



January 30, 2018

The Honorable Jane Nelson, Chairman
Texas Senate Finance Committee
P.O. Box 12068 – Capitol Station
Austin, Texas 78711

Dear Chairman Nelson,

On behalf of the GPA Midstream Association, I submit the following comments on the committee's interim charge related to the Texas Emission Reduction Plan: Review TERP and its economic benefits to the state. Examine whether the state's investment in TERP, including transfers from the Department of Transportation, are being effectively utilized to comply with federal air quality standards, reduce pollution, and protect the public health of Texans.

Founded in 1921, the GPA Midstream Association is a trade organization with nearly 100 corporate members of all sizes, 40 of which operate in Texas, engaged in the gathering and processing of natural gas, commonly referred to as "midstream activities" in the energy sector. Raw natural gas is one of the world's primary energy sources and much of it must be purified, or "processed," to meet quality standards and regulations and to make useful everyday products for homes, factories, and businesses. Gas processing includes the removal of impurities from the raw natural gas stream produced at the wellhead, as well as the extraction for sale of natural gas liquid products (NGLs) such as ethane, propane, butane, and natural gasoline. GPA Midstream members account for more than 90 percent of NGLs produced in the United States from natural gas processing. GPA Midstream members also operate hundreds of thousands of miles of domestic gas gathering pipelines, in addition to pipelines involved with storing, transporting, and marketing natural gas and NGLs.

In 2015, the Environmental Protection Agency tightened the federal ozone standard from 75ppb to 70 ppb. Texas is in non-attainment for this standard while many other states remain in attainment making it more expensive to build in Texas. Complying with these additional regulations will provide a real challenge to Texas and local governments.

It is the position of GPA Midstream to preserve the tools necessary to continue making emissions reductions to meet federal requirements under the Clean Air Act by preserving TERP. TERP is an important tool to help Texas make meaningful emissions reductions from federally preempted mobile sources.

We very much appreciate the committee's attention to TERP and helping to ensure that Texas remain competitive while still enjoying economic benefits it provides.

Sincerely,



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