



Donald F. Santa, Jr.
President

February 23, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

Re: Energy Infrastructure Expansion

Dear Mr. Majority Leader:

On behalf of the Interstate Natural Gas Association of America (INGAA), thank you for your leadership in co-sponsoring the National Clean Energy Project: Building the New Economy forum. INGAA represents interstate natural gas transmission pipeline owners in the United States – an industry with a proven track record of developing critical energy infrastructure in response to the needs of American energy consumers. We appreciate that this forum recognizes the role of natural gas in the transition to a clean energy economy.

Natural gas is an American energy success story. Ninety-eight percent of the natural gas consumed in the U.S. is produced here or in Canada. Domestic natural gas supplies have increased in recent years, keeping prices affordable. Natural gas is the cleanest burning fossil fuel, producing 45 percent less CO₂ than coal and 30 percent less CO₂ than fuel oil. Consequently, natural gas offers an excellent complement to renewable technologies such as wind and solar, by providing low-emission back-up generation for these intermittent sources of clean energy.

The members of INGAA build and operate the interstate pipeline infrastructure that will be critical to realizing the promise of natural gas as an abundant, affordable and reliable domestic energy resource. These companies already have invested over \$51 billion dollars this decade to maintain and expand the world's best natural gas transmission system, including the construction of over 10,800 miles of new, high capacity interstate pipelines. The ability to add energy infrastructure of this magnitude on a timely and responsible basis is another significant, yet unheralded, energy success story. In contrast, just over 1,000 miles of new high voltage (230 kV or greater) interstate electric transmission lines have been constructed in this decade.

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What accounts for such a disparity between new natural gas pipeline construction and new electric transmission construction? Many experts point to the significant differences in the federal statutory and regulatory frameworks for the natural gas pipeline and electric transmission industries. The Federal Energy Regulatory Commission (FERC) is responsible for the economic regulation of interstate natural gas pipelines, pursuant to the Natural Gas Act (NGA). FERC's preemptive authority to authorize new pipeline construction, and the rate certainty provided by the NGA once a pipeline is built, have been instrumental in enabling the interstate pipeline industry to raise billions of dollars in private capital to build new natural gas transmission infrastructure.

INGAA agrees that the statutory framework for siting interstate natural gas pipelines should be instructive as the Congress considers a remedy for the inability to modernize and expand the electric transmission grid. While the NGA provides a good model, even it is incomplete, however, as a comprehensive scheme for ensuring that energy infrastructure can be constructed on a timely basis in response to the needs of energy consumers. For example, despite well-established FERC authority under the NGA, states and other federal agencies retain the ability to delay, deny or unreasonably condition other permits required under federal law. Therefore, even though FERC may authorize the construction of an interstate pipeline based on a finding that it meets "the public convenience and necessity," an individual state can still veto a multi-state pipeline project by denying or withholding certain permits. Notwithstanding the interstate commerce implications of this abuse of authority granted by federal law, the current statutory framework provides no process for resolving such conflicts. Consequently, we urge you to develop an effective remedy as part of electric transmission siting legislation that also can be applied to interstate natural gas pipeline siting.

Thank you again for your leadership and for recognizing the important contribution that natural gas can make in the transition to a clean energy economy. Our natural gas pipeline network is another part of the "clean energy network" that you wish to develop. We encourage you to maintain the legal framework and support the regulatory policies that have made natural gas an American energy success story, as you pursue initiatives to facilitate the efficient siting of the electric power and natural gas infrastructure needed to advance our Nation's economy.

Respectfully,

A handwritten signature in blue ink, appearing to read "D. F. Santa, Jr.", with a stylized flourish at the end.

Donald F. Santa, Jr.

cc: Hon. Jeff Bingaman
Hon. Lisa Murkowski
Hon. Henry Waxman
Hon. Joe Barton