



Weekly Update November 19, 2009

APGA Testifies Before Senate Agriculture Committee

On November 18, the Senate Agriculture Committee held a hearing entitled “Reforming U.S. Financial Market Regulation”. The hearing was well attended by the Senators on the Committee which is indicative of the interest in the issue. Jeff Billings of the Municipal Gas Authority of Georgia testified on behalf of APGA. Other witnesses at the hearing included: CFTC Chairman Gensler; Glenn English, Chief Executive Officer of the National Rural Electric Cooperatives Association; Neil Schloss, Treasurer of Ford Motor Company; Mark Boling, Executive Vice President & General Counsel for Southwestern Energy Company; and Robert A. Johnson, Director of Economic Policy of The Roosevelt Institute who testified on behalf of the Americans for Financial Reform. In her opening statement, the Chairman of the Committee, Senator Lincoln (D-AR), stated “Financial market oversight reform is, quite simply, the single most important factor in our long-term economic recovery; it will be the foundation for our nation’s financial future.”

APGA’s testimony communicated long-standing support for increasing market transparency, limiting excessive speculation and providing the CFTC with the resources it needs to protect consumers. However, the testimony expressed strong concerns in regard to the impact mandatory clearing would have on public gas systems. Mandated clearing of all over-the-counter transactions would require public gas systems 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).

The testimony focused on the cost impact of clearing, stating that the costs would be borne 100% by consumers. The testimony also stated that the hedging of natural gas supply purchases by public gas systems do not present systemic risks to the market.

A copy of APGA’s testimony is available on the APGA website at www.apga.org. The Committee plans to hold another hearing on December 2 and Treasury Secretary Geithner is scheduled to testify at that hearing. The Agriculture Committee may release draft legislation prior to that hearing. If you have any questions on this article or APGA’s testimony, please contact Dave Schryver of APGA’s staff by phone at 202-464-2742 or by email at dschryver@apga.org.

Mark Your Calendars: Distribution Integrity Management Programs Rule Webinar on Dec. 16

Publication of the final Distribution Integrity Management Programs (DIMP) rule will take place any day now. To help members understand the requirements of the rule APGA will conduct a one hour webinar beginning at 2 pm EST Wednesday, December 16. Webinar technology allows you to not only hear the presenters but also see via the internet the slides and other visual aids to which the speakers are referring. The main presenter will be APGA’s John Erickson, who will describe what utilities must do to comply with the new rule. We will also invite the Pipeline and Hazardous Materials Safety

Administration (PHMSA) and one or more state regulators to participate. Presentations will be followed by questions from the audience. There is no cost to participate in the webinar; however you must contact APGA to receive information necessary to log in. To register for the webinar please go to: <https://www2.gotomeeting.com/register/241947491>.

For further information please contact John Erickson, APGA Vice President, Operations 202-464-2742, ext 1002 or jerickson@apga.org.

New Research Foundation Website Launched

This Friday, after much hard work and broad input, the new APGA Research Foundation website will launch. The redesigned website will offer valuable information and tools available as a result of investor dollars directed at important operational and end-use R&D. This portion of the site will be password protected and available only to APGARF investors. Investors will also find a useful Energy Solution Center that showcases videos to help market natural gas appliances and updates on the work of several ESC consortiums. Non-investors can view the public side of the site and, if interested, will be authorized limited access to the investor side to view the additional benefits of becoming an investor.

For this limited access to the investor side, non-investors should contact Marghet Hager at 202-464-2742 or mhager@apga.org. The new website can be viewed at www.apgarf.org.

