February 24, 2015

U.S. Environmental Protection Agency
Carole Cook, Climate Change Division
EPA Docket Center (EPA/DC)
Mailcode 6102T
Attn: Docket ID No. EPA-HQ-OAR-2014-0831
1200 Pennsylvania Avenue, NW
Washington, DC 20004


Dear Ms. Cook:

The American Gas Association (AGA) appreciates the opportunity to comment on the Environmental Protection Agency’s (EPA) proposed revisions to the greenhouse gas reporting rules for natural gas systems captioned above (Subpart W Proposed Revisions).

We have a simple request to clarify the scope of “intrastate pipelines” that would be covered by the proposed requirement to report emissions from blowdowns, so that it is clear which intrastate pipelines are included and which ones are excluded.

We are not sure whether the proposed regulatory language would exclude intrastate transmission pipelines that offer only intrastate service. The regulatory text requires the reader to consult with an attorney who has a thorough understanding of which types of intrastate pipeline operators are -- or are not -- required to have a Statement of Operating Conditions from the Federal Energy Regulatory Commission (FERC) under section 311 of the Natural Gas Policy Act. To avoid misunderstandings, AGA requests that EPA make a simple clarification in the definition of transmission pipeline owner and operator, and provide a clear, “plain English” explanation in the preamble to the final rule.

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 72 million residential, commercial and industrial natural gas customers in the U.S., of which 94 percent — over 68 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-fourth of the United States’ energy needs.

Our local natural gas utility members are directly affected by the Subpart W Proposed Revisions because many of them operate high pressure transmission lines within the boundaries of a single state. EPA is proposing to require reporting of blowdown emissions from interstate transmission pipelines and from certain intrastate transmission lines. Many AGA member gas utilities operate high pressure intrastate transmission pipelines to transport natural gas to the various distribution systems they operate within a single state. Most of these utility-operated intrastate pipelines do not provide interstate transportation service to interstate pipelines or to other distribution utility companies, and thus are not required to obtain a Statement of Operating Conditions from FERC under section 311 of the Natural Gas Policy Act (NGSA) and FERC’s implementing regulations under 18 C.F.R. Part 284. Only those intrastate pipelines that provide interstate transportation service are required to file a Statement of Operating Conditions with FERC. However, it takes a close reading of the proposed regulations and consultation with an attorney well versed in the requirements of NGSA section 311 to understand that distinction. AGA is concerned that there may be confusion among the regulated community and enforcement personnel unless EPA provides a less obscure explanation in the preamble to the final rule, as discussed below.

**AGA Supports Exclusion of Intrastate Transmission Lines in Intrastate Service**

In proposed section 98.236(i)(3), EPA would require the operator of a “facility” in the “onshore natural gas transmission segment” to report annual carbon dioxide and methane emissions from “each separate transmission pipeline blowdown event” and the location of each blowdown.

To find out whether a utility-operated intrastate transmission pipeline would be covered by this requirement to report blowdowns, one must consult several overlapping definitions in the proposed and existing versions of section 98.238:

- **Proposed definition:** “Facility with respect to the onshore natural gas transmission pipeline segment means the total U.S. mileage of natural gas transmission pipelines, as defined in [the existing Subpart W rule] owned and operated by an onshore natural gas transmission pipeline owner or operator as defined in this section.”

- **Existing definition:** “Transmission pipeline means a [FERC] rate-regulated Interstate pipeline, a state rate-regulated Intrastate pipeline, or a pipeline that falls under the “Hinshaw Exemption” as referenced in section 1(c) of the Natural Gas Act…”

- **Proposed definition:** “Onshore natural gas transmission pipeline owner or operator means, for interstate pipelines…, or, for intrastate pipelines, the person
identified as the owner or operator on the transmission pipeline’s Statement of Operating Conditions under section 311 of the Natural Gas Policy Act.”

Although it requires close reading of the regulatory text to find the answer, we believe the proposed rule should exclude operators of intrastate pipelines that offer only intrastate service or only a de minimis amount of interstate service and thus are not identified in any Statement of Operating Conditions under NGPA section 311. AGA supports this exclusion, but we urge EPA to clarify the proposed definition as suggested in our specific comments below.

We support the exclusion for the following reasons. Blowdowns are a safety precaution. Operators of natural gas systems typically empty lines of natural gas before performing repairs or replacing pipe. In large transmission pipelines that provide interstate service, these events are likely to be connected with large projects that are subject to FERC regulations. It may make sense to combine intrastate lines that provide interstate service under a FERC Statement of Operating Conditions with FERC-regulated interstate pipelines in a single reporting segment under Subpart W. However, utility-operated intrastate transmission lines that provide intrastate service are different. These lines are subject to state utility commission oversight rather than FERC regulation, and utilities must obtain state utility commission approvals to obtain cost recovery for pipe replacement and repair projects that drive much of the need for blow down events.

Moreover, AGA and its members are currently working with EPA’s Natural Gas STAR program staff to develop an enhanced voluntary program for reducing natural gas emissions that would include any additional reporting associated with the program. AGA supports this effective, voluntary initiative, and we support EPA’s proposal to exclude intrastate transmission lines from the mandatory blow down reporting requirement that is designed for FERC-regulated transmission pipelines that provide interstate transportation service.

AGA’s Specific Comments: Clearly Explain Intrastate Pipeline Exclusion

1. Clarify Definition of Transmission Pipeline Owner or Operator

Section 98.238: To ensure that the regulated community and enforcement personnel understand who is -- and is not -- required to report blowdowns under Subpart W, we urge EPA to revise the proposed definition of “Onshore natural gas transmission pipeline owner or operator” in 40 C.F.R. §98.238 to insert the words “providing interstate natural gas transportation service” as follows:

“Onshore natural gas transmission pipeline owner or operator means, for interstate pipelines…, or, for intrastate pipelines providing more than a de minimis amount of interstate natural gas transportation service, the person identified as the owner or
operator on the transmission pipeline’s Statement of Operating Conditions under section 311 of the Natural Gas Policy Act.”

2. Clearly Explain the Intrastate Pipeline Exclusion in the Final Preamble

AGA also urges EPA to include an explanation in the preamble to the final rule clearly explaining that the requirement to report blowdown emissions applies only to certain types of intrastate transmission pipelines that have filed a Statement of Operating Conditions with FERC to provide interstate natural gas transportation service, but the blowdown reporting requirement does not apply to intrastate transmission pipelines that only provide intrastate or a de minimis amount of interstate natural gas transportation service and thus have not filed a FERC Statement of Operating Conditions.

Thank you for the opportunity to comment.

Respectfully Submitted,

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