf. Stocks in the West Region were 65 Bcf above the 5-year average after a net addition of 4 Bcf. At 1,756 Bcf, total working gas is above the 5-year historical range.