



Weekly Update September 22 2011

R&D Matters: Join us in Chicago at the Research & Development Conference This October

WHAT: The 2011 R&D Forum. Sponsored by the APGA Research Foundation (RF) and the Gas Technology Institute (GTI)

WHERE: Chicago, IL at GTI Headquarters.

WHEN: October 25 & 26, 2011

COST: Hotel (two-nights) and food provided at no cost. Just get to Chicago.

WHY ATTEND: Learn about new technologies that will help you to reduce operating costs while improving customer satisfaction and new technologies that will help you provide your residential and commercial customers environmentally-friendly end-use appliances. You will leave the Forum reaffirmed that research and development is crucial to the long-term success of the natural gas industry.

AGENDA: The R&D Forum program begins at 5:00 pm CT on Tuesday, October 25, with a tour of GTI facilities followed by a networking dinner with GTI leadership and R&D project managers. The forum picks up on Wednesday, October 26, with morning and afternoon informative classroom presentations on supply, operations and end-use R&D projects, some of which are near commercialization. GTI will then host a reception and dinner on Wednesday evening.

HOW TO REGISTER: Please go to www.apgarf.org/2011Forum by October 5, 2011 to mail or fax your registration form. Please encourage one of your Board members to join you. There is no registration fee, food costs are covered for all attendees and two nights room plus tax will be covered for the first forty (40) registrants.

THE HOTEL: Radisson Hotel O'Hare. The hotel provides a complimentary 24-hour O'Hare airport shuttle. The hotel will shuttle between the hotel and GTI at specific times.

The RF Board and GTI looks forward to seeing you in Chicago! Again, space and hotel rooms are limited.

Please call Bob Beauregard at APGA 202-464-2742 or Mary Kos at GTI 847-768-0950 with your attendance confirmation or questions.

Joins Us for the APGA Gas Utility Management Conference Use a pic of Richmond

Join us in Richmond, VA for the APGA Gas Utility Management Conference (GUMC) on November 1-2 at the Jefferson Hotel. The GUMC is held annually as an add-on to the fall board and committee meetings. This conference provides public gas system managers with information on a broad variety of issues that impact public gas systems. Issues covered include natural gas vehicles, marketing, operations challenges, and legislative and regulatory initiatives.

At this year's conference the winner and finalists of the APGA Marketing & Sales Award will present their system's successful marketing campaigns to conference attendees. There will also be a presentation on the future of natural gas as well as an overview of the Clean Cities Program and the role of natural gas vehicles in the program. The November 1st program will end with a legislative and regulatory update on the issues of interest to public gas systems. On November 2nd the program will focus on operations issues, presentations will address, among other things, Department of Transportation pipeline safety initiatives as well as the role of technology in enhancing pipeline safety. There will also be an update on congressional efforts to reauthorize the pipeline safety act.

Information regarding the GUMC and the fall board and committee meetings is available on the APGA website at www.apga.org. **The cut-off date to reserve rooms at the APGA rate is October 6.** 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.

House Energy & Commerce Pass Pipeline Safety with Victory for APGA

On Wednesday, September 21, in a rare display of bipartisanship, the House Energy and Commerce Committee (E+C) passed its version of pipeline safety legislation, entitled the "Pipeline Infrastructure and Community Protection Act of 2011" on a unanimous vote (51Y-0N). Prior to the vote, Republicans and Democrats alike praised the legislation and one another for crafting what they communicated was a bipartisan, reasonable bill.

The E+C bill can rightly be considered a victory for APGA. The primary reason for this is the fact that the legislation does not contain the tracker fee proposal that some organizations in the natural gas industry were hoping to include. Their proposal would have forced the overwhelming majority of Local Distribution Companies (LDCs) to pay distribution user fees twice and would have circumvented the established FERC rate review. APGA was adamantly opposed to a tracker approach and worked with members and others, including industrial energy consumers, toward ensuring that a tracker proposal was not part of the legislation.

Despite the fact that the House E+C legislation is now complete, there remains a long road to final passage of a pipeline safety bill. First, the E+C bill now must be merged with the

Transportation and Infrastructure Committee's legislation, the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, before being considered by the full House of Representatives.

Second, the full Senate must approve its version of pipeline safety legislation, the Pipeline Transportation Safety Improvement Act. However, the reason the bill has not yet been passed is due to the fact that a legislative hold has been placed on the bill. Under Senate rules, a hold can be placed on any bill by any Senator for any reason and until it is lifted, the legislation cannot be considered.

