



October 11, 2011

Ms. Gina McCarthy
Assistant Administrator, Office of Air and Radiation
Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Re: *Oil and Natural Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants Reviews*, 76 Fed. Reg. 52738 (Aug. 23, 2011)

EPA Docket No. EPA-HQ-OAR-2010-0505; FRL-9448-6

RIN 2060-AP76

VIA ELECTRONIC MAIL

Dear Ms. McCarthy:

EPA's recently proposed oil and natural gas regulations are portrayed as regulating emissions of volatile organic compounds (VOCs). These rules would have far-reaching impacts on our industry, yet, for natural gas transmission and storage companies, VOC emissions are relatively minimal. This leads us to believe that the actual aim of these proposed standards is to regulate greenhouse gases (GHGs).

As the trade association representing the nation's interstate natural gas transmission pipelines, the Interstate Natural Gas Association of America strongly objects to these proposed regulations because they do not address VOCs but instead clearly target GHG emissions. INGAA writes to express our concerns, and we respectfully ask to meet with you to discuss the points raised in this letter in greater depth.

From the perspective of VOC emissions, there is no defensible reason for subjecting natural gas transmission and storage to these proposed rules. As EPA notes in the preamble, the VOC content of pipeline quality gas — a standard defined in federally regulated tariffs — is relatively low. Applying operating standards on interstate natural gas pipeline and storage operations therefore would yield at best a very small reduction in VOC emissions. Regulations cannot significantly reduce something is not significant in the first place.

On the other hand, the cost to comply would be very high. The various proposed operating standards are geared to reducing the amount of natural gas that escapes from interstate facilities during transmission, compression and storage. Interstate natural gas pipeline and storage companies already have powerful commercial incentives to avoid losses in transit, and they have long been addressing the very issues covered in the proposed operating standards through current practices. The threatened capital and operating costs of the proposed standards are substantial, but the threatened administrative costs — monitoring, accumulating monitored data, preparing reports, maintaining archives and facilitating internal or external audits — are

even more daunting and unnecessary. These administrative costs cannot be justified by the projected VOC reductions from interstate pipelines and storage facilities.

With so little to be gained in reductions of VOCs, it seems apparent that the true thrust of the proposed regulations, at least as they apply to INGAA's members, is to reduce emissions of greenhouse gases, notably methane. The evidence supporting this conclusion is undeniable. If the proposed regulations were solely focused on VOCs, they would impose some form of numeric emission threshold as is done currently. For example, for affected process streams the current standard is 10 percent VOC by weight. No such threshold is included in the proposed regulation for the transmission and storage sector. Instead, the regulations prescribe operating standards and practices that, for natural gas transmission and storage, aim almost exclusively at preventing natural gas — that is, methane — from escaping these facilities.

The underlying regulation of methane is particularly apparent in the proposed definition of “modification:”

[A]ny physical change in, or change in the method of operation of, an affected facility which increases the amount of VOC **or natural gas** emitted into the atmosphere by that facility or which results in the emission of VOC **or natural gas** into the atmosphere not previously emitted.

The preamble acknowledges that the proposed regulations would achieve a significant reduction of methane emissions, but discounts these reductions as an incident, a co-benefit, of the proposed requirements for VOC control. EPA's own analysis suggests otherwise. According to the preamble, the proposed regulations will reduce VOC emissions by 540,000 tons and will reduce methane emissions by 3.4 million tons, six times more than the purportedly targeted pollutant.

Using VOC regulations as a foil for regulating greenhouse gases is premature as a matter of policy, unfounded as a matter of law, inconsistent with prevailing regulatory policy and contrary to the country's immediate energy and environmental interests. As a matter of policy, it is simply too soon to begin regulating greenhouse gases, particularly methane escaping from natural gas transmission and storage systems. EPA promulgated its greenhouse gas reporting rule precisely to develop a database that would inform decisions about whether and how to regulate greenhouse gas emissions, including the establishment of new source performance standards. The first set of reports from oil and natural gas systems on fugitive and vented greenhouse gas emissions (per Subpart W of the greenhouse gas reporting rule) have not yet been submitted. Today there simply is not an adequate empirical basis for regulating greenhouse gases from natural gas transmission and storage systems.

Regulating greenhouse gases through these VOC requirements is also unnecessary as a matter of law. EPA issued the proposed rules to fulfill its obligations under a consent decree addressing the regulation of VOC and sulfur dioxide emissions from the “oil and natural gas production” source category. EPA's legal obligations extended solely to those pollutants and sources. The expansive scope of the proposed rule, both as to pollutants (bringing in methane)

October 11, 2011

Page 3 of 3

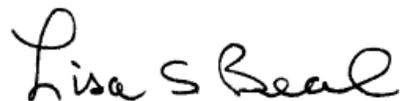
and as to sources (bringing in transmission and storage) is not warranted by the litigation giving rise to these rules.

Imposing the proposed rule on natural gas transmission and storage also contravenes prevailing regulatory policy as President Obama expressed last January in Executive Order No. 13563. This order directs federal agencies to propose or adopt a regulation only upon a reasoned determination that its benefits justify its costs, and to tailor their regulations to impose the least burden on society (including, to the extent practicable, the costs of cumulative regulations). Contrary to Executive Order No. 13563, imposing the proposed regulations on interstate natural gas pipeline and storage companies would reduce VOCs emissions by a minimal amount while imposing huge costs.

Finally, regulating natural gas as suggested in the proposed rule is at odds with the nation's environmental and energy interests. For the foreseeable future, the cornerstone of an effective U.S. climate change policy, not to mention energy policy, can be summed up in two words: natural gas. Natural gas is critical to addressing climate change and our nation's energy future, and natural gas transmission pipelines and storage facilities are essential to getting natural gas where it is needed. Over 85 percent of the nation's natural gas is transported through the 190,000 miles of interstate natural gas pipelines operated by INGAA's members. Unjustifiably increasing the cost of delivering this vitally necessary and abundant energy resource, particularly given the precarious state of the national economy, is indefensible.

INGAA will be contacting you shortly to arrange a meeting where the points raised in this letter can be discussed further. In addition, we will submit detailed comments on the proposed rule. In the meantime, if you have any questions, please contact me at 202-216-5935 or lbeal@ingaa.org.

Sincerely,



Lisa Beal
Vice President, Environment and Construction Policy
Interstate Natural Gas Association of America

cc: EPA Docket No. EPA-HQ-OAR-2010-0505; FRL-9448-6 (via regulations.gov)
Bruce Moore (via electronic mail)
Peter Tsirigotis (via electronic mail)