



June 1, 2018

U.S. Energy Information Administration, EI-25 Room BG-041
1000 Independence Ave. SW
Washington, DC 20585
Attn: Sasha Abdalla

Re: GPA Midstream Response to Proposed Form EIA-806

Dear Sasha Abdalla:

GPA Midstream Association ("GPA Midstream" or "Association") is a non-profit trade organization made up of nearly 100 corporate members serving the U.S. energy industry since 1921. GPA Midstream members are engaged in the gathering and processing of natural gas into merchantable pipeline gas, commonly referred to in the industry as "Midstream activities." Such processing includes the removal of impurities from the NGL raw gas stream produced at the wellhead as well as for sale of natural gas liquids ("NGLs") such as ethane, propane, butane and natural gasoline or in the manufacture, transportation or further process on liquid products from natural gas. As the primary advocate for the midstream energy industry, our members account for over 90% of all natural gas liquids produced in the United States.

The Association and its many members have a history of working cooperatively with the Energy Information Administration ("EIA") on data collection issues relevant to the midstream industry. As such, the Association appreciates the opportunity to submit comments on the EIA's Information Collection Proposed New Survey (Proposed Form EIA-806) Notice and Request for Comments that was published in the Federal Register on April 4, 2018.

GPA Midstream believes that EIA may have misconstrued the capabilities of gas processing plants to provide accurate/verified *weekly* data without substantial capital and operating costs. Moreover, data provided in the weekly reports would be estimates only and may not provide EIA with accurate and meaningful data as anticipated. It is with this concern that GPA Midstream provides these comments. GPA Midstream challenges EIA's contentions relating to the reporting and recordkeeping cost burden as well as to the accuracy of weekly estimates of data that would need to be reconciled with the monthly data that is already required to be submitted on EIA Form-816.

Basics of Plant Product Accounting

It is clear from the proposal that EIA believes processing plant operators can take the process currently in place for the monthly reporting and with little effort, add an additional weekly reporting process using the same data. This assumption results in EIA estimating that respondents will have no additional costs associated with the surveys other than burden hours. Unfortunately, this assumption has no basis in reality.

Midstream facilities cannot simply take the monthly reporting process and quicken the pace to weekly reporting, while maintaining the same level of data accuracy. This is due to the industry-wide process of how natural gas processing facilities generally determine the volume and composition of NGL raw mix delivered from their tailgate to long-haul NGL raw mix pipelines. Generally speaking, most natural gas processing plants do not measure volume or composition on an accounting/custody transfer basis. Natural gas processing plants do not have the equipment on site that is suitable for generating anything *but estimates of volume and composition* of NGL raw mix delivered at the tailgate of the plant. Pipeline companies have the responsibility for maintaining custody meters for volume and performing sampling to generate composition data for each gas plant connected to its system. Pipelines transporting NGL raw mix have samples analyzed by third party labs that then provide monthly analysis reporting to the pipeline company. They in turn, provide monthly volume and composition data for each natural gas plant. The Accounting groups for each company operating natural gas plants aggregate the data that is supplied by each pipeline company on a monthly basis and use this data as the foundation for reporting EIA Form-816.

Additionally, there are no contractual provisions between natural gas processing plant owners and NGL raw mix pipelines that compel the pipelines to accurately measure liquids weekly. If the weekly data is to be accurate, EIA Form-806 will require contracts between gas processing companies and NGL raw mix pipeline companies to be revised to accommodate weekly sampling, analysis and confirmation. Revising the number of contracts creates tremendous burden on several other departments in Midstream companies. Furthermore, most composition analysis is handled by third party labs that are staffed to provide monthly custody and composition data for each gas plant connected to each NGL raw mix pipeline. With EIA Form-806, NGL raw mix pipeline companies will be required to increase the frequency of sampling for composition data and their contracts with third party labs will have to be revised to account for the additional equipment and manpower needed to run 4-12 times as many samples per month per gas plant, as well as increasing their turnaround and analytical results. The costs associated with revising plant/pipeline contracts and third party lab vendor contracts have clearly not been taken into consideration by the EIA.

Finally, natural gas processing companies, NGL raw mix pipeline companies, or both will have to increase accounting manpower to provide staff to maintain accurate reporting of EIA Form-806 on a weekly basis and to reconcile this data with the monthly data required for the EIA Form-816.