Assuming these issues can be overcome, once the Senate and House pass their versions of the bill, they will likely go into what is called a Conference Committee in which appointed members of each body of Congress will negotiate a compromise between their versions of pipeline safety. Upon completion, the compromise bill will go back to the House and Senate for final passage and will then go to President Obama for his signature. APGA will keep members apprised of any developments with pipeline safety legislation.

If APGA members have any questions, please contact Scott Morrison by phone at 202-464-2742 or by email at smorrison@apga.org.

APGA Files Comments at DOE

On September 21, APGA filed comments with the Department of Energy (DOE) in response to their Request for Information (RFI) on developing a voluntary National Asset Rating Program for Commercial Buildings (AR Program). The AR Program would establish an Asset Rating system for commercial buildings based on a national standard and would evaluate the physical characteristics and as-built energy efficiency of these buildings. It would also identify potential energy efficiency improvements. The goal of the AR Program is to facilitate cost-effective investment in energy efficiency and reduce energy use in the commercial building sector.

DOE states, "The program would identify opportunities for energy efficiency improvements and estimate their likely savings. If communicated to potential buyers, lessees, and lenders, the Asset Rating would provide information necessary for the real estate market to value building energy efficiency measures."

APGA comments focused on complementing DOE on the use of source energy as the key metric to support DOE's goals for the AR Program:

- Reduce national consumption of primary energy resources
- Reduce global greenhouse gas (GHG) emissions

DOE recognizes site energy cannot serve as the basis for asset ratings and energy efficiency programs when the goal is to reduce consumption of primary energy resources attributable to the design and operation of the building. Site measurement methods—a calculation of the

energy consumed by an appliance at the end-use point (in the building)—do not properly or equitably account for the total energy consumed when more than one energy source is used in an appliance (such as a gas furnace or boiler) or when comparing the consumption of different fuels that can be used for the same application (such as water heating or combined heat and power). In addition, site measurement does not account for the energy lost and GHG emissions created throughout the extraction, processing, transportation, conversion, and distribution of energy to the building.

APGA also pointed out several areas that needed to be addressed in any final AR program.

[To see the complete filing, click here.](#)

For further information, please contact Bob Beauregard at 202-464-2742 or bbeauregard@apga.org

APGA Holds Public Awareness Webcast

Over the last two years the APGA Operations and Safety Committee has conducted a series of webcasts focusing on topics of special interest to public gas operations managers and supervisors. On September 20 the topic was public awareness, specifically the comprehensive audits of operators' public awareness programs and effectiveness assessments that have recently begun and will impact every public gas system between now and the end of 1012. Amber Pappas, director of communication for Regulatory Compliance Partners, kicked off the roundtable discussion with a review of the public awareness rule and a description of the audits that began with the largest operators earlier this year. She stated that the audits were particularly focusing on the results of an operator's effectiveness assessments – what have been the results and how has the operator modified its program based on these results?

Following Amber's presentation, Alan Winter of Long Beach, CA recounted a recent audit of their public awareness program by the Pipeline and Hazardous Materials Safety Administration (PHMSA) Western Regional office. He confirmed that the effectiveness assessments were a major part of the review, but added that the audit went smoothly because Long Beach had prepared in advance by self-reviewing their public awareness plan and was able to answer all the questions posed by PHMSA during the actual audit. He encouraged other APGA members to review the results of their public awareness efforts to be ready when they are audited this year or next. [A copy of the PHMSA public awareness audit form can be downloaded here.](#)

The next webcast will be conducted at 2 pm EST on Thursday November 17 and will cover the Environmental Protection Agency's requirement that utilities report estimated fugitive emissions of natural gas. Any utility that has estimated emissions equivalent to 25 thousand metric tons or more of CO₂ must report these estimates by March 30, 2012. The program will show how to use the Subpart W calculator developed by APGA and answer questions about EPA's greenhouse gas reporting rules. These webcasts are free to all APGA members. To register, go to www.apga.org/osbp. For further information contact John Erickson of APGA at 202-464-2742, ext 1002 or jerickson@apga.org.

2011 Public Natural Gas Week is Coming Up!

This year Public Natural Gas Week (PNGW) is October 2-9! We hope that you will join us in this nationwide observance honoring the work and importance of public natural gas systems. As a member of the American Public Gas Association we would like to encourage you to promote your public gas system and generate enthusiasm about the benefits of natural gas. Many of you prepare elaborate full-fledge promotional events and campaigns every year, but for those of you who could use some additional ideas, please visit www.apga.org/2011PNGW. There you can download helpful materials including stock press releases, op-ed, city council letters, event suggestions and design templates.