APGA signs onto letter to extend Natural Gas Vehicle credits

On November 13, APGA joined the American Gas Association (AGA) and Natural Gas Vehicle Association (NGV America) on a letter in support of Congress extending expiring tax credits for natural gas vehicles. The letter was sent to the chairs and ranking members of the Senate Finance Committee and the House Ways and Means Committee. The tax credits expire at the end of the year unless extended by Congress. The House and Senate are working to develop legislation that would need to pass before the end of the year that would extend tax credits set to expire. APGA members can receive a check from the IRS for the sale or use of natural gas in certain vehicle applications. The IRS provides for a tax credit of 50-cent per gasoline-gallon-equivalent of CNG or liquid gallon of LNG for the sale of CNG and LNG for use as a motor vehicle fuel. For more information visit: <http://www.ngvc.org/incentives/federalTax.html>

The letter asks for the extension of three specific natural gas vehicle incentives including:

- 1) Incentives for the Credit for Sale or Use of CNG and LNG and other alternative fuels;
- 2) Credit for Sale or Use of CNG and LNG and other alternative fuel mixtures;
- 3) Payment for Sale or Use of CNG and LNG and other alternative fuels and alternative fuel mixtures.

The letter stated that “Congress recognizes the importance of petroleum displacement and fuel diversification. Extending the effective dates of these expiring provisions would help continue the progress made by alternative-fuel vehicles in displacing gasoline and diesel. It also would send a clear message to fleet owners and other vehicle owners that Congress supports the use of alternative fuels as both an energy security and national security strategy for the mid-and long term. It also would help stimulate investment in alternative-fuel vehicle fueling infrastructure, which is essential to ensure a growing customer base.” [A copy of the letter can viewed here.](#)

It is anticipated that Congress will put together a legislative package of expiring tax provisions and try and pass the package prior to adjourning for the year. If you have questions on this article contact Nate Hill at 202-464-2742 or nhill@apga.org.

Majority leader says Senate will not consider climate change until spring 2010

Senate majority leader Harry Reid confirmed what many had speculated in the Senate floor calendar will not allow enough time to consider climate change legislation this year. He intends to push to bring a combined energy and climate change bill to the floor in spring 2010 sometime after the Senate addresses Healthcare and Financial Regulatory reform. All three issues are heavily charged and are expected to take up considerable floor time. There is also discussion swirling that Congress may consider legislation in January that would attempt to create more jobs, although it is unclear what kind of stimulus or incentives would be in such a package.

One Committee, the Senate Environment and Public Works Committee, is the only one thus far to pass climate change legislation. Five other Senate committees have indicated an interest in holding hearings and markups on pieces of climate legislation including Agriculture, Finance, Foreign Relations, Commerce and Energy.

The Senate Energy & Natural Resources Committee held a hearing on November 17 to explore the international aspects of global climate change. The hearing included witnesses from the Council on Foreign Relations, Climate Advisers, U.S. Chamber of Commerce, Carnegie Endowment for International Peace, and the National Foreign Trade Council. The hearing focused mostly on the perception of the United States going into the U.N. international climate negotiations in Copenhagen, Denmark next month without having enacted a program to reduce greenhouse gas emissions.

Many members of Congress and administration officials are planning to attend the United Nations climate negotiations running December 7-18. Without having enacted legislation to regulate greenhouse gases, U.S. officials plan to tout, among other things, recent bilateral agreements with China on clean energy technology and record investments in clean energy using stimulus funding. APGA continues to communicate to Congress the benefits of the direct use of natural gas in reducing greenhouse gas emissions.

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

Weekly Storage Report

Here is the weekly EIA Summary Report issued on Thursday, November 19, 2009 that reports last week's storage report highlights for Friday, November 13, 2009. An 20 Bcf **increase** has been reported.

Summary

Working gas in storage was 3,833 Bcf as of Friday, November 13, 2009, according to EIA estimates. This represents a net increase of 20 Bcf from the previous week. Stocks were 347 Bcf higher than last year at this time and 419 Bcf above the 5-year average of 3,414 Bcf. In the East Region, stocks were 127 Bcf above the 5-year average following net injections of 8 Bcf. Stocks in the Producing Region were 225 Bcf above the 5-year average of 983 Bcf after a net injection of 9 Bcf. Stocks in the West Region were 67 Bcf above the 5-year average after a net addition of 3 Bcf. At 3,833 Bcf, total working gas is above the 5-year historical range.