



OGA News & Views

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*We want to hear from you!
Ideas, concerns, ways to make the
association more effective for you.*

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Registration for Annual Conference Is Open – Early Bird Rates Available

Registration for the OGA 2015 Annual Conference & Exposition is now open at www.okgas.org with “early bird” rates available until August 15.

The Annual Conference theme is “ARE YOU PREPARED FOR A CRISIS?” and is scheduled for August 31 to September 2 at the Embassy Suites in Norman, Oklahoma.

“This year’s annual conference will provide participants with the latest on real issues experienced by their industry peers in the face of natural disaster,” said Tom Rider, OGA Executive Director. “If you attend, you can expect a first-hand opportunity to discuss a list of relevant issues either in sessions or during networking time which will help improve your operations.”

Frank Barnes, Emergency Manager for the City of Oklahoma City, will start the conference with opening remarks addressing “Crisis Management: Lessons Learned from the Community Perspective.”

Breakout sessions will be presented in three tracks — Production/Gathering/Transmission, Distribution/Municipal, and Environmental/Regulatory. Topics will include “Communications in a Crisis Event,” “Environmental Incident Reporting Process,” “Best Practices in Responding to a Crisis,” and more.

In addition to informative sessions, participants will be able to see the latest technology, products and services when they visit with exhibitors.

“We enjoy great support from the companies who exhibit at our annual conference, and I know there will be great information about the latest technology, products and services for our members,” Rider added.

In addition to conference sessions, networking sessions, and exhibitors, there is a golf event and a sporting clay shooting event Monday, August 31, 2015.

For questions about the conference or sponsor/exhibitor opportunities, contact Tom Rider at tom@meso.org. For registration or billing questions, contact Deborah Miner-Gonzales at deborah@meso.org.

OGA 2015 Annual Conference & Exposition
Are you prepared for a crisis?

August 31 – September 2, 2015
Embassy Suites Hotel • Norman, Oklahoma



Oklahoma Congressman Joins Efforts on Federal Rule for Residential Natural Gas Furnace Standards

The Department of Energy has proposed raising the nationwide energy efficiency standards for residential natural gas furnaces. Congressman Jim Bridenstine has joined Congressman Mo Brooks of Alabama in opposing the new rule. Next week, a letter opposing the rule and signed by over 80 members of Congress will be delivered to the DOE Secretary.

The proposed new standard can be met only by 'condensing' furnaces. Most of the 56 million homes using natural gas furnaces today have non-condensing furnaces. Replacing their furnace with a condensing furnace would typically cost a homeowner \$1,500 to \$2,200 in installation costs to meet different venting requirements on top of the average \$350 higher price compared to non-condensing furnaces. For apartments and condominiums with restricted outside venting, condensing natural gas furnaces would not be an option. Added costs for new construction could easily sway the choice of energy sources, affecting not only the furnace but also other appliances. The long-term effect could easily be a net switch from efficient, environmentally friendly natural gas to other energy sources.

DOE estimates that over 31% of consumers in southern states, including Oklahoma, would face a net cost (not a benefit) over the life of the furnace by replacing a non-condensing furnace with one that meets the new, proposed efficiency standard. As a result of the high, up-front cost, DOE estimates that 20% would switch to electric heat. The American Gas Association says they believe DOE is underestimating the impact.



Congressman Bridenstine observed, "Added costs represent real resource use. Higher net costs are a real loss in 'efficiency' to the U.S. economy as well as the consumer. Indirect impacts, including appliance choices, may actually lead to less use of efficient natural gas and more use of less environmentally friendly energy sources. This rule is a bad idea."

Support the OGA Scholarship Program at the Annual Conference

As tradition holds, the OGA Annual Conference provides a great opportunity to support the association's Scholarship Program and 2015 will be no different.

"I encourage all attendees to put together a gift basket to be auctioned at the conference," said Tom Rider, OGA Executive Director. "It's simple, the more baskets we have, the more money we can raise, and the more scholarships we can award."

