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REGULATORY UPDATE

NGSA Releases Updated Pipeline Cost Recovery Report: in March, the Natural Gas Supply Association (NGSA) released its annual cost recovery report analyzing data of 32 major pipelines from 2009-2013. NGSA's analysis shows that, over this period, the average after-tax return on equity (ROE) for 20 pipelines was at or exceeded an average allowed return of 12 percent. The cost over-recovery for these 20 pipelines over the 5-year period was nearly \$4.7 billion. NGSA's analysis of all 32 pipelines shows that the pipelines earned approximately \$3.0 billion in excess of what they would have collected over the 5-year period using an average 12% allowed ROE. You can read the overall summary of NGSA's study [here](#).

Chairman LaFleur Addresses FERC's Role in CO2 Rulemaking: During the final technical conference discussing the EPA's proposed Clean Power Plan Rule, which was held March 31st in St. Louis, Chairman LaFleur explained that FERC is getting a handle on the advice it will offer the EPA concerning the rule. She stated that there is a Commission role in evaluating state plans for reliability. As with the past conferences, panelists strongly urged FERC to advise EPA to add reliability procedures into the final rule. LaFleur stated that she sees two key roles for FERC in the process. First, FERC would be involved in the creation and implementation of a "reliability assurance mechanism," which would "occur at the time the states and regions turn their plans into the EPA but before the EPA rules on them." Additionally, she sees a role for a reliability safety valve that would kick in after the compliance period had begun. "Then the second is that there would be an ongoing opportunity for review as the plans are being implemented, if something came up or went wrong. That's the reliability safety valve." However, the Chairman remains uncertain about which standards the commission might apply in those reviews. She agreed that FERC could run the parameters contained in a state implementation plan as a kind of reliability check. The commission could possibly also run models on the interactions of two or more different state plans. However, LaFleur is leery of a broader role for FERC. She expressed that she does not want the Commission to become a replacement EPA that assesses whether a state had used all the energy efficiency it could or all the renewables. She concluded that the Commission will analyze everything it learned from the technical conferences and will produce recommendations for the EPA. You can listen to the Commission's EPA technical conferences by clicking [here](#) and selecting the desired conference and video platform.

Commissioner Clark Concerned CEQ NEPA Guidance Could Delay Gas Infrastructure Projects: During a recent interview, Commissioner Tony Clark said that the White House Council on Environmental Quality's draft revised guidelines for how federal agencies consider emissions and climate change issues in their environmental reviews of proposed energy projects and other actions could slow down FERC gas infrastructure siting decisions. The draft guidance document the White House Council on Environmental Quality issued in December 2014 would advise agencies to consider the potential impacts

of a proposed action on climate change as indicated by its greenhouse gas emissions. When looking at direct and indirect climate change effects of a proposed action, the draft guidance would have agencies consider "connected" actions as well as upstream and downstream emissions, including over the life of a proposed action. Also, where doing so would help an agency make a "reasoned choice," agencies would compare the greenhouse gas emissions of each alternative to the proposed action. You can watch and listen to the Commissioner's interview [here](#).

Staff Releases 2014 State of the Market Report: on March 19, Staff presented their 2014 State of the Market Report to the Commissioners. Of note, the report revealed that added natural gas infrastructure curbed winter prices in Q4 2014. The report states that "[i]ncreased pipeline capacity to move natural gas into major Northeast demand centers, particularly New York City, was a major reason for the moderate price volatility the region experienced this past winter." Staff states that another factor helping moderate prices was better gas-electric coordination, particularly enhanced communication between the industries. You can read the entire presentation [here](#).

JUDICIAL UPDATE

Texas Eastern Transmission 5th Circuit Case - Briefing Dates Extended: Texas Eastern sought an extension of their brief deadline, which is now April 21st. We've heard that FERC will seek an extension of its brief deadline as well, but has not yet done so, making FERC's brief due May 21st. Under that schedule, our brief would be due May 28th. As a reminder, in 2012, PGC intervened in a 5th Circuit appeal involving Texas Eastern Transmission. The case concerns appeals of several Commission orders that required Texas Eastern to file tariff records that comply with the Commission's policy on reserve charge credits. Texas Eastern refused to provide full reservation charge credits for non-*force majeure* outages or during routine maintenance. The case is important because it could uphold or reject FERC's policy on reservation charge credits during these events. The case has been held in abeyance since 2012, pending a Commission order on rehearing. FERC issued an order denying Texas Eastern's motion for rehearing in November, and the case was removed from abeyance.

LEGISLATIVE UPDATE

Section 5 Reform: On March 27th, PGC joined a letter from the American Public Gas Association (APGA) that urged Section 5 reform. The letter attached the summary of the NGSA study, discussed above. The letter and study were sent to Senator Lisa Murkowski, Chairman, and Senator Maria Cantwell, Ranking Member, Committee on Energy and Natural Resources, as well as Representative Fred Upton, Chairman, and Representative Frank Pallone, Ranking Member, Committee on Energy and Commerce. APGA will continue to follow-up with these offices and will keep PGC updated.

ON THE HORIZON

- **Given that the newsletter covers all pertinent updates this month, PGC will not be holding its monthly membership telephone meeting in April. A calendar cancellation notice for the April meeting (originally scheduled for April 10) will be sent shortly.**
- Next Commission Meeting: April 16, 2015
- Texas Eastern Transmission Brief Due: April 21, 2015

CONTACT INFORMATION

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