



AMERICAN PUBLIC GAS ASSOCIATION

June 17, 2022

Ms. Vanessa Countryman
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Submitted via email to rule-comments@sec.gov

Re: Comments in Response to the Proposed Rule Regarding “The Enhancement and Standardization of Climate-Related Disclosures for Investors” [File Number S7-10-22]

Dear Ms. Countryman:

The American Public Gas Association (“APGA”) appreciates the opportunity to submit comments in response to the Securities and Exchange Commission’s (“SEC” or “Commission”) Proposed Rule regarding “The Enhancement and Standardization of Climate-Related Disclosures for Investors” (“Proposed Rule”). The Proposed Rule outlines complex new requirements for SEC-regulated entities, and these proposed requirements have the potential to impact many entities not directly regulated by the SEC, including APGA members. Accordingly, we offer the below comments for the Commission’s consideration.

APGA is the trade association for more than 730 communities across the U.S. that own and operate their retail natural gas distribution entities. They include not-for-profit gas distribution systems owned by municipalities and other local government entities, all locally accountable to the citizens they serve. Public gas systems focus on providing safe, reliable, and affordable energy to their customers and support their communities by delivering fuel to be used for cooking, clothes drying, and space and water heating, as well as for various commercial and industrial applications, including electricity generation.¹

Community aid and quality service are the mandates for APGA members. A not-for-profit public gas system gives a community local control over how gas is provided to homes and businesses. Instead of being made in a distant city, decisions are made at the community-level by people who appreciate local issues and who are primarily focused on service, safety, reliability, and costs. Public gas systems are regulated by their consumer-owners through locally elected governing boards or appointed officials, which are accountable to the citizen ratepayers they serve and removable by them. Accordingly, the SEC’s Proposed Rule does not directly impose new requirements on APGA members; however, we are concerned about the costs that it may indirectly impose on our members.

As energy providers, APGA member gas systems are environmental stewards, prioritizing sustainability efforts, including making significant investments to better serve their communities through the use of more renewable natural gas (RNG) and a focus on emissions reductions in a number of ways such as

¹ For more information, please visit www.apga.org.

through enhanced leak detection. As SEC works to develop its climate-related disclosure requirements, it must balance the value of any new reporting requirements with the cost associated with the new requirements, taking particular care to consider how those costs might be borne by those not directly regulated by the Commission, including APGA members and the communities they serve.

For instance, the burden of reporting requirements for SEC-regulated companies in the energy supply chain arising from the Proposed Rule is expected to be high. If implemented, the proposed requirements for audited footnotes and attestation of Scope 1 and Scope 2 emissions would impose significant costs on SEC-regulated entities and likely much more than the Commission estimates. APGA members conduct business with SEC-regulated companies and anticipate that any additional costs from overly burdensome requirements such as these will be passed on to APGA members through higher costs in goods (including natural gas) and services. Because APGA's members operate as non-for-profits and must pass reasonable costs onto their customers through natural gas rates set by the communities that govern them, these costs will ultimately be borne by American families and business-owners in the form of higher energy costs.

Additionally, the Proposed Rule considers the reporting of Scope 3 greenhouse gas emissions in certain instances – which, for some upstream SEC-regulated companies, would include APGA member system emissions.² APGA is concerned that such broad reporting requirements, which could include emissions from their own systems, would add additional burden and cost. Accordingly, APGA urges the SEC to carefully consider the impacts to entities not regulated by the SEC but who fall within an SEC-regulated company's supply chain, including community-owned natural gas utilities, before requiring Scope 3 emissions reporting and determine whether such reporting requirements provide useful information in a cost-effective manner. Prematurely requiring such reporting could negatively impact American consumers in the form of higher costs.

Thank you for the review and consideration of this request. If you have any questions regarding this submission, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in blue ink that reads "Dave Schryver".

Dave Schryver
President & CEO
American Public Gas Association

² However, it is unclear what all falls within a value chain, something the SEC must clarify if it requires Scope 3 emissions reporting.