The OGA Scholarship is open to all high school seniors who are dependents or grandchildren of member employees or retirees. Traditionally, the association has awarded two scholarships annually, but in 2014, three were awarded for the first time.

Almost anything of value can be entered into the auction. Members willing to donate are encouraged to put together a theme basket with a value of \$100

or more. The baskets could have themes such as — "A Night at the Movies;" "An Evening with the Thunder/Dodgers;" "Rainy Day Activities." The possibilities are only limited by the imagination of the donating organization.

Donated items with a \$500 or greater value will be sold through a live auction during the Tuesday, September 1 dinner. Not only do live auction items increase the scholarship funds, they also increase the evening's entertainment.

Auction items can be delivered to the Annual Conference registration table by 8:00 a.m., Tuesday, September 1 or the OGA offices before Friday, August 21.

For more information about the OGA Scholarship Program or to make donations, contact Rider at tom@meso.org.

OGA to Kick Off Annual Corporate Sponsorship Program in 2016

Beginning in 2016, the OGA will offer members an opportunity to make a one-time annual investment to help underwrite current and future programs such as speakers for the OGA Leadership Conference and annual conference.

“Our OGA Annual Corporate Sponsorship will provide many benefits to enhance your membership in the association and investment in the industry,” said Tom Rider, OGA Executive Director. “The program will give you the opportunity to plan better long term — look ahead for the entire year, so you

will have improved management and budgeting.

“Members who invest in our activities and events can expect excellent opportunities to network with industry leaders from companies and municipalities of all sizes,” Rider added. “By making a one-time annual investment, you are assured to be in front of decision makers who can help you grow your business.”

Detailed information about the program will be available soon and questions about it can be directed to Rider at tom@meso.org.

Latest EPA Inventory Shows Continued Long-Term Decline in Emissions from Gas Distribution Systems

Annual emissions have dropped and pipeline leaks declined by three percent from previous year

From the *American Gas Association*
April 15, 2015

The U.S. Environmental Protection Agency (EPA) Inventory of Greenhouse Gases and Sinks for 1990 to 2013, released in April, cites a long-term decline in emissions from natural gas distribution systems. Since 1990, annual emissions have dropped 16 percent through 2013. In this most recent inventory, pipeline leaks declined by three percent from the previous year as utilities throughout the nation continue to upgrade our pipeline network in order to enhance safety.

“The EPA Inventory and other more comprehensive studies continue to show a declining trend in emissions from natural gas distribution systems,” said Kathryn Clay, Vice President for Policy Strategy for the American Gas Association. “This consistent reduction is due to a concerted effort by natural gas utilities to upgrade and modernize our nation’s pipeline network to enhance safety.”

Decisions by utilities to replace pipes are rooted in their enhanced risk-based integrity management programs.

However, results from the most recent inventory call its methodology into question. EPA estimates emissions within the distribution system by multiplying activity count (e.g. pipeline miles, number of meters) by an emissions factor (e.g. leaks per mile, emissions per meter). Emission factors have remained unchanged in the EPA inventory since the 1990s. Instead, the annual variation in distribution

emissions arises from yearly changes to activity counts.

Meeting and regulating stations are used to measure gas as it enters into a utility’s system and reduce the pressure as it goes from larger transmission pipes to the smaller pipes that carry gas to homes and businesses. EPA estimates customer meters and metering and regulating station counts using a formula tied to natural gas throughput. The winter of 2013 was much colder than 2012, which led to greater gas throughput to serve increased heating loads. Therefore, the EPA estimates higher activity in these categories.

“The EPA Inventory increased metering and regulating stations and customer meter counts more than 18 percent from 2012 to 2013, however it is physically impossible for natural gas utilities to have added or removed that number of meters or stations each year. The American Gas Association has asked EPA to reexamine their assumptions for distribution activity counts, and specifically whether a throughput-based correlation is appropriate for the meter and M&R station categories,” Clay added.

According to the Inventory, metering and regulating stations and customer meters were down 15 percent in 2012; up 18 percent in 2013. That volatility suggests a reevaluation of the methodology is in order.

