



Weekly Update January 26 2012

APGA Files Comments on Proposed EPA/NHTSA Rule

On Wednesday, January 25, APGA filed comments in support of NGVAmerica's proposed changes to the Environmental Protection Agency (EPA) and National Highway Transportation Safety Administration's (NHTSA) Notice of Proposed Rule (NOPR) regarding, "2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards." This rule does make some important changes to existing law (specifically with respect to Corporate Average Fuel Economy credits and Greenhouse Gas Emissions credits) to aid the development of Alternative Fuel Vehicles (AFVs) some of which could assist in the development of natural gas vehicles (NGVs). However, APGA's comments focus on several changes to the rules for Model Year (MY) 2016-2019 that could be advantageous for NGVs.

Under the proposed rules, EPA and NHTSA provide Greenhouse Gas and Fuel Economy credits to AFVs (including dedicated and bi-fuel NGVs) which eventually phase out. In response to this idea, APGA respectfully requested that the EPA and NHTSA extend these credits until NGV sales hit a level demonstrating market acceptance or commercialization. APGA is open as to how to properly define this metric but suggests that perhaps a sales threshold of 250,000 dedicated NGVs per year is practicable. The rationale for this change is that in a regulatory system in which all AFVs are competing for a limited universe of credits, a mechanism to ensure that NGVs are actually deployed is an important metric to have before ending any incentive program.

Moreover, APGA also suggested that EPA and NHTSA establish a separate track for bi-fuel vehicles so that the credits for these vehicles are not overwhelmed by the Flex Fuel Vehicle (FFVs) credits (with which bi-fuel NGVs compete for credits). The rationale for this change is again the fact that because bi-fuel vehicles are competing for a limited universe of credits and have capabilities that provide additional flexibility for consumers, they should have their own regulatory track to ensure deployment.

APGA also urged EPA to provide an incentive for Original Equipment Manufacturers (OEMs) like Ford and GM and others who are facilitating the development of the aftermarket industry by offering Natural Gas-ready engines and setting up Qualified Vehicle Manufacturer (QVM) programs. The aftermarket vehicles largely are not covered by Greenhouse Gas and Fuel Economy rules so the OEMs should receive some credit for facilitating increased availability of aftermarket vehicles.

A copy of APGA's comments are available on the APGA website at: www.apga.org/correspondence. If APGA members have any questions, please contact Scott Morrison by phone at 202-464-2742 or by email at smorrison@apga.org.

HARDI and ACCA File Motions to Intervene in APGA Lawsuit Against DFR Furnace Rule

The Heating, Air-Conditioning and Refrigeration Distributors International (HARDI) and Air Conditioning Contractors of America (ACCA) separately filed Motions to Intervene in APGA's lawsuit against the Department of Energy's (DOE) Direct Final Rule on Furnaces in the 30 northern states. HARDI filed its motion on January 20 and ACCA filed soon thereafter on January 23.

APGA Members may recall that the DFR Rule rule increased the Annual Fuel Utilization Efficiency (AFUE) of furnaces from 78% to 90% in the 30 northern states. Given APGA's concerns about the feasibility of implementation and the legal issues associated with the DFR process, APGA filed suit against DOE on December 23, 2011.

The petitions filed by HARDI and ACCA seek to establish standing in the case. In other words, both organizations are seeking to demonstrate to the DC District Court of Appeals that their members will also suffer financial harm from the DOE furnace rule.

APGA appreciates the support of leaders of both organizations as we seek to protect our common interests of our members in the face of this critical rule. If APGA members have any questions, please contact Scott Morrison by phone at 202-464-2742 or by email at smorrison@apga.org.

Tony Clark Named to Fill Vacant FERC Seat

President Obama has announced his intention to nominate Tony Clark to fill the seat on the Federal Energy Regulatory Commission formerly held by Marc Spitzer, which was one of the two current Republican seats on the Commission. Mr. Clark currently serves as a Commissioner on the North Dakota Public Service Commission and is the Immediate Past President of the National Association of Regulatory Utility Commissioners (NARUC). He also served in North Dakota as a state lawmaker, labor commissioner and Tax Department aide.

Mr. Clark was elected to the North Dakota PSC in 2000, and easily re-elected six years later. It is APGA's understanding that a background check is currently underway and pending a positive completion of the check, the nomination will be formally sent to the Senate. The next step would be a Senate Energy and Natural Resources Committee hearing on the nomination. This nomination will be discussed at the upcoming Government Relations Committee meeting.

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.

Please Take the APGA Social Media Survey

The Marketing & Sales Committee developed a social media survey that was sent to APGA members last week. The intent of the survey was to assess and analyze the aptitude of our members when it comes to social media and technology. As Twitter, Facebook and other social media outlets influence the ways we shop, learn and connect to each other, it's important that we understand exactly how much our members know about social media, how they are leveraging it at the local level and in which ways they would like to learn more about it.

