

APGA Weekly Update, April 14, 2016

APGA Signs Letter to Extend NGV Credits

The Senate is currently considering a reauthorization of the Federal Aviation Administration (FAA), which sets the agency's funding levels and policy priorities. The last FAA reauthorization expired in October 2015 and the agency has been functioning on continuing resolutions ever since. As part of this reauthorization, significant momentum has been generated to add a tax title to the underlying legislation.

The need for a tax title arose due to Congress' passage of tax extenders legislation without including language that would allow a number of renewable energy sources including geothermal energy, combined heat and power—of which APGA supports—and fuel cells to be eligible for an existing investment tax credit (ITC) that was extended for five years for solar energy. The omission is understood to have been an oversight by Congress, and thus a bipartisan group of Senators is working to add these sources to the ITC in the FAA bill.

The inclusion of the tax title provides an opportunity for other energy sources to get long-term extensions of their tax credits. To that end, APGA signed a letter on April 12 from NGVAmerica requesting that the Senate Committee on Finance to, "support an extension of the Alternative Fuel Excise Tax Credit (26 USC §§ 6426 - 6427), the Alternative fuel vehicle refueling property credit (26 USC § 30C) as well as the proposal from Senators Bennet and Cassidy (S. 2783) that would change the Inland Waterways Trust Fund financing rate on LNG to provide more equitable treatment," as a part of the FAA reauthorization.

Inclusion of the tax title itself, let alone the addition of extenders for NGV credits, may be difficult to achieve. It remains unclear if the tax title will have sufficient support to pass the Senate, let alone in the House, where conservative opposition to the tax title is growing.

APGA will keep members apprised of any developments with the tax title of the FAA. For questions on this article, please contact Scott Morrison of APGA staff by phone at 202-464-2742 or by email at smorrison@apga.org.

APGA Joins with AGA on Comments to NAESB Gas-Electric Harmonization Forum

On April 5, APGA joined comments drafted by the American Gas Association to the North American Energy Standards Board (NAESB) Gas-Electric Harmonization (GEH) Forum's effort to explore the potential for faster computerized scheduling for when shippers and confirming parties submit electronic nominations and confirmations. APGA also submitted its own comments on March 23 and APGA members and/or staff participated in the Gas-Electric Harmonization Forum meetings held in Houston.

In the joint comments, the associations state that very few of the presentations that were discussed at the meetings were relevant to the directive given by the NAESB Board to the GEH Forum. The comments also communicate that "compression of the nomination schedule could likely have the unintended and detrimental consequence of tightening the current flexibility to have nominations

confirmed on pipeline systems, reducing the number of confirmed transactions, and could increase costs for interstate pipeline transportation service providers and, primarily, their firm shippers.” Lastly, the comments “urge the NAESB Board not to consider changes to the natural gas schedule at this time and to allow at least a year or two of actual experience under the new schedule so that the industries can analyze how such schedule changes impact all natural gas customers, including how and whether the new ID3 nomination cycle is being used.”

A copy of the joint association comments, as well as those previously submitted by APGA, is available on the APGA website at www.apga.org/federalcomments. For questions on this article, please contact Dave Schryver of APGA staff by phone at 202-464-2742 or by email at dschryver@apga.org.

APGA Speaks at Southeast LDC Forum

On April 13, APGA’s Executive Vice President, Dave Schryver, served as the Keynote Speaker at the Southeast LDC Gas Forum held in Atlanta, Ga. The LDC Gas Forum is held regionally to bring people together from the natural gas industry to discuss vital regional and national issues affecting all aspects of the natural gas marketplace. The event is held annually and is very well attended by APGA members and other representatives from the natural gas industry.

In his presentation, Dave provided a legislative and regulatory overview of many of the issues affecting public natural gas systems and the natural gas industry as a whole. Dave discussed the benefits that the direct-use of natural provides in terms of increasing energy efficiency while reducing greenhouse gas emissions. He also provides an update on the natural gas furnace notice of proposed rulemaking (NOPR) released by the Department of Energy in March 2015, which would establish a nationwide standard of 92 percent Annual Fuel Utilization Efficiency (AFUE). APGA has expressed opposition to this NOPR, arguing among other things the proposed standard will have an adverse impact on millions of Americans who currently use natural gas to heat their homes. The high initial costs associated with installation and the additional venting requirements will push many residential customers—particularly those in warmer climates—to purchase and install potentially less efficient home heating alternatives. Dave also discussed the role that the direct-use of natural gas can play in a net-zero energy building. He updated attendees on APGA’s ongoing efforts to pass legislation that amends Section 5 of the Natural Gas Act to provide the Federal Energy Regulatory Commission (FERC) with refund authority in the same manner that Congress provided to them under the Federal Power Act. He closed with discussing legislation that reauthorizes the Pipeline Safety Act.