Data Accuracy

There are no practical methods within current operating parameters to obtain and report accurate (validated) weekly data from natural gas processing facilities. The information submitted on EIA Form-806 will *only* be estimates since natural gas processing plants do not have gas chromatography measurement devices on the NGL products leaving the facility that could provide the weekly data similar to the accuracy of what is currently submitted on EIA Form-816. EIA Form-806 estimates will most likely come from measurement equipment that is used in a natural gas processing plant for operational needs, thus is not designed to provide accounting quality data.

In addition, timing is another concern since months and weeks will rarely align. As EIA understands, months have varying amounts of days and any effort to reconcile weekly data would have to extrapolate from 28 days (4 weeks x 7 days). Additionally, data estimates would be further deteriorated as the beginning/ending of months will usually occur mid-week. Overcoming these timing issues will contribute to eroding the data accuracy desired by the EIA as noted below for its Form-806:

“Current Weekly Petroleum Status Report methodology uses the last-available total NGL production reported in the Petroleum Supply Monthly (PSM) as a constant value, typically for 4-5 weeks, until a new PSM number is published. Total NGL production quantities are reported in WPSR table 1 and are used for calculation of total U.S. weekly petroleum demand measured as product supplied. Current WPSR methodology uses survey data showing propane fractionated from mixed NGL as an indirect measure of propane production from natural gas processing plants.”

GPA Midstream maintains that the estimated weekly reporting will not achieve the EIA intended result, as there are no practical methods in place today that will provide the same accuracy on a weekly basis as obtained on the EIA Form-816 monthly report. The weekly report would be an educated estimate, at best, given that the measurement data could change during the month. This would create an undue burden of reconciling weekly estimates against a month end final report and lead to significant requests from the EIA for weekly variance explanations that have no accurate support or true economic impact.

Cost

The Association disagrees with the EIA estimation of response burden on EIA Form-806 to be thirty (30) minutes total. GPA Midstream insists that in addition to the existing monthly EIA Form-816 requirements, it will take two hours per plant per week to comply (incremental cost to comply). The two hour figure could easily double if respondents are also required to reconcile the data for the EIA Form-816 report. As an example, a company that currently submits EIA Form-816 data for 25 facilities will incur an incremental cost to comply of over \$196,794 per year (2 hours/week times 52 weeks/year times 25 facilities times \$75.69 per hour).

Using the Agency assumptions on the Annual Estimated Number of Respondents, Annual Estimated Number of Total Responses and per hour cost *for just the reporting on EIA Form-806*, the table below displays GPA Midstream's estimates for Midstream compliance versus EIA estimates:

GPA Midstream Compliance Burden	EIA Estimate	Description
275	275	Annual Estimated Number of Respondents
14,300	14,300	Annual Estimated Number of Total Responses
2.0	0.5	Burden Hours per Response
28,600	7,150	Annual Estimated Number of Burden Hours
\$75.69	\$75.69	Per Hour
\$2,164,734.00	\$541,183.50	Annual Estimated Reporting and Recordkeeping Cost Burden

The Association also disagrees with the EIA estimation that respondents will have no additional costs associated with the proposed survey other than burden hours. The Association predicts that additional costs would be incurred such as:

- investment in additional information technology resources
- revising contracts between NGL raw mix pipeline companies
- additional contracts with third party labs
- reporting process development
- training multiple individuals for proper coverage when the primary employee is unavailable
- reconciling weekly to monthly data

While the above are immediate costs that would need to be incurred, GPA Midstream did not estimate the massive costs that would need to be sustained if EIA mandates data accuracy equivalent to what is submitted on EIA Form-816. To highlight, these additional costs would include:

- purchase, installation, operation and maintenance of gas chromatography units and flow measurement devices
- sampling - additional equipment and manpower needed to run 4-12 times as many samples per month per gas processing plant
- analysis - additional equipment and staffing needed to run 4-12 times as many samples per month per gas processing plant

Conclusion

The estimated data that will be generated by the proposed weekly form comes at a significant incremental cost and will not provide EIA with the data required to meet the intended goal. As with all data provided to the EIA, the more confidence one can rely on the reported data, the more valuable it becomes. The estimated data by its very nature, will result in misleading information, and in effect, do more harm than good. In many cases, the EIA will end up with an estimated process resulting from these weekly reports that adds no benefit and could potentially lead to unintended and harmful economic results.

GPA Midstream has a proud history of working cooperatively with the EIA on data collection issues relevant to GPA Midstream members. GPA Midstream again appreciates the opportunity to submit

these comments and would be happy to meet with EIA staff to further discuss Midstream data collection issues. Please contact me at (202) 279-1664 or Mhite@GPAMidstream.org.

Respectfully submitted,



Matt Hite
Vice President of Government Affairs
GPA Midstream Association