The EPA Inventory currently uses data collected in the 1990s in a study sponsored by the Gas Research (see EPA INVENTORY, page 8)



Members Attend Annual OGA Leadership Conference

OGA members recently gathered at the association's annual Leadership Conference in Midwest City.

Strata Leadership's Dr. Nathan Mellor started the day with his presentation — "What it Takes to be a Leader." He introduced the audience to the C3 Concept.

It combines "character" (C1) — the mental model used to determine one's actions. In organizations, it includes the cultural norms and values that guide its decision-making with "competence" (C2) — the knowledge and ability needed to do something well measured against a common standard. It is the ability to solve technical problems to create "consistency" (C3) — the ability to produce the same results over an extended period of time, which increases trust. Or, $C1 + C2 = C3$.

Toni Ashley, HR Operations Manager, Continental Resources, discussed Establishing Behavior Boundaries. She reminded the audience to be clear about what behaviors are acceptable and expected. Asking, "if you don't tell them, how do they know what they are."

Understanding Responsibility, Accountability, and Authority was covered by Tal R. Centers, Jr., P.E., Vice President Safety & Gas System Integrity, CenterPoint Energy. In his remarks, he noted the key to effective leadership is to set clear expectations and driving accountability.

Shannon Graham, Area Director of Organizational Development, TMI Leadership Consulting presented "Visioning – If you don't know where you are going, any road will do." She called for drawing a clear map for your people so they know where the organization is going.

OSU's Dr. Andy Urich was the day's final speaker discussing the "Power of Influence." Noting that profitable relationships are the key to any successful enterprise, he laid out the science of persuasive communications skills to help "get your point across" or "get things done" while maintaining positive relationships.

He laid out 5 "Keys to Influence":

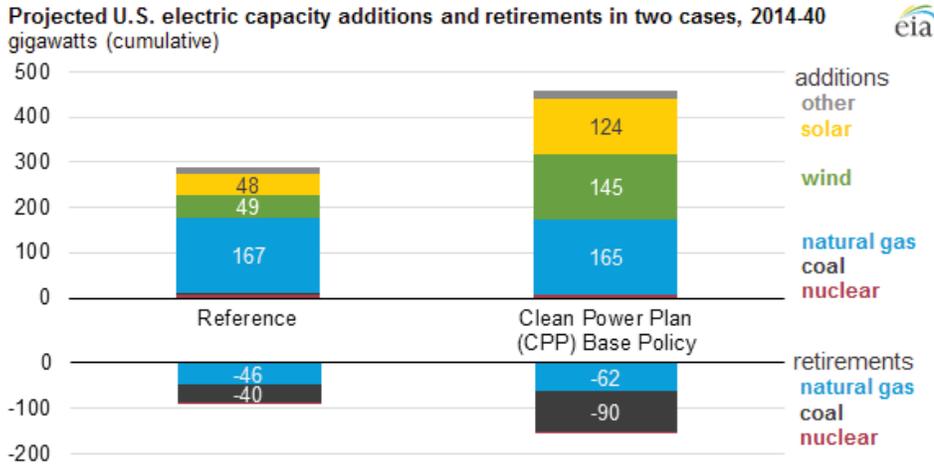
1. Overcome communication blockers. (If they're not listening – it doesn't matter what you say)
2. Look for win/win opportunities (Manage self-interest)
3. Become a persuasive messenger. (Be likeable and look the part)
4. Don't create conflicts and confrontations. (Make them feel good about you)
5. Get control of information and misinformation. (It's not all about the facts...but facts are important)

"The annual leadership conference provides a great opportunity for leaders at any point in their career to become a better leader," said Tom Rider, OGA's Executive Director. "We are proud of our 2015 program, and we will work to deliver another great one in 2016."



Proposed Clean Power Plan Would Accelerate Renewable Additions and Coal Plant Retirements

"From the U.S. Energy Information Administration (EIA)"



Source: U.S. Energy Information Administration, Analysis of the Impacts of the Clean Power Plan

Note: Other includes hydropower, geothermal, biomass, municipal solid waste, and other gaseous fuels used in end-use sectors.

