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June 21, 2022

Ms. Elizabeth Selbst
Air Quality Planning and Standards (C539-01)
U.S. Environmental Protection Agency
109 TW Alexander Drive
Research Triangle Park, NC 27711

RE: AGA Comments on EPA's Proposed Federal Implementation Plan Addressing Regional Ozone Transport for the 2015 Ozone National Ambient Air Quality Standard, 87 Fed. Reg. 20036 (April 6, 2022) (Proposed Rule)

Dear Ms. Selbst:

The American Gas Association ("AGA") appreciates the opportunity to comment on the Environmental Protection Agency's ("EPA" or "Agency") proposed rule titled "Federal Implementation Plan Addressing Regional Ozone Transport for the 2015 Ozone National Ambient Air Quality Standards," published in the Federal Register on April 6, 2022. Our comments support the comprehensive comments submitted by the Interstate Natural Gas Association of America (INGAA) in this docket on June 21, 2022. We also seek clarification in any final rule or revised proposed rulemaking notice that the new nitrogen oxides (NOx) standards for compressor engines used in "pipeline transportation of natural gas" would not apply to compressor engines that are sometimes used in intrastate local natural gas utility operations.

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 77 million residential, commercial, and industrial natural gas customers in the U.S., of which 95 percent — more than 73 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies, and industry associates. Today, natural gas meets more than one third of the United States' energy needs.

AGA and its members have an important interest in this rulemaking for two reasons. First, we are concerned about the impact the proposed standards for pipeline compressor engines could have on the cost and reliability of our members' upstream supply of the natural gas our member gas utilities provide to homes and businesses in every state across the country for space and water heating. Second, we are concerned that it is not clear whether those standards are intended to apply to intrastate natural gas local distribution companies.

If so, it is clear that EPA has not evaluated how that could impact the ability of our members to deliver affordable and reliable energy, particularly in the critical winter heating season. However, we do not believe this was EPA's intent, and we suggest a simple revision to make that clear.

1. AGA Supports INGAA's Comments and Recommendations for Making the Proposed Rule More Workable and Feasible for Natural Gas Pipeline Operations

For the reasons stated therein, AGA supports the detailed comments filed by INGAA on June 21, 2022 in this docket. We agree with the recommendations made in INGAA's comments to help clarify the Proposed Rule and make it more workable and feasible for natural gas pipeline operations.

2. The Proposed Definition of "Pipeline Transportation of Natural Gas" is Vague and Should be Revised to Clearly Exclude Operations Inside and Including the "Local Distribution Company (LDC) Custody Transfer Station" as Defined in 40 C.F.R. § 60.5430a

While it appears that EPA intends the Proposed Rule to apply to compressors used in *interstate* natural gas pipelines and storage, the proposed regulatory text is ambiguous and could be read in different ways. This does not give reasonable notice to potentially affected parties regarding whether they are subject to the requirements, or not.

The reason for the confusion is that under the pipeline safety regulations of the Department of Transportation's Pipeline and Hazardous Materials Administration ("PHMSA"), the term "pipelines" includes all pipes and appurtenances used to transport gas, including both those pipes operated at "transmission" pressure and those operated at lower pressures as "distribution" mains and even the small service lines connected to homes and small businesses.[1] PHMSA's definition of "transmission line" refers to any natural gas "pipeline" that operates at 20% or more of specified minimum yield strength ("SMYS").[2] Some intrastate gas lines operated by local gas utilities can be categorized as operating at "transmission" pipeline pressures under PHMSA's regulations, even though they are part of the intrastate gas utility's local distribution system regulated by the state's utility commission. For the most part, these intrastate transmission lines do not require supplemental pressure. They operate at or usually below the pressure of the interstate pipeline that delivered the gas to the gas utility's custody transfer station (sometimes referred to colloquially as a "city gate").[3]

[1] See 49 C.F.R. §192.3 (Definitions).

[2] Id.

[3] In the methane NSPS rule, EPA did not use the term "city gate" because it can mean different things to different people. Some use the term to refer to the metering station where a gas utility accepts custody of natural gas from an interstate pipeline or upstream producer, while others also use the term to refer to pressure regulator stations within a gas utility's intrastate system where pressure is reduced. To avoid confusion, EPA instead used the term "Local distribution company (LDC) custody transfer station" as defined in 40 C.F.R. §60.5430a.

However, there are some intrastate pipelines within a gas utility's system that transport natural gas across longer distances within a larger state and thus need some additional compression to keep the gas moving to customers. Some gas utility systems also include some intrastate underground storage facilities and peak shaving facilities to help the utility obtain supply in the generally lower cost off-peak seasons and store it until it is needed to help reduce costs to customers during the winter peak heating season as well as the summer peak for air conditioning, when spot prices are often higher. These compressor stations are generally smaller than those along higher-pressure, long-distance interstate transmission pipelines that transport gas across multiple states, so they should have a negligible effect on downwind state air quality. It is also not clear to us whether EPA evaluated emissions from intrastate compressors operated by gas utilities. This would be necessary to provide a rational basis for imposing additional NOx standards on the relatively small number of compressor engines deployed in local gas utility systems. It would make sense if the agency did not conduct this analysis, however, if EPA in fact intended to exclude gas utility operations from the new compressor standards.

There is a simple solution, and it is one the agency has already used in another Clean Air Act rulemaking. In the new source performance standards (NSPS) for methane and volatile organic compound (VOC) emissions from the oil and natural gas industry (40 C.F.R. Part 60, Subpart OOOOa), EPA developed a clear demarcation between interstate natural gas transmission pipelines that are subject to the standards and the intrastate gas utility operations that are not subject to the standards.

Specifically, for purposes of the methane and VOC NSPS, EPA defined the relevant industry segment subject to the standards as follows:

> *"**Natural gas transmission and storage segment** means the transport or storage of natural gas **prior to delivery to a "local distribution company custody transfer station"** (as defined in this section) or to a final end user (if there is no local distribution company custody transfer station)…"*[4]

EPA then defined the boundary point between interstate natural gas transmission and storage vs. the intrastate local gas utility operations as follows:

> ***"Local distribution company (LDC) custody transfer station** means a metering station where the LDC receives a natural gas supply from an upstream supplier, which may be an interstate transmission pipeline or a local natural gas producer, for delivery to customers through the LDC's intrastate transmission or distribution lines.*[5]

AGA requests that EPA revise the Proposed Rule to make it clear that the new requirements under the Federal Implementation Plan ("FIP") do not apply to gas utility operations "downstream of and including the LDC custody transfer station" and to define that term as EPA defines it in 40 C.F.R.§60.5430a."

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[4] 40 C.F.R §60.5430a (boldface added).

[5] Id.

If you have any questions, please contact me or Tim Parr, AGA Deputy General Counsel at tparr@aga.org.

Respectfully Submitted,

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