



## Weekly Update October 8, 2009

### Leading Senators introduce climate change legislation

On September 30, two senators released an initial draft bill that will be the starting point for Senate consideration of climate change legislation. The bill is entitled the [Clean Energy Jobs and American Power Act](#) (S. 1733). The primary bill sponsors are California Senator Barbara Boxer, chair of the Senate Environment and Public Works Committee (EPW), and Massachusetts Senator John Kerry, chair of the Senate Foreign Relations Committee.

The 821-page bill leaves many issues unresolved such as allocation of free allowances, federal pre-emption, and others. The bill authors have included “placeholders” for the Senate to debate and decide on those issues later. The Senate EPW committee has primary jurisdiction over formulating the bill, which chairman Boxer plans to do through a series of hearings and markups over the month of October. Other Senate committees also plan to hold hearings and potentially make changes to parts of the bill including Senate Finance, Agriculture, Energy, Commerce & others. Senate majority leader Reid and the democratic leadership hold the responsibility of merging and formulating a climate change and/or energy bill on the floor that can muster at least 60 votes to pass the full Senate. The timing of climate change legislation coming to the Senate floor remains unclear. Ultimately, the House and Senate will have to pass identical bills before being sent to the President’s desk for signature or veto. Many senators and some high level white house staff have admitted that Senate passage of climate change legislation is highly unlikely to occur in 2009.

Like the House passed Waxman-Markey bill, this draft Senate bill imposes an economy wide cap-and-trade program on entities that emit more than the equivalent of 25,000 tons of Co<sub>2</sub> per year including natural gas LDCs. This threshold is also consistent with recent EPA draft rulemakings and equates to approximately 475,000 MCF per year for natural gas LDCs. In terms of Co<sub>2</sub> equivalence, this bill is consistent with others in defining one molecule of methane as 25 times more potent than Co<sub>2</sub>. APGA calculates that approximately 160 public gas systems would be required to participate in the program.

Emissions reductions would be calculated from the baseline year 2005. A major difference is that this draft bill imposes a stricter overall cap of 20 percent reductions by 2020, as opposed to the 17 percent passed by the House. The out year goals remain consistent.

**Senate Draft overall emission reduction targets**

**Waxman-Markey Targets**  
**3% by 2012**

**3% reduction by 2012**  
**20% reduction by 2020**  
**43% reduction by 2030**  
**83% reduction by 2050**

**17% by 2020**  
**42% by 2030**  
**83% by 2050**

The bill does include language that natural gas LDCs will receive free allocations, but it's silent on how many. As you recall, Waxman-Markey gave away 85 percent of the overall allocations for free and 9 percent of those free allocations went to natural gas LDCs. Like Waxman-Markey, this bill also requires that 1/3 of the free credits be used for energy efficiency.

**Other points of interest for public gas systems include:**

- The overall cap begins in 2012, but public gas systems do not fall under the cap until 2016.
- The bill gives credit to any emitter for switching from higher carbon fuels like coal to lower emitting fuels like natural gas. Coal-fired utilities most likely to take advantage of this provision. APGA is concerned this could encourage even greater fuel switching than by just having the cap alone and place more stress on natural gas supplies.
- The bill exempts from regulation the fugitive methane emissions from natural gas distribution systems and interstate pipelines. However, it also gives offset credits to utilities and pipelines that reduce leakage of fugitive methane emissions

You can view the bill language and summary by visiting the following links:

**Bill Language:** [www.apga.org/boxerkerrybill](http://www.apga.org/boxerkerrybill)

**Summary:** [www.apga.org/KBsummary](http://www.apga.org/KBsummary)

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

**Safety Corner: Work Area Protection**

Work on natural gas distribution systems is frequently performed on busy streets and highways. It is therefore important for the safety of the employees and pedestrians that the work area is properly protected from the passing vehicular traffic. The following is an excerpt from the *APGA/National Safety Council's Natural Gas Safety Handbook*.

Work area protection should be planned with the following objectives in mind:

- 1. To provide maximum protection for the employees in the street,**
- 2. To provide maximum safety for passing motorists and pedestrians,**
- 3. To maintain a safe free flow of traffic around the work area.**

Before setting up protection for a specific work area, the amount, kind and speed of the passing traffic should be determined. Fast moving traffic should be given warning well in advance of the area to be protected.

**Early Warning** – Place the first warning device well in advance of a job site. A minimum of 150 to 200 feet is recommended for city work, while 500 to 1,000 feet is required for open highways. Place the first warning device so it can be seen but not hinder the flow of traffic.

Traffic cones provide an excellent guidance path to and around the work site. Spacing of cones depends upon vehicles speed and may range from 10 to 20 feet apart for slow moving traffic up to 50 or 60 feet apart for high-speed traffic.

Barricades are usually placed at right angles to the approaching traffic and should be highly visible both day and night. Flashing warning lights, barricades with reflectors, and illuminated signs should be used at night. For work areas that are off the street, warnings and adequate barricades should be considered to protect pedestrians.

The following are suggested methods for work area protection (barricading).

**Truck As Shield** – If feasible, place a truck between the flow of traffic and the work area in such a position that the rear of the truck is facing oncoming traffic. Signal lights and flashing lights on truck furnish further protection.

**Barricade Work Area** – Set up adequate work area protective equipment and check for its attention-getting characteristics. The main reason for using work area protection equipment is to prevent accidents. Narrow streets having two-way traffic require warning signals at both ends of the job site to alert drivers and give them a chance to pass carefully. The use of flagmen should also be considered. The excavated soil can also be used as a shield on the side of the trench requiring the most protection. Take care, however, that it is far enough back from the trench lip so as not to spill into the trench.