EIA's analysis of the Environmental Protection Agency's proposed Clean Power Plan (CPP) shows that renewables play a critical role under a range of different market conditions and policy assumptions. The key difference across the various scenarios analyzed involves the timing and the extent that wind and solar electric generating capacity additions occur, as well as retirements of some generation capacity, mainly coal-fired units and relatively inefficient power plants that use natural gas or oil-fired boilers to run steam turbines.

In all policy cases analyzed, natural gas-fired generation increases substantially in the early 2020s as an initial compliance strategy. Later, renewable generation, particularly wind and solar photovoltaic generators, are added. The preference for renewable capacity additions as a compliance option under the proposed rule reflects the treatment renewables receive in EPA's intensity-standard formula, as they both reduce CO2 emissions (in the numerator of the formula) and count as affected sources whose generation is added to generation from existing sources in the denominator of the formula. In the Base Policy case with the proposed rule, 283 gigawatts (GW) of cumulative additions of renewable electricity generation capacity are added through 2040, compared to only 109 GW of renewable generating capacity additions projected in the baseline, the Annual Energy Outlook 2015(AEO2015) Reference case.

Most of the wind capacity is added by 2025 to help meet the interim targets, while the solar capacity is added steadily throughout 2040 as it becomes more cost competitive after the best wind resources have been built out. Continued growth in renewable generation helps maintain the emission rate targets.

(see PROPOSED PLAN, page 6)

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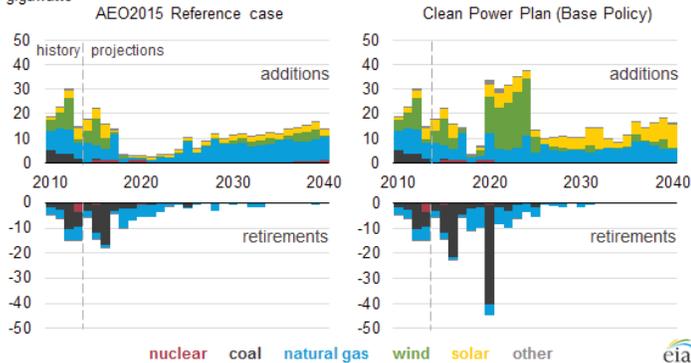
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Proposed Plan

(continued from page 5)

Projected U.S. electric capacity additions and retirements in two cases, 2010-40 gigawatts



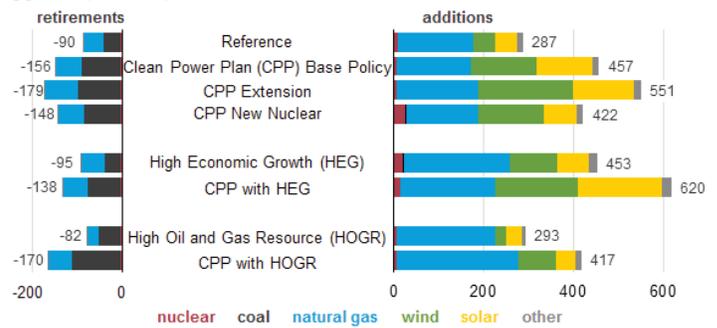
Source: U.S. Energy Information Administration, Analysis of the Impacts of the Clean Power Plan
 Note: Other includes hydropower, geothermal, biomass, municipal solid waste, and other gaseous fuels used in end-use sectors.

Under the Policy Extension case, where the intensity standard is further tightened after 2030 (as opposed to remaining constant after 2030) 362 GW of renewable electricity generation capacity is added by 2040. The most significant expansion of renewable electricity capacity additions occurs under the Policy with High Economic Growth case (393 GW), which implements the proposed Clean Power Plan rule in a scenario with higher economic growth. In the High Economic Growth case, without the proposed Clean Power Plan rule, 194 GW of renewable capacity is added by 2040.

