



American Public Gas Association

APGA Legislative and Regulatory Update

**July 24, 2013 Ohio Gas Association
Market Conditions Conference**

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APGA

- The **only** national trade association for publically-owned natural gas utilities
- Approx. 1000 community-owned gas systems
 - 36 states
 - Just under 5,000,000 Customers
 - Approx. 21,000 Employees
 - Approx. 120,000 Miles of Main
- Meters: 38 to 500,000
- Largest : Philadelphia, San Antonio, Indianapolis, Memphis, Omaha, Long Beach

Legislative Issues

- **LNG Export**
- **Natural Gas Vehicles**
- **DOE Fossil Fuel Rules**
- **Section 5 Reform**
- **Tax-Exempt Financing**

LNG Export

- Over 20 Applications to Date
- Total Export Capacity Applied for roughly 29 Bcf/d
- Equates to Approximately 45% Daily Consumption
- APGA filing motions to intervene in opposition to applications



Arguments Against Export

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

Impacts upon Consumers

- Studies have projected that LNG export will increase domestic natural gas prices anywhere from 3%-47% depending on what study is examined
- NERA Consulting study showed that LNG exports have negative wage and employment impacts on all sectors of the economy other than producers and exporters.
- In effect, NERA shows that exports are a wealth transfer from all other sectors to producers and exporters.
- EIA Study affirms price increase concerns: **Larger export levels lead to larger domestic price increases**



Energy Independence

- Opportunity to move towards greater energy independence
- Chance to increase NGVs to reduce dependence on foreign oil
- Increased NG prices which will result from exports threaten this opportunity

Increased Demand in the U.S.

- EPA rules regarding coal generation will further drive NG for generation
- U.S. coal-fired generation retirements will be significant
- Forecasts over 300,000 mw of natural gas-fired generation capacity additions in next 25 years
- Increases in Manufacturing Sector





Unknowns Regarding Shale

- **Unknowns regarding production**
 - ✓ EIA has reduced estimates of shale from 827 Tcf to 482 Tcf
 - ✓ Marcellus Shale reduced from 410 Tcf to 141 Tcf
- **Impact of federal regulation**
- **Impact of state regulation**

Natural Gas Vehicles

- **AFV Credits in Tax**
 - ✓ Alternative Fuel Infrastructure:
Extended for 2 years 30% ITC
 - ✓ Excise Tax Credit for Compressed Natural Gas and Liquefied Natural Gas: 2 years, 50 cent/gallon CNG or LNG
- **Honda Civic GX Home Refueling**



Fossil Fuel Rule

- Included in Energy Independence and Security Act of 2007
- **Mandates Elimination of all Fossil Fuel-Generated Energy Use** in New or Renovated Federal Buildings by 2030
- Limits and Ultimately Restricts the Utilization of Natural Gas in Federal Facilities



Section 5 Reform

- Met with Every Member of Senate Energy Committee
- Have draft language from Senator Cantwell
- **What happens in 113th Congress?**
 - ✓ It depends on the outcome of the Elections (i.e. Presidential and Senate)



Tax Exempt Financing

- Tax-exempt financing being considered as part of tax-reform and fiscal cliff debate
- **Potential Efforts**
 - ✓ Eliminate Tax-exempt financing
 - ✓ Reduce benefits to wealthy individuals of purchasing municipal bonds

Regulatory Issues

- **DOE Furnace Rules**
- **Dodd-Frank Rulemakings**
- **Gas-Electric Coordination**
- **Administration's Climate Change Plan**

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 Brief in APGA v. DOE in May 2012. DOE Brief due in July 2012.**

APGA v. DOE

- **The brief contends that DOE:**
 - ✓ Failed to economically justify the new 90% standard
 - ✓ Failed to withdraw the direct final rule despite substantive opposition by relevant parties
 - ✓ Ignored fuel switching
 - ✓ Relied on non-transparent documents to support its economic justification
- APGA asked the court to vacate the direct final rule and remand the matter to DOE for a notice-and-comment rulemaking
- **Settlement Motion agreed to**

Dodd-Frank

- **Key Rulemakings:**
 - ✓ Position Limits
 - ✓ Capital and Margin Requirements x2
 - ✓ Swap Dealer Definition

Gas-Electric Coordination

- Prompted by ongoing trend of natural gas for generation
- Intended to ensure that lack of coordination does not cause outages and reliability problems
- FERC held five Regional Meetings
- Two Technical Conferences
- Focus on Alignment of Energy Day



Climate Change Plan

- Released June 25th
- Goal: Reduce GHG Emissions in the range of 17% below 2005 levels by 2020
- Focused on Power Plants
- Efficiency Standards for Appliances in Federal Buildings
- Minimal Focus on the Direct-Use of Natural Gas



American Public Gas Association

the voice and choice of public gas

Questions?

www.apga.org