We would also like to extend the opportunity to those who do fully participate in PNGW campaigns to submit an article to the *Public Gas News* (approximately 200-400 words) detailing how your system effectively used creative marketing to promote the overall community benefit of public natural gas during Public Natural Gas Week. Please send your article submissions to Kristin Gomez of APGA at kgomez81@gmail.com for consideration to be published in the *Public Gas News*.

Get Involved! Join an APGA Committee!

At the American Public Gas Association, the hard work of our committees and its volunteer members is key to our success as an Association. If you are interested in joining one of the following APGA committees please let us know. All are welcome! If you would like us to add your name to a roster please email the contact of that committee listed below.

Annual Conference

To plan and ensure the success of the APGA Annual Conference.

Contact: [Sheila Deringis](mailto:sderingis@apga.org) at sderingis@apga.org

Awards

To recognize APGA member systems and individual volunteers for contributions to the natural and public gas industries and to this association.

Contact: [Sheila Deringis](mailto:sderingis@apga.org) at sderingis@apga.org

Codes & Standards

To advocate for safe and competitive codes and standards for the natural gas utility industry; and, to provide members timely notice of opportunities to consider and effect revisions to said codes and standards that may impact the competitive position of natural gas and end-use appliances.

Contact: [Bob Beauregard](mailto:bbeauregard@apga.org) at bbeauregard@apga.org

Editorial

To brainstorm ideas, themes, authors and stories for the issues of *THE SOURCE* magazine.

Contact: [Kristin Gomez](mailto:kgomez@apga.org) at kgomez@apga.org

Gas Supply

To encourage the exchange of information about the natural gas market among public gas systems, suppliers, pipelines, joint purchasing groups, and other local distribution systems.

Contact: [Dave Schryver](#) at dschryver@apga.org

Government Relations

To direct and develop APGA legislative and regulatory activities while monitoring and managing efforts that further the interests of public gas systems before Congress and governmental agencies.

Contact: [Dave Schryver](#) at dschryver@apga.org

Legislative

To advocate the interests of public gas systems in Congress.

Contact: [Dave Schryver](#) at dschryver@apga.org

Regulatory

To develop APGA's regulatory positions based on the policies reflected in the Association resolutions and on member needs and viewpoints; to communicate and advocate these positions in the relevant regulatory forums.

Contact: [Dave Schryver](#) at dschryver@apga.org

Marketing and Sales

To assist member systems to increase the number of customers and appliances served; and, act as a clearing-house for marketing "best practices."

Contact: [Kristin Gomez](#) at kgomez@apga.org

Membership

To recruit new members, retain existing members, and develop and disseminate material that effectively articulates the value and benefits an APGA membership provides to a public gas system.

Contact: [Dave Schryver](#) at dschryver@apga.org

NGV Task Group

To recruit new members, retain existing members, and develop and disseminate material that effectively articulates the value and benefits of natural gas vehicles.

Contact: [Scott Morrison](#) at smorrison@apga.org

Operations and Safety

To advocate for public gas systems in all operational safety arenas that, among other things, touch upon safety rules, codes, guidance, industry standards, and other matters that may impact public gas pipeline facilities.

Contact: [John Erickson](#) at jerickson@apga.org

Senate Subcommittee Slashes LIHEAP Funding

On Tuesday, September 20, the Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education, and Related Agencies approved its appropriations bill with a significant cut in funding for the Low-Income Home Energy Assistance Program (LIHEAP). The bill approved \$3.6 billion in LIHEAP funding for FY12, a \$1.1 billion decline from the FY11 total of \$4.7 billion.

LIHEAP funds are used to protect millions of low-income and other vulnerable populations, such as the elderly, and assist them in paying for critical utility services. The funds are allocated by the Department of Health and Human Services (HHS) and are administered by the states. The formula used to allocate funds under LIHEAP is based on two sets of regulations and is weighted towards state's relative cold-weather conditions and households living in poverty.

APGA has been continually engaged on the issue of LIHEAP. APGA sent its own letter (copies are at www.apga.org/correspondence) to the Appropriations Committee of the House of Representatives on September 7 calling on the committee to restore LIHEAP to its full FY10 amount of \$5.1 billion. In addition, APGA and some members signed a group letter with almost 1000 organizations to the entire Congress on September 19th, urging full funding of LIHEAP.

