



## Weekly Update August 6, 2009

### **APGA Holds Government Relations Breakout Session During Annual Conference**

On August 4, approximately 50 attendees at the APGA 2009 Annual Conference took part in a Government Relations breakout session to receive an update and discuss APGA's current legislative priorities. APGA Vice President Dave Schryver and Legislative Director Nate Hill discussed APGA's efforts before Congress and the regulatory agencies to reform Section 5 of the Natural Gas Act (NGA), improve market transparency, protect customized municipal financing from mandatory clearing, influence climate change legislation and increase energy assistance funding for the needy.

**NGA Section 5:** APGA is leading a coalition of gas end users and producers to reform NGA Section 5 so that the Federal Energy Regulatory Commission (FERC) has the authority to grant refunds to consumers that are paying unjust and unreasonable pipeline transportation rates. Senator Maria Cantwell from Washington State, who serves on the Senate Energy & Natural Resources Committee, introduced language in the Senate to reform Section 5 and is working to include the language as part of the more comprehensive energy bill that will most likely be brought to the Senate floor for debate in the fall. The language would grant FERC the same authority that it currently has to grant refunds to electric consumers that have been overcharged. A March 2008 study of public data showed that pipelines over-collected approximately \$700 million per year from consumers from 2003-2007.

**Market Transparency and Clearing:** Since 2005 APGA has argued for greater transparency and reporting in the natural gas markets. This year, APGA is opposing an effort by some in Congress that are taking a wrong-headed approach to addressing market manipulation and excess speculation by requiring that all customized over-the-counter (OTC) contracts be cleared. Clearing on an exchange or similar entity would require public gas systems to be able to post margin and to 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). Public gas systems use customized over-the-counter markets to prepay for long-term and affordable gas supply. Requiring those contracts to be cleared greatly reduce financing tools that municipalities use to keep prices low for consumers.

**Climate Change:** On June 26, The House of Representatives passed the first-ever bill to regulate greenhouse gas emissions by setting up a cap-and-trade system. Natural Gas utilities that emit more than 25,000 tons of Co<sub>2</sub> (approx. 475,000 MCF) would be required to buy, hold and trade allowances for customers in order to comply with yearly emissions reduction targets during the course of the 38-year program. This would impact about 160 public gas systems nationwide. The bill has moved to the Senate for consideration later this fall or early next year. It is not clear if cap-and-trade legislation will have

enough votes to pass the Senate. For a more detailed description of the climate change that took place at the APGA annual conference visit [www.apga.org](http://www.apga.org).

**LIHEAP:** Congress is on track to approve full \$5.1 billion in authorized funding for the Low-Income Home Energy Assistance Program (LIHEAP). The House of Representatives has already passed legislation that funds LIHEAP at \$5.1 billion. The Senate Appropriations committee has allocated \$5.1 billion and the full Senate will most likely approve full funding in September as part of the Labor, Health and Human Services and Education Appropriations bill. APGA has consistently pushed Congress to allocate full funding for LIHEAP so that needy families do not need to choose between paying energy bills versus other expenses such as childcare, medications and others.

If you have further questions contact Nate Hill at 202-464-2742 or [nhill@apga.org](mailto:nhill@apga.org).

### **City of Charlottesville Public Utilities Wins 2009 M&S Award**

APGA recognizes Lake Apopka Natural Gas, the City of Charlottesville Public Utilities, Jefferson-Cocke County Utility District, Oak Ridge Utility District, Energy Services of Pensacola and Southeast Alabama Gas District for submitting their inventive and successful programs for consideration in this year's M&S Award competition.

Award judges had a difficult time picking the top three and then ranking them in order of preference. But it was a job they had to do and they were very pleased to read through all the submissions.

They arrived at a consensus on the first ballot giving top honors to the City of Charlottesville Public Utilities for its "Green & Safe" program. Second place honors went to ESP for its "Green Energy Education Program." Third place honors were awarded to Southeast Alabama Gas District for its very successful "Make Your House a Home" customer retention/load growth program.

Irene Peterson of Charlottesville accepted the 2009 M&S Award at the APGA Annual Conference in Indianapolis. Charlottesville, ESP and SEAGD will be invited to present their programs at the 2009 Gas Utility Management Conference in Charleston, SC on Nov 3-4, 2009, and the 2010 M&S Trends and Training Conference (MSTTC) in Pensacola, Florida scheduled for March 29-31, 2010.

APGA is pleased that all six award entries will be uploaded to the APGA website so all members can see and possibly emulate these success stories. For more information on the M&S Award competition, contact Bob Beauregard at 202.464.0831 or [bbeauregard@apga.org](mailto:bbeauregard@apga.org).

### **APGA Speaks to the Ohio Gas Association**

On July 31<sup>st</sup>, Dave Schryver, APGA's Executive Vice President, made a presentation to the Ohio Gas Association's Natural Gas Market Conditions Conference which was held in Columbus, Ohio. The Ohio Gas Association APGA's presentation provided an update on key legislative and regulatory issues that impact public gas systems.

In his presentation, Dave discussed the status of climate change legislation in Congress and the impact that legislation could have on the natural gas industry. He also updated attendees on efforts to increase natural gas supply and derivatives reform legislation which could impact the ability of gas systems to engage in hedging strategies for their customers. He also discussed APGA's efforts to amend Section 5 of the Natural Gas Act to provide natural gas consumers with the same protections currently provided to electric consumers when it comes to the ability of FERC to review and timely set just and reasonable rates. Lastly, he provided an overview of funding provided in the American Reinvestment and Recovery Act of 2009 or "Stimulus Bill".

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).

### **EIA Weekly Storage Report**

Here is the weekly EIA Summary Report issued Thursday, August 6, 2009. A 66 Bcf increase has been reported.

EIA Storage Report Highlights for Friday, July 31, 2009:

#### **Summary**

Working gas in storage was 3,089 Bcf as of Friday, July 31, 2009, according to EIA estimates. This represents a net increase of 66 Bcf from the previous week. Stocks were 580 Bcf higher than last year at this time and 496 Bcf above the 5-year average of 2,593 Bcf. In the East Region, stocks were 146 Bcf above the 5-year average following net injections of 56 Bcf. Stocks in the Producing Region were 272 Bcf above the 5-year average of 796 Bcf after a net injection of 9 Bcf. Stocks in the West Region were 78 Bcf above the 5-year average after a net addition of 1 Bcf. At 3,089 Bcf, total working gas is above the 5-year historical range.