



## Weekly Update October 28, 2010

### **CFTC Proposes Six New Rules at Open Meeting**

On October 26, the Commodity Futures Trading Commission (CFTC) held its third open meeting to consider the issuance of proposed rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act. APGA worked hard to address concerns as this bill moved through Congress and remains active in the rulemaking process. If not carefully monitored the rules could have serious impacts upon the ability of public gas systems to use the over-the-counter market to hedge their natural gas purchases. During the latest meeting, the Commission approved six proposed rulemakings that addressed:

- Certification and approval of rules and new products for designated contract markets, derivatives clearing organizations, swap execution facilities and swap data repositories;
- Removing any reliance on credit ratings in Commission regulations;
- Amending CFTC Regulations 1.25 and 30.7 to provide greater protections for customer funds held by futures commission merchants (FCMs) and derivatives clearing organizations;
- Process review and the designation of swaps for mandatory clearing;
- Enhancing the Commission's ability to protect against manipulation; and
- An advance notice of proposed rulemaking on disruptive trading practices.

One of the proposed rules approved yesterday relates to market manipulation. The Dodd-Frank Act includes a provision, supported by APGA, that changes the legal standard the CFTC must meet to prove market manipulation. Specifically, the legislation changed the standard from requiring the CFTC to prove specific intent to a recklessness standard. The recklessness standard is the standard that the Securities Exchange Commission, Federal Trade Commission and Federal Energy Regulatory Commission have utilized.

During the meeting, CFTC Chairman Gensler announced that the Commission plans to hold three public meetings in November and two in December. The next meeting to consider Dodd-Frank rulemakings is scheduled for November 10. Chairman Gensler reiterated his goal to have all the proposed rules released by mid-December. Under the Act, the vast majority of the rules

must be in place by July 2011. 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).

### **Housing and Urban Development (HUD) Update**

The last Public Gas News reported on the action items that came out of a September 22 meeting between APGA and energy leaders from Housing and Urban Development (HUD). We would like to update you on those action items.

First, Richmond Department of Public Utilities (DPU) is conducting a comparative analysis to demonstrate the long-term advantages of natural gas appliances v. electric appliances. Richmond hopes to deliver that analysis to HUD by the end of November.

Second, APGA sent APGA members a short survey last week to determine each member's ability and willingness to fund infrastructure (service lines and meters) in new HUD subsidized construction in exchange for building owners installing natural gas appliances. We plan to share these survey results with HUD.

Third, HUD has shared its Hope 6 and Section 202 new construction databases that detail HUD subsidized buildings by geographical location over several years. This will allow APGA members to determine the extent of realized or lost opportunities in HUD subsidized buildings. This exercise will define the breadth of the problem, i.e., public gas systems not being given the opportunity to compete for load in HUD subsidized housing.

HUD has shared with APGA draft legislation that reforms:

- Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) to reform and streamline the supportive housing program for the elderly.
- Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) to reform and streamline the supportive housing program for persons with disabilities.

HUD has invited APGA to file comments on the draft legislation by November 15. APGA is now reviewing the reform legislation and expects to file constructive comments.

For those participating in the November 1, Marketing & Sales Committee meeting in Birmingham, you will be asked to consider and approve the formation of a HUD Task Force. We believe that if APGA members begin to develop unified messages and responses, we'll be more effective on HUD matters. We would be able to respond in one voice to the Section 202 and 811 reform legislation and develop other advocacy and relationship-building strategies down the road.

For more information, please contact Bob Beauregard at 202-464-2742 or [bbeauregard@apga.org](mailto:bbeauregard@apga.org).

### **EPA Creates Online Greenhouse Gas Reporting System**

The Environmental Protection Agency (EPA) has created its Electronic Greenhouse Gas Reporting Tool (e-GGRT), a new web-based system to support reporting under the 40 CFR 98 Mandatory Reporting of Greenhouse Gases (40 CFR Part 98). EPA conducted a webinar on October 20 to explain how users would use e-GGRT to file reports required of those facilities that exceed the threshold for GHG reporting. Currently ALL natural gas utilities must report as suppliers of gas, in effect, reporting on behalf of the utility's customers. In response to a suit filed against EPA by APGA, EPA has proposed to exempt utilities that deliver less than 460 million cubic feet of natural gas per year from reporting, but that rule has yet to take effect. In addition, some utilities will have to report estimated fugitive emissions of natural gas from utility operations. APGA estimates that only six APGA members will exceed the 25,000 metric ton per year reporting threshold for this section of the rule.

EPA has announced two more webinars on the e-GGRT system: November 3, 2010 1:00-2:30 pm EST – Register at <https://www2.gotomeeting.com/register/419002762> and November 17, 2010 1:00-2:30 pm EST – Register at <https://www2.gotomeeting.com/register/400281123>

For more information contact John Erickson, APGA vice president, Operations 202-464-2742, ext 1002 or [jerickson@apga.org](mailto:jerickson@apga.org).

### **Weekly Storage Report: Storage increases to 3,754 Bcf**

Here is the weekly EIA Summary Report issued on Thursday, October 28, 2010, that reports last week's storage report highlights for Friday, October 22, 2010. A 71 Bcf increase has been reported.

#### **Summary**

Working gas in storage was 3,754 Bcf as of Friday, October 22, 2010, according to EIA estimates. This represents a net increase of 71 Bcf from the previous week. Stocks were 1 Bcf less than last year at this time and 312 Bcf above the 5-year average of 3,442 Bcf. In the East Region, stocks were 69 Bcf above the 5-year average following net injections of 34 Bcf. Stocks in the Producing Region were 193 Bcf above the 5-year average of 999 Bcf after a net injection of 31 Bcf. Stocks in the West Region were 51 Bcf above the 5-year average after a net addition of 6 Bcf. At 3,754 Bcf, total working gas is within the 5-year historical range.