



PGC®

Process Gas Consumers Group



# Process Gas Consumers Group: Key Principles

- Free Market Solutions Are Best
- Environmentally Responsible Access to New Drilling Areas To Increase Supply
- Integrated Strategies Are Optimal: Conservation, Domestic Supply & LNG to Meet Ongoing Gas Demand
- Quick Resolution of Gas Quality Issues
- Fair and Equal Industrial Access to Interstate Pipeline Transport At Reasonable Cost

# State of the Industrial Gas "Union":

- Industrial Gas Demand Dropping
- Conservation Efforts Still At Forefront
- Gas Price Derby---"Pick A Winner"
- Capital Limitations for Projects
- Cost Savings Projects Still Paramount

# Gas Pricing: Rhetoric or Realism?

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- HURRICANE / HEATWAVE Headaches
- NEW GLOBAL DEMAND PARADIGM?
- THE LNG PLEASURE CRUISE
- STORAGE FOLLIES

# Current Focus Areas:

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- Pipeline Fuel Over Recovery
- Natural Gas / Section 5 Fixes
- FERC Form 552 Reporting
- Gas Role In Climate Change Legislation
- Gas Quality Concern
- Rate Case Activity

# Fuel Over Recovery

- Interstate pipes frequently require a small percentage of gas for compressors and to make up for lost and unaccounted for gas.
- No uniform FERC policy in place for recovery
- An independent study of eleven pipelines revealed over recovery from 2004 through 2006 of nearly \$1.7 Billion.
- The over recovery alone accounted for more than 33% of pipeline profit-with some at 54%.
- Without tracker and true-up mechanisms in place-only recourse is Section 5 complaints

# Path Ahead

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- Defining the Gas Role In NA
- Clarifying Industrial Gas Needs
- Maintaining Gas Industry Integrity