2022 Q1 NPGA 90-Day Criticals

NATIONAL PROPANE GAS ASSOCIATION

FERC Revenue Reporting

ISSUE

The Federal Energy Regulatory Commission (FERC) requires that crude, refined products, and petroleum liquids pipelines report interstate revenues on Form 6 annual filings. Properly recorded revenues and operating expenses are required in annual reports by pipelines to demonstrate that tariff rates accurately reflect the cost-of-service for pipeline operation. If pipelines do not accurately record revenues and operation expenses, annual reports could misrepresent the actual cost of operating the pipelines or the revenues earned by the pipeline, which enables pipelines to charge higher tariffs. In 2014 FERC amended requirements for pipelines to clarify that pipelines must include specific revenues in line items listed on annual Form 6 report filings in order to increase transparency in costs and tariff rates. Since then, however, FERC has not investigated pipelines or reviewed filings to evaluate compliance with the clarification.

ACTION

NPGA is filing to join a Liquid Shippers Group petition urging FERC to direct all crude, refined products, and petroleum liquids pipelines to correctly record specific revenues in Form 6 annual reports as required by FERC's 2014 order. NPGA joined several others in a similar petition in 2015. NPGA is leveraging the resurgence of this issue with new partners to advocate for transparency in pipeline reports to FERC. Inaccurate accounting of pipeline revenues and expenses enables higher tariffs for wholesalers that ship propane on pipelines, which ultimate increases costs to propane retail marketers and propane consumers.

OUTLOOK

NPGA is engaging FERC in support of the new petition. For the first time in several years, FERC has a fully staffed board with a Democrat majority, which may be more inclined to support transparent reporting by pipelines. If successful, more transparent revenue and expense reporting by pipelines could cause a reduction in tariff rates to accurately reflect the costs of operating pipeline systems.

ENERGY FOR EVERYONE
propane

Implementation of the Infrastructure Investment & Jobs Act

ISSUE

On November 15, 2021 President Biden signed into law H.R. 3684, the Infrastructure Investment and Jobs Act. This new law provides propane and multiple alternative fuels access to more than $7 billion in funding for numerous transportation-related projects and applications. These include provisions for grants for the installation of alternative fuel refueling stations, creation of a new program to purchase clean school buses, grants for the replacement of existing public transit buses and funding for applications at port facilities, among many other provisions. Additionally, the bill includes provisions for transportation workforce development, training and education. One of the overarching goals of the infrastructure package is to reduce emissions and improve the environment. Implementation of these provisions has now shifted to the federal agencies that have oversight over the respective provisions including the Departments of Transportation and Energy as well as the Environmental Protection Agency.

ACTION

NPGA is actively engaging with federal agencies to ensure they understand that propane is well-positioned to facilitate the goals of reducing emissions and improving air quality in a cost-effective manner. In this effort, we are collaborating with PERC, state associations and industry members. We have provided substantive detail to EPA for its new Clean School Bus program highlighting propane's environmental benefits and cost effectiveness. We have also met with the Director of Port Infrastructure Development with DOT's Maritime Administration to promote the various applications of propane in ports and inland waterways. We are also highlighting the benefits of propane buses in public transit fleets with DOT's Federal Transit Administration and engaging the Federal Highway Administration on grants for fueling infrastructure.

OUTLOOK

As we work with the agencies who are responsible for the distribution of funding through the Infrastructure Improvement and Jobs Act, much of these funds will eventually be distributed at the state level, which will require further coordination with state industry partners among others. In addition, funds authorized through the new law will be available each year for the next five years, so our actions with the agencies to ensure funding for the propane industry will be an ongoing effort.