The least amount of renewable electricity generation capacity additions occur in the Policy with the High Oil and Gas Resource case. The significantly lower natural gas prices with high resource assumptions shift the economics of regional compliance strategies away from building new zero-carbon generating capacity and toward the use of redispatch and the construction of new natural gas combined cycle capacity. The 138 GW of renewable electricity generation capacity additions in the High Oil and Gas Resource CPP case through 2040 are more than double the level in the High Oil and Gas Resource base case (66 GW).

Even in the absence of the proposed Clean Power Plan rule, 40 GW of existing coal-fired capacity and 46 GW of existing natural gas/oil-fired capacity are expected to retire through 2040 in the Reference

Projected U.S. electric capacity additions and retirements in eight cases, 2014-40 gigawatts (cumulative)



Source: U.S. Energy Information Administration, Analysis of the Impacts of the Clean Power Plan
 Note: Other includes hydropower, geothermal, biomass, municipal solid waste, and other gaseous fuels used in end-use sectors.

case. Cases that implement the proposed Clean Power Plan rule accelerate and amplify these retirements, especially for coal. In the Base Policy case, 90 GW of coal-fired capacity and 62 GW of natural gas/oil-fired capacity retire by 2040. In the Policy Extension case, as emission rates continue declining after 2030, 101 GW of coal-fired generating capacity and 74 GW of natural gas/oil-fired generating capacity retire by 2040.

The timing of the coal retirements is heavily influenced by implementation of environmental rules that may require power plant operators to either incur costs to retrofit power plants or receive less revenue because of lower levels of operation. As a result, coal retirements occur during the implementation of the Mercury and Air Toxics rule (in both the Reference case and Base Policy case), and in the initial year of the Clean Policy Plan implementation.

Nuclear capacity is relatively unchanged under several scenarios that implement the proposed Clean Power Plan rule. The case with the most new nuclear capacity growth shows 25 GW of nuclear additions, under the assumption that nuclear receives the same favorable treatment (in terms of emissions compliance) as renewables. In the Base Policy case, 6 GW of nuclear capacity is added; this compares with 9 GW added in the Reference case.

Principal contributor: EIA staff

Natural Gas Utilities Seek To Remove Barriers to Clean, Efficient, Affordable Energy

AGA past Chairman Testified Before a House Energy and Commerce Subcommittee

*From the American Gas Association
April 30, 2015*

John Somerhalder, Chairman, President and Chief Executive Officer of AGL Resources and past Chairman of the American Gas Association, testified before the U.S. House of Representatives Energy and Commerce Committee's Subcommittee on Energy and Power today commending four specific legislative provisions included in the Committee's energy efficiency and accountability discussion draft that will remove barriers to the use of clean, energy efficient, cost-effective natural gas.

In March, the U.S. Department of Energy (DOE) proposed a rule that would mandate the manufacturing of natural gas furnaces that meet a 92 percent or higher specification for energy efficiency. At first glance, the rule appears to be a positive step forward for energy efficiency. In reality, DOE's proposal would create a number of counterproductive and unintended consequences that could increase energy use and impose an undue burden on consumers. Section 4124 of the discussion draft addresses the development of fair, effective and nonregressive energy efficiency standards for residential natural gas furnaces.

"AGA is concerned that DOE's current proposal for a new energy efficiency standard for residential natural gas furnaces standard significantly

overestimates the associated energy savings and greenhouse gas emission reductions the new standard would achieve, while also unfairly imposing significant economic burdens on many American consumers – especially low-income households," Somerhalder said in his testimony. "We are deeply concerned that, if not appropriately structured, this rule could prove to be the first energy efficiency standard issued in the history of the Department that has the real-world impact of increasing our nation's overall energy consumption and carbon footprint. If finalized, AGA believes the rule would impose burdensome costs and renovations on many homeowners replacing their natural gas furnaces."