This survey is a starting point for the Marketing & Sales Committee as we develop additional educational materials and events that will continue to improve and enhance the marketing and communications needs and opportunities of our member systems.

To take the survey please go to <http://www.surveymk.com/s/APGAsocial>. We appreciate your feedback! For more information on this article please contact Kristin Gomez of APGA at kgomez@apga.org.

PHMSA Webinar Explains Integrity Management Plan Expectations

On January 25, the Pipeline and Hazardous Materials Safety Administration (PHMSA) held a webinar to discuss the findings of the first round of state and federal audits of distribution systems' integrity management plans (DIMP). Darin Burk of the Illinois Commerce Commission presented a brief overview of the DIMP rule, then described general areas where the regulators believe improvements are needed in many operator's DIMP written plans. Chris McLaren, PHMSA's DIMP Coordinator also participated, along with PHMSA's DeWitt Burdeaux who discussed the new mechanical fitting failure reporting requirement. Some of the areas for improvement involved how operators assessed risks and implemented additional actions to reduce those risks, however APGA was concerned that most of the feedback involved the degree to which operators had documented the process for creating their DIMP plan. For example, one recommendation was that the written plan should include the bios and credentials of the people who were involved in developing the DIMP plan and a written procedure describing how these people were selected. We will be contacting PHMSA with our concerns.

[The Powerpoint presentation from the webinar can be downloaded HERE.](#)

The expectations of the regulators have implications for the APGA Security and Integrity Foundation's (SIF) SHRIMP program. The SHRIMP Advisors will meet immediately following the APGA Board and Committee meetings Feb 1-3 to discuss how to address the issues raised during the PHMSA webinar.

In addition, the first day of the SIF Operations Conference in Pensacola March 28-30 will focus on many of the issues raised in the webinar. Both Chris McLaren and Darin Burk will be panelists with other state regulators to provide further insights into the regulator's expectations for DIMP. APGA's John Erickson will follow with a discussion of enhancements to

SHRIMP, including how the concerns expressed during the webinar are being addressed. A members-only DIMP roundtable will follow giving operators the opportunity to talk about how they have addressed DIMP in an off-the-record discussion. To register for the Conference go to www.apgasif.org/2012SIF. For further information contact John Erickson of APGA at 202-464-2742, ext 1002 or jerickson@apga.org.

APGA President & CEO Bert Kalisch to Speak at the Southeast LDC Gas Forum

This April, Bert Kalisch, president & CEO of APGA, will give a keynote speech at the Southeast LDC Gas Forum in Atlanta, Georgia. The LDC Gas Forums, are comprised of five regional conferences held annually in Atlanta, Boston, Chicago, Los Angeles and Canada (in conjunction with the Industrial Gas Users Association (IGUA)). The conferences are highly regarded by the natural gas industry for their excellent content and as the premier networking event that brings together buyers and sellers in the natural gas marketplace.

Each conference has over 500 attendees who meet to discuss vital regional and national issues that affect all aspects of natural gas marketplace. Timely panel discussions featuring key industry leaders focus on the important questions facing buyers and sellers in the competitive energy markets, including financial/credit turmoil, regulatory environment, sources of supply, utilization of storage, infrastructure project updates, LNG markets, risk management, hedging strategies and demand forecasts.

YOU should be at the LDC Gas Forums if...

- ... you are with a utility. These are your peers!**
- ... you are an end user. These are your suppliers or potential new suppliers!**
- ... you are a vendor. This is where all your customers come to make deals!**
- ... you want to network with the industry!**

Qualified Gas Buyers attend for free! If you are interested in learning more or to register for the Southeast LDC Gas Forum, please go to <http://www.ldcgasforums.com/se/>.

EIA Reports Storage Decline of 192 Bcf to Put Working Gas Storage at 3,098 Bcf

Here is the weekly EIA Summary Report issued on Thursday, January 26, 2012, that reports last week's storage report highlights for Friday, January 13, 2011. A 192 Bcf decrease has been reported.

Summary:

Working gas in storage was 3,098 Bcf as of Friday, January 20, 2012, according to EIA estimates. This represents a net decline of 192 Bcf from the previous week. Stocks were 531 Bcf higher than last year at this time and 547 Bcf above the 5-year average of 2,551 Bcf. In the East Region, stocks were 202 Bcf above the 5-year average following net withdrawals of 122 Bcf. Stocks in the Producing Region were 284 Bcf above the 5-year average of 837 Bcf after a net withdrawal of 43 Bcf. Stocks in the West Region were 61 Bcf above the 5-year average after a net drawdown of 27 Bcf. At 3,098 Bcf, total working gas is above the 5-year historical range.