

Gillis, Diana L.

Subject: FW: Informal Advice

From: Verne, B. Michael
Sent: Tuesday, December 16, 2014 1:41 PM
To: Johnson, Janice C.; Walsh, Kathryn E.; Gillis, Diana L.
Subject: RE: Informal Advice

Yes - it is not producing the methane. That's the equipment that is associated with the methane reserves that are exempt under 802.3. Think of it like you are buying natural gas reserves. You can exempt the reserves and the associated gathering lines that take it out of the ground and transport it to a pipeline, but if you are also buying a natural gas-fired electric generation plant that is fed the natural gas by a pipeline, you can't exempt the plant even if it is dedicated only to the natural gas reserves you are acquiring.

From: Johnson, Janice C.
Sent: Tuesday, December 16, 2014 1:33 PM
To: Walsh, Kathryn E.; Verne, B. Michael; Gillis, Diana L.
Subject: RE: Informal Advice

The converting equipment should be analyzed separately because it is similar to an electric power generation facility?

From: Verne, B. Michael
Sent: Tuesday, December 16, 2014 1:25 PM
To: Johnson, Janice C.; Walsh, Kathryn E.; Gillis, Diana L.
Subject: RE: Informal Advice

I don't think they would qualify as production equipment. They are more like processing equipment. In the landfill context, I think the only production assets would be whatever takes the methane out of the ground.

From: [REDACTED]
Sent: Tuesday, December 16, 2014 1:22 PM
To: Johnson, Janice C.
Subject: RE: Informal Advice

To add a little more detail, the equipment in question are gas generator sets, which take methane and convert into power. Since these generators only rely on the methane that comes out of the landfill site, I was wondering whether they would fall under "production equipment" language in 802.3. Let me know what you think. I am back at my desk and available this afternoon to discuss. Thanks again.

[REDACTED]

From: [REDACTED]
Sent: Tuesday, December 16, 2014 1:17 PM
To: 'Johnson, Janice C.'
Subject: RE: Informal Advice

Thank you for the response. Yes, I believe the equipment I described could be called an electric power generating facility.

From: Johnson, Janice C. [<mailto:JCJOHNSON@ftc.gov>]
Sent: Tuesday, December 16, 2014 12:51 PM
To: [REDACTED]
Subject: Informal Advice

[REDACTED]. I left you a message, but thought it best to send an email.

Just to confirm – the power plant that takes the gas and converts it into electric energy is really an electric power generating facility?

[REDACTED]

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