Though the FY12 total proposed by the Senate is higher than President Obama's request for LIHEAP funding of \$2.57 billion, this amount is likely to be high point in funding for the program and is almost certain to be reduced. The House of Representatives will use \$2.57 billion as their level and thus, the Senate's \$3.6 billion will likely be negotiated down given the overwhelming focus on the deficit and long-term debt. APGA will continue to engage with Congress and to push for full funding of LIHEAP.

If APGA members have any questions, please contact Scott Morrison by phone at 202-464-2742 or by email at smorrison@apga.org.

CFTC Meets to Consider Dodd-Frank Rules

The Commodities Futures Trading Commission (CFTC) met on September 8 to consider implementation of rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act. This was the 19th meeting of the CFTC to consider Dodd-Frank implementation. At the meeting, the CFTC approved two proposed rules on a 4-1 vote with Commissioner O'Malia voting against them. The rules approved addressed mandatory clearing, trade execution, trading documentation, and uncleared swap margin requirements.

Under the proposed clearing and trade execution rule, before market participants would be required to comply with a mandatory clearing determination, the Commission must:

- Adopt its final rules related to the end-user exception to mandatory clearing;
- Adopt rules defining "swap," "swap dealer," and "major swap participant" and;
- Adopt final rules relating to the protection of cleared swaps customer contracts

and collateral.

In addition, the Commission indicated that the trade execution requirement will not apply until the Commission:

- Adopts all of the final rules listed above; plus
- Adopts final rules related to Swap Execution Facilities (SEF) and Designated Contracts Markets (DCM)

The CFTC also approved a rule that phases-in compliance with the documentation and margining requirements in a manner similar to that laid out for compliance with the clearing and trade execution requirements. The phase-in schedule would not become effective with respect to any market participant until the Commission has issued final documentation and uncleared swap margining rules. [Additional information on the rules can be found on the CFTC website.](#)

The Commission released a tentative schedule for the issuance of certain final rules under the Dodd-Frank Act through the first quarter of 2012. The schedule indicates that the Commission expects to issue certain key final rules before December 31, 2011, including final rules regarding derivatives clearing organizations, the end-user exception to mandatory clearing, certain key Dodd-Frank Act definitions regarding derivatives products and the entities that deal in them (*i.e.*, “swaps” and “swap dealers”), and position limits. Final rules regarding capital and margin requirements and swap execution facilities, among others, are not expected until next year. An outline of the schedule released by the CFTC is included below.

• Outline of Final Dodd-Frank Title VII Rules the CFTC May Consider in 2011 and the First Quarter of 2012

Remainder of 2011	<ul style="list-style-type: none">• Clearinghouse Rules• Data Recordkeeping and Reporting• End-User Exception• Entity Definitions/Registration• External Business Conduct• Internal Business Conduct (Duties, Recordkeeping and Chief Compliance Officers)• Position Limits• Product Definitions/Commodity Options
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	<ul style="list-style-type: none"> • Real-Time Reporting • Segregation for Cleared Swaps • Trading – Designated Contract Markets and Foreign Boards of Trade
First Quarter 2012	<ul style="list-style-type: none"> • Capital and Margin • Client Clearing Documentation and Risk Management • Conforming Rules • Disruptive Trading Practices • Governance and Conflict of Interest • Internal Business Conduct (Documentation) • Investment of Customer Funds • Swap Execution Facilities • Segregation for Uncleared Swaps • Straight-Through Trade Processing

EIA Reports Storage Build of 89 Bcf to Put Working Gas Storage at 3,201 Bcf

Here is the weekly EIA Summary Report issued on Thursday, September 22, 2011, that reports last week's storage report highlights for Friday, September 16, 2011. A 89 Bcf increase has been reported.

Summary

Working gas in storage was 3,201 Bcf as of Friday, September 16, 2011, according to EIA estimates. This represents a net increase of 89 Bcf from the previous week. Stocks were 129 Bcf less than last year at this time and 35 Bcf below the 5-year average of 3,236 Bcf. In the East Region, stocks were 76 Bcf below the 5-year average following net injections of 58 Bcf. Stocks in the Producing Region were 41 Bcf above the 5-year average of 962 Bcf after a net injection of 22 Bcf. Stocks in the West Region were 1 Bcf above the 5-year average after a net addition of 9 Bcf. At 3,201 Bcf, total working gas is within the 5-year historical range.

