

2012 Alabama Natural Gas Association
Annual Conference

A Legislative and Regulatory Update

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American Public Gas Association

the voice and choice of public gas



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APGA

- **The** national trade association for publically-owned natural gas utilities
- ~1000 community-owned gas systems
 - ▶ 36 states
 - ▶ >5M Customers
 - ▶ ~21,000 Employees
 - ▶ ~120,000 Miles of Main
- Meters: 12 to ~500,000
- Largest : Philadelphia, San Antonio, Indianapolis, Memphis, Omaha, Long Beach
- Smallest: Freedom, OK (12 meters)



Priority #1

The **SAFE AND
RELIABLE DELIVERY** of
**AFFORDABLE NATURAL
GAS** at **JUST &
REASONABLE RATES**



Overview

- Election Year
- Closing Window for Legislation
- Lame Duck Session after Elections

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Legislative Issues

- Section 5 Reform
- Clean Energy Standard
- LNG Export
- Natural Gas Vehicles
- Tax-Exempt Financing
- DOE Fossil Fuel Rule



Section 5 Reform

- APGA is pushing Congress to change the law to give the agency that oversees interstate pipeline rates, Federal Energy Regulatory Commission (FERC), refund authority to protect consumers
- Certain pipelines are proven to be overcharging consumers
- This authority would allow FERC to grant refunds to consumers when it is proven a pipeline is charging more than just and reasonable rates



Clean Energy Standard

- Legislation Introduced to Establish a CES
- CES similar to Renewable Portfolio Standard for generation but includes natural gas and nuclear
- APGA has argued that the direct use of natural gas has a role in a CES



LNG Export

- 13 Applications to Date
- Total Export Capacity Applied for over 17 Bcf/d
- Equates to Approximately 25% Daily Consumption
- APGA Opposition Based on Cumulative Impact
- Process for Approval places Burden on Opposition



Arguments Against Export

- Price Impacts upon Consumers
- Energy Independence
- Increased Demand in the U.S.
- Unknowns Regarding Shale



NGVs

- NATGAS Act
- Tax Credits
 - Alternative Fuel Infrastructure
 - Excise Tax Credit for Compressed Natural Gas and Liquefied Natural Gas
 - Alternative Fuel Vehicle
- Legislation to allow to NGVs in HOV Lanes



Tax-Exempt Financing

- Tax-Exempt Financing Plays an Important Role for Public Gas Systems
- Proposals to Eliminate Benefits of Purchasing Tax-Exempt Bonds from Certain Investor Classes
- Would Reduce Number of Municipal Bond Investors



Fossil Fuel Rule

- Included in Energy Independence and Security Act of 2007
- Mandates Elimination of all Fossil Fuel-Generated Energy Use in Federal Buildings by 2030
- Limits and Ultimately Restricts the Utilization of Natural Gas in Federal Facilities
- APGA Filed Petition in U.S. District Court



Regulatory Issues

- DOE Furnace Rule
- Dodd-Frank Rulemakings



DOE Furnace Rule

- Went into Effect via Direct Final Rule Process in October, 2011
- Increases Minimum Efficiency for Natural Gas Furnaces from 78% Nationwide to 80% in Southern U. S. States and 90% in 30 Northern States
- Virtual Ban on Non-Condensing Furnaces
- APGA Filed Petition in Court in Dec.



Dodd-Frank

- Key Rulemakings:
 - Standards of Conduct
 - End-User Exception
 - Definition of Eligible Contract Participant
 - Registration of Municipal Advisors
 - Position Limits
 - Capital and Margin Requirements X2
 - Agricultural Commodity Definition
 - Swap Dealer Definition

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Questions?

www.apga.org

