



NEWS

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<http://www.NGSA.org>

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NGSA Offers Proposed Regulations for Natural Gas Quality and Interchangeability

(Washington).... Federal regulators have sufficient information to act now on balanced natural gas quality and interchangeability rules that maintain public safety and allow for much-needed supply expansion, according to the Natural Gas Supply Association (NGSA), which today proposed a comprehensive set of new national regulations.

“With these proposed regulations, the Federal Energy Regulatory Commission (FERC) now has the opportunity to fully satisfy the public interest with respect to these issues,” said Jenny Deegan, NGSA’s director of energy markets. “Such regulatory certainty will enable the industry to make efficient capital and supply-development decisions that will bring additional natural gas supplies to the market.”

Gas quality refers to variations in the hydrocarbon content of natural gas that can, in some instances, lead to liquids forming in the gas stream. Interchangeability, on the other hand, refers to the related ability of the pipeline and distribution system to accept natural gas with other varying characteristics, such as heat content.

In previous comments, NGSA has reiterated its support for this year’s broad technical consensus on gas quality and interchangeability issues. Today, the association went one step further by petitioning FERC for a rulemaking and offering specific guidelines for inclusion in interstate pipeline tariffs. NGSA will also present its recommendations during Tuesday’s scheduled FERC technical conference.

“The commission can satisfy the crucial public interest with two subtle but fundamental policy changes: the removal of regulatory uncertainty through the adoption of national specifications based on the technical research, and the requirement of tariff provisions that maximize supply through a non-discriminatory safe harbor process,” the association said in its petition.

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NGSA's proposed regulations provide FERC with a road map to resolve the gas quality and interchangeability issues that "will not only provide for industry-wide establishment of a minimum delivery cricondentherm hydrocarbon dew point (CHDP) and delivery interchangeability specifications, but will also provide a mechanism and decisional parameters designed to deal with problems if they arise."

Among the proposed rules, NGSA once again urged FERC to establish a minimum national CHDP of 15 degrees Fahrenheit based on industry research. The association also encouraged FERC to require interchangeability specifications of 1400 Maximum Wobbe, 4 percent inert gas maximums and 1.5 mole percent butanes plus limit.

"If adopted, these regulations will satisfy the public interest by providing the industry with a simple, technical research-based policy that preserves the nation's existing supply flexibility, positions the U.S. within the world energy market in a way that allows it to safely attract imports from a variety of world sources, and encourages the continued economic development of new domestic and imported supply resources," NGSA said.

"With the recommended specifications, the industry will have an enhanced safety mechanism in place. Now is also the time to maximize supply by providing certainty and flexibility with clear rules applied on a non-discriminatory basis. Today, we are giving FERC the final piece of the puzzle – the supply side of the equation. The next step will be turning these proposed regulations into sound, enforceable FERC policy that will help bring more natural gas to market and, inevitably, put downward pressure on customers' bills," Deegan said.

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(Editor's Note: For a copy of the association's complete filing, please contact Melissa Marion at mmarion@ngsa.org or (202) 326-9300).

NGSA represents integrated and independent companies that produce and market natural gas in the United States. NGSA is actively involved in pursuing regulatory and legislative issues that affect the association's members. Established in 1965, NGSA encourages expanded use of natural gas and supports regulatory and legislative actions that foster competitive markets.