To learn more consider purchasing the *Natural Gas Safety Handbook* at <http://shop.nsc.org/Natural-Gas-Safety-Handbook-for-Utility-Workers-and-Contractors-P1792.aspx>. Or if you have questions about this article please contact John Erickson, APGA Vice President, Operations 202-464-2742 or [jerickson@apga.org](mailto:jerickson@apga.org).

### **Register Today for the Gas Utility Management Conference Scheduled for November 3 & 4**

Join us in beautiful Charleston, South Carolina for the annual APGA Gas Utility Management Conference (GUMC). The conference is an add-on to the APGA fall Board Meeting and will be held on November 3 & 4 at the Francis Marion Hotel in Charleston, South Carolina. This conference provides public gas system managers with information on a broad variety of issues that impact public gas systems. Issues covered will include: rate making, marketing, operations challenges, and legislative and regulatory initiatives. The information provided at this

conference will help public gas system managers better manage the day-to-day operations of their system. The schedule is as follows:

**Tuesday, November 3:**

- Jeff Oliver of Rinnai America will share success stories of partnering with gas utilities to increase load in multi-family housing. Jeff will also discuss the best practices for building an alliance with your local housing authority.
- Three public gas systems honored at the APGA Annual Conference will share their award-winning marketing/education programs with GUMC attendees.
- Fellon-McCord will provide an overview of rate designs and discuss new trends that are occurring.
- An update on some of the key legislative issues, such as an energy bill, climate change and over-the-counter derivatives regulation that will likely have an impact on public gas systems.
- Jane Goolsby, State Director for U.S. Senator Lindsay Graham, will speak on the role of congressional state offices and tips on building an effective working relationship with state and Washington DC offices.

*Day one will conclude with a networking reception.*

The conference will resume on Wednesday, November 4 with a focus on the Distribution Integrity Management Programs (DIMP) rule and the impact it will have on the operations of public gas systems. John Erickson, APGA's Vice President for Operations, will provide an overview of the rule and there will also be a presentation from a gas system on the steps that are being taken to prepare for the DIMP rule. There will also be a presentation on the model plan that APGA working with and through the APGA Security and Integrity Foundation (SIF) has developed to assist systems with developing their own integrity management plan. The plan, known as SHRIMP which stands for Simple Handy Risk-based Integrity Management Plan, will work like TurboTax – asking questions about the gas piping and its maintenance history and create a written plan for a system that meets all of the requirements of the rule.

Information on the Gas Utility Management Conference, including how to register, is available on the homepage of the APGA website at [www.apga.org](http://www.apga.org). The deadline for obtaining the group room rate with the hotel is September 30. If you have any questions on this article or the GUMC, please call APGA staff at 202-464-2742.

**Members and Vendors – Register for the 2010 M&S Trends and Training Conference**

Please join us for the 2010 Marketing & Sales Trends & Training Conference on March 29-31, 2010 in Pensacola, Florida. The conference, sponsored by APGA, the Alabama Natural Gas Association and the Florida Natural Gas Association, begins at 1:00 pm on Monday, March 29 and concludes at 11:30 am on Wednesday, March 31. The venue is the Hilton Pensacola Beach Gulf Front hotel, a 4-star hotel at a great \$125/day rate. See the hotel at [http://www1.hilton.com/en\\_US/hi/hotel/PNSPEHF-Hilton-Pensacola-Beach-Gulf-Front-Florida/index.do](http://www1.hilton.com/en_US/hi/hotel/PNSPEHF-Hilton-Pensacola-Beach-Gulf-Front-Florida/index.do)

The MSTTC program will provide attendees with exceptional networking opportunities and valuable information, ideas and tools that will be taken back and utilized at their home systems. The program includes:

- Sales training (tools to use) by the SMEI, Sales & Marketing Executive International.
- Training in selling to the multi-family housing market by Rinnai America and Central Florida Gas.
- Training in the use social media to improve sales by Quest Fore, Inc.
- Training in applying for grant monies to pursue fleet vehicle conversions to natural gas by the Alabama Clean Fuels Coalition.
- Accountant training and its relation to marketing and sales efforts and goals.
- Training in enhancing customer service and integrating the efforts of customer service and marketing by Okaloosa Gas and Central Florida Gas.
- Gaining understanding of technology developments and their Impact on sales and marketing efforts by the Gas Technology Institute.
- Learning about the successful marketing campaigns honored in the 2009 M&S Award competition – Charlottesville, ESP and SEAGD.
- Learning how to collaborate with vendors on sales calls.
- Participating in “vendor speed sessions” where every conference attendee gets a 15-minute presentation from each exhibiting vendor on their respective product or service
- Gaining understanding of current and proposed climate change and energy legislation and its impact on gas supply and revenue.

To register for the 2010 MSTTC please go to <http://www.apga.org/msttc>.

For additional information, please contact Bob Beauregard at 202-464-0831 or [bbeauregard@apga.org](mailto:bbeauregard@apga.org).

## Weekly Storage Report

Here is the weekly EIA Summary Report issued Thursday, October 8, 2009. A 69 Bcf **increase** has been reported.

EIA Storage Report Highlights for **Friday, October 2, 2009:**

### Summary

Working gas in storage was 3,658 Bcf as of Friday, October 2, 2009, according to EIA estimates. This represents a net increase of 69 Bcf from the previous week. Stocks were 473 Bcf higher than last year at this time and 480 Bcf above the 5-year average of 3,178 Bcf. In the East Region, stocks were 138 Bcf above the 5-year average following net injections of 37 Bcf. Stocks in the Producing Region were 272 Bcf above the 5-year average of 897 Bcf after a net injection of 24 Bcf. Stocks in the West Region were 70 Bcf above the 5-year average after a net addition of 8 Bcf. At 3,658 Bcf, total working gas is above the 5-year historical range.