For questions on this article, please contact Dave Schryver of APGA staff by phone at 202-464-2742 or by email at dschryver@apga.org.

APGA Speaks at Tennessee Gas Association Conference

On April 12 and 13, APGA’s Vice President of Operations, John Erickson, spoke at the Tennessee Gas Association’s Distribution and Operations Conference in Murfreesboro, Tenn. In the first of two separate presentations, John gave an update on APGA programs to assist members to improve operational efficiency and described APGA’s efforts to communicate to Washington regulators the importance of

ensuring that pipeline safety rules are reasonable for public natural gas utilities, which make up the majority of utilities regulated by the Pipeline and Hazardous Materials Safety Administration (PHMSA). He cited the recent final rule on construction inspection that would have required most APGA members to hire outside inspectors to inspect new mains constructed by utility crews. Thanks to APGA's efforts, that rule has been indefinitely stayed until APGA's concerns can be addressed. He reviewed APGA's positions on several proposed rules including excess flow valves, operator qualification plastic pipe and incident notification.

John highlighted the APGA System Operational Achievement Recognition (SOAR) program that established criteria to challenge members to strive for excellence in natural gas distribution operations. This is the third year of the SOAR program. In the first two years, 28 members have achieved one of the three levels of SOAR recognition, including six in Tennessee. Thirteen more have applied in 2016.

In his second presentation, John described improvements that have been made or are in the works for the APGA Security and Integrity Foundation's (SIF) SHRIMP program. Most important were recent enhancements to allow users to track and statistically analyze performance measure. The Distribution Integrity Management Program's (DIMP) regulation requires utilities to reevaluate DIMP plans at least every five years, and 2016 will be the fifth year that the rule has been in effect. The critical step in reevaluation is assessing whether performance measures indicate that additional actions to reduce risk are working. Using SHRIMP's statistical analysis tools, users can quickly see whether performance measures are trending in the right direction. He also talked about upcoming improvements to SHRIMP's threat assessment interviews, risk ranking model and written plan.

For questions on this article, please contact John Erickson of APGA staff by phone at 202-464-0834 or by email at jerickson@apga.org.

Jeff Weise to Step Down as Associate Administrator for Pipeline Safety

Earlier this week, the Pipeline and Hazardous Materials Safety Administration (PHMSA) announced that Jeff Wiese, PHMSA's Associate Administrator for Pipeline Safety, is leaving PHMSA to pursue new opportunities outside of the federal government.

Jeff has been with PHMSA for the past 16 years and in the federal government for 32 years. He has managed PHMSA's safety program for the nation's 2.6 million miles of natural gas and hazardous liquid pipelines during a period of rapid transformation, and directed major new policy initiatives, including the design, development, and deployment of Integrity Management oversight and public awareness programs. He was also instrumental in building the framework for the Common Ground Alliance, which works to prevent underground utility damage. Prior to working for PHMSA Jeff was with the Minerals Management Service.

Jeff has spoken at many APGA events and worked with APGA's leadership. He has also been a supporter of the APGA Security and Integrity Foundation (SIF). APGA and the SIF thank Jeff for his support as Associate Administrator and wish him all the best in his future career.

PHMSA will be naming an Interim Associate Administrator for Pipeline Safety while the search for a permanent replacement gets underway. For questions on this article, please contact John Erickson of APGA staff by phone at 202-464-0834 or by email at jerickson@apga.org.

EIA Reports Storage Decrease of 3 Bcf to Put Working Gas Storage at 2,477 Bcf

Here is the weekly EIA Summary Report issued on Thursday, April 14, 2016, which reports the week's storage report highlights for Friday, April 8, 2016. A 3 Bcf decrease has been reported.

Working gas in storage was 2,477 Bcf as of Friday, April 8, 2016, according to EIA estimates. This represents a net decline of 3 Bcf from the previous week. Stocks were 956 Bcf higher than last year at this time and 849 Bcf above the five-year average of 1,628 Bcf. At 2,477 Bcf, total working gas is within the five-year historical range.