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Via Electronic Submission

Ms. Mary Nichols, Chairman  
Clerk of the Board,  
Air Resources Board  
1001 I Street, Sacramento, California 95814  
Electronic submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Re: Kern River Gas Transmission Company Comments on the CARB's Proposed  
Implementation of Mandatory Reporting Requirements

Dear Chairman Nichols:

Kern River has concerns regarding the inconsistencies in definitions between the federal reporting requirements at 40 CFR Part 98 and the California requirements. In addition, we believe that the Air Resources Board's proposed regulations under Article 2 of Title 17, California Code of Regulations, is inconsistent with the requirements applicable to interstate natural gas pipelines in Article 3. Kern River submits the following comments to Article 2: Mandatory Greenhouse Gas Reporting:

1. Section 95101(c) broadly applies to fuel "suppliers," who "import and/or deliver" fuels in California. Kern River submits that the heading "supplier" may be inconsistent with delivery and should not apply to "operators of interstate pipeline delivering natural gas, as described in section 95122." See §95101(c)(5). If the Air Resources Board's intent is to apply reporting requirements to suppliers of natural gas, the requirements should only apply to interstate natural gas pipelines that also import and export as defined by 40 CFR 98, not to interstate natural gas pipelines who transport natural gas.
2. The definition of "supplier" is critical in determining the applicability of section 95122. It could be interpreted that this section would apply to interstate natural gas pipelines, even if they do not meet the EPA definition of "supplier" given the text of 95122(c)(5). However, section 95122 requires compliance with 40 CFR 98 Subpart NN which is not applicable to facilities that do not meet the EPA's definition of "supplier," this includes all interstate natural gas pipelines. Text clarifying that this section maintains the same

applicability as 40 CFR 98 Subpart NN should be included to maintain consistency between the two regulations.

3. The proposed regulations define “end user” in the context of natural gas consumption as the point at which natural gas is delivered for consumption. The practical difficulties in applying the requirements include the fact that interstate natural gas pipelines are not aware of when or where the natural gas transported on their interstate system is consumed. When gas is delivered to a meter station, operators often take the gas from the meter station and transport the gas to other end users. Therefore interstate pipelines are unable to report end user consumption of gas transported on the interstate pipeline system. The Board should clarify the use of the term “end user” as used in the proposed regulations.
4. Section 95122(d)(3) specifically calls out “non-utility interstate pipelines” to report customer information including monthly volumes and weighted average high heat value for each end user and wholesale customer. This is not consistent with the U.S. E.P.A’s Subpart NN regulations which only requires local distribution companies (LDCs) to report such information. Text clarifying that this section maintains the same applicability as 40 CFR 98 Subpart NN should be included to maintain consistency between the two regulations.
5. There are additional inconsistencies between the ARB Mandatory Reporting Rule and 40 CFR 98 regarding interstate natural gas pipelines. Article 2 seems to attempt to pull interstate natural gas pipelines that are not LDCs into rules that are not applicable to interstate natural gas pipelines. Modifications should be made to appropriately align Article 2 with 40 CFR 98 Subparts NN and W regarding interstate natural gas pipeline operations.

About Kern River. Kern River is a Texas general partnership based in Salt Lake City, Utah, an interstate natural gas company within the meaning of the Natural Gas Act and regulated by the Federal Energy Regulatory Commission. The Kern River pipeline transports natural gas in a system made up of nearly 1,680 miles of pipeline, from the production fields of southwestern Wyoming to delivery points in Utah and Nevada and on to Bakersfield, California. Kern River’s pipeline currently has a design capacity of more than 1.7 billion cubic feet per day. As a federally-regulated open-access interstate natural gas transporter, Kern River utilizes its interstate natural gas transmission system to provide transportation services to customers throughout the Western United States. Kern River does not own the natural gas it transports. Kern River welcomes the opportunity to work with ARB staff to ensure consistency between the federal and state reporting requirements.

Sincerely,

*/s Bret W. Reich*