Section 4115 of the discussion draft will restore the ability of federal installations to benefit from the use of energy efficient, cost-effective, end-use applications of natural gas in the long-term. A part of Section 433 of the Energy Independence and Security Act of 2007 was intended to reduce fossil fuel-generated energy use in new and renovated federal buildings, with a 100 percent reduction required by the year 2030. Due to the complexities of interpreting the law, however, DOE has yet to issue a final rule implementing this requirement.

Somerhalder said, "The Section 433 fossil fuel ban is deeply flawed. Its implementation will severely

(see NATURAL GAS, page 8)



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Natural Gas

(continued from page 7)

limit — and ultimately prohibit — adoption of highly efficient technologies using natural gas at federal facilities, such as combined heat and power, fuel cells and waste heat recovery systems. The United States is now the world's leading producer of natural gas. The Federal Government should serve as an example to homes and businesses across the country by demonstrating how this clean, abundant and domestic resource can increase energy efficiency, decrease overall emissions, improve our energy security and save money."

DOE's analysis of the fossil fuel ban indicates that the provision will impose unacceptably high costs on the Federal Government, which will ultimately be borne by tax payers. DOE estimates that federal construction costs will jump from today's level of \$30 million annually to \$536 million in 2019, when fossil fuel-generated energy must be reduced by 80 percent. Construction costs for federal buildings jump again to \$1.135 billion annually by 2030, when fossil fuel-generated energy must be eliminated. This projected surge in federal construction costs amounts to an increase of 3,783 percent.

"Section 4131 addresses concerns expressed by AGA and others that DOE has too often taken on an inappropriate advocacy role in code development," said Somerhalder. He thanked Congressman Marsha Blackburn (TN-7) and Congressman Kurt Schrader (OR-5) who introduced the provision as a stand-alone bill, the Energy Savings and Building Efficiency Act (H.R. 1273), which reaffirms DOE's appropriate role as a source of technical expertise in the development of energy efficiency codes and standards for buildings and appliances — and the importance of maintaining a bright line between technical consultations and policy advocacy.

Model building energy codes are developed by private organizations like the International Codes Council and the American Society of Heating, Refrigerating and Air-Conditioning Engineers. These codes are updated every three years and then state and local governments choose to either adopt the new standard, or to maintain their current standard.

"While the Federal Government does not specifically adopt codes, DOE does play a significant role in their development, and also works with states to facilitate adoption and enforcement," Somerhalder added. "The provision would institute greater transparency in the U.S. Department of Energy's technical support of code development, specifically prohibiting DOE funding or personnel from involvement in any advocacy relating to code adoption."

Before closing, the AGL Chairman spoke about the Federal Government's use of utility energy service contracts (UESCs) as outlined in section 4141 which states that the term of a contract can extend beyond 10 years, but not exceed 25 years, thereby correcting a belief within the U.S. Department of Defense (DOD) that contracts with USECs can only be up to 10 years.

AGA and its member companies are strong advocates for energy efficiency in all direct use applications of natural gas. Nationwide, natural gas utilities supported energy efficiency programs with investments nearing \$1.1 billion in 2012, and similar investments in 2013 reached \$1.5 billion. Through these energy efficiency investments, AGA members helped customers save 136 trillion Btu of energy and offset 7.1 million metric tons of carbon dioxide in 2012.

Somerhalder's full oral and written testimony can be found on the House Energy and Commerce Committee's website.

EPA Inventory

(continued from page 3)

Institute and the EPA. Recently, Washington State University conducted the most comprehensive survey of natural gas distribution systems in the U.S. since that of the 1990s which showed national emissions of 36 to 70 percent less than the 2011 EPA inventory.

For city metering and regulating stations, the study showed significant improvements in equipment at these facilities with 7 to 13 times less emissions compared to facilities measured in the 1990s. The

authors of the study's even re-visited nine facilities from among the sites measured during the GRI/EPA program in 1992 and measured current emissions with more advanced techniques. Reductions ranging from approximately a factor of 2 to 50 for some metering and regulating stations illustrate the impact of two decades of advances in technologies.

Furthermore, the study concluded that as little as 0.1 percent of the natural gas delivered nationwide is emitted from local distribution systems.