

# WHIP ADVISORY

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## CONFERENCE REPORT ON EMERGENCY NATURAL GAS ACT OF 1977 (S. 474)

The House today was scheduled to consider a conference report on a bill authorizing emergency allocation of natural gas and emergency purchases of unregulated gas during the energy shortage.

### ACTION BY THE 95TH CONGRESS

- Passed Senate January 31 (91-2)
- Passed House February 1 (376-52)
- Conferees reported February 2
- Rules Committee meets 1:00 P.M., February 2, on rule waiving points of order

Floor Managers: Chairman Staggers and Congressman Dingell

### CONFERENCE REPORT SUMMARY

Conferees, meeting yesterday, reached quick agreement on provisions of the Emergency Natural Gas Act. Conferees adopted the Senate text with these changes:

Conferees accepted the House Definitions of "interstate pipeline" and "interstate natural gas"; this would have the effect of assuring that gas transportation and delivery orders under the allocation authority could be issued only to natural gas companies which are transporting natural gas under FPC jurisdiction, except gas owned by an end user and which is merely being transported through a line under FPC Order 533. This authority would make available the allocation of all gas in interstate pipelines, except that being transported under Order 533. Under the Senate language, certain gas producers also could have been included under the gas transportation and delivery orders.

Conferees also inserted new language into section 9 (Effect of Certain Contractual Obligations) which is intended to insulate the intrastate gas markets from price increases which may be caused by emergency sales of intrastate natural gas to interstate pipelines under the 60-day emergency purchase authority of section 2.68 of Federal Power Commission regulations. As passed by both Houses, the bill already contains language seeking to protect the intrastate market from price increases caused by emergency purchases under this Emergency Natural Gas Act.

House conferees receded from the Eckhardt pricing amendment on the basis of assurances by James R. Schlesinger, Assistant to the President. In a letter to conferees, he said that "we would expect to establish a threshold level," such as recent intrastate gas prices at which sales would be authorized by rule. He said there could be review of sales above that level, but no rollback.

Similarly, the House receded from the Broyhill amendment on order of diversion of natural gas in reliance on assurances by Dr. Schlesinger.

The remainder of the bill is essentially that passed by the House and Senate. It would authorize the President to declare regional or national natural gas emergencies. He could then exercise emergency allocation and gas purchase authorities. Through April 30, 1977, the President could order gas shifted from surplus to shortage areas through whatever interstate or intrastate pipelines that are necessary. Through July 31, 1977, the President could authorize any interstate pipeline or local distribution company served by an interstate pipeline to buy gas wherever it is available and without regard to price regulations of the Federal Power Commission.