



AMERICAN PUBLIC GAS ASSOCIATION

March 18, 2024

Labor, Commerce, and Industry Committee Member
South Carolina House of Representatives
Post Office Box 11867
Columbia, SC 29211-1867

Submission via email

Re: Support for H.5118 from the American Public Gas Association

Dear Member of the House Labor, Commerce, and Industry Committee:

The American Public Gas Association (APGA) is pleased to provide input supporting the "South Carolina Ten-Year Energy Transformation Act" (H.5118). APGA is the trade association representing more than 730 communities across the U.S. that own and operate their retail gas distribution entities, including 13 in South Carolina.¹ These include not-for-profit gas distribution systems owned by municipalities and other local government entities, all accountable to the citizens they serve. They 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.

APGA's members in South Carolina and across the US understand the value of natural gas and community-owned gas utilities. We would like to share two specific points, as you consider and hopefully, pass H.5118.

1. Community-Owned Gas Utilities Ensure Energy Resiliency

Energy supplied by public gas utilities, like those in South Carolina, play a critical role in ensuring energy resiliency in the communities they serve. A report by the Natural Gas Council reveals:

"The operational characteristics of the natural gas transportation network, in combination with the physical properties of natural gas, effectively minimize the likelihood and severity of service disruptions. In the rare event of a disruption, impacts are typically localized and

¹ APGA's members in South Carolina include: Fountain Inn Natural Gas, Greenwood Commission of Public Works, Laurens Community of Public Works, Greer Commission of Public Works, Chester County Natural Gas Authority, Lancaster County Natural Gas, City of Union Utility Department, Winnsboro Natural Gas Department, York County Natural Gas Authority, Bamberg Board of Public Works, and Orangeburg Department of Public Utilities.

brief. History demonstrates that disruption of firm pipeline transportation and/or storage services resulting from severe weather events are extremely rare.”²

Also, GTI Energy found:

“Natural gas service disruptions are rare. On average, only 1 in 800 natural gas customers experience an unplanned outage in any given year. In comparison, electric system customers experience an average of one unplanned outage per year per customer.”³

Reliable natural gas is needed for South Carolina households and businesses, and natural gas has and should continue to fill this need.

As well, natural gas back-up generators provide numerous families and essential services with a dependable source of power when electricity is unavailable. While a natural gas generator is already cleaner than one powered by diesel, innovation is being explored to lower emissions even further. One such example is a micro-CHP system, which is typically used in homes or smaller commercial applications and generates electricity by converting natural gas to power with minimal emissions while also capturing what would be waste thermal energy and instead utilizing it to heat the building.

A reliable and diverse energy supply is critical to both national and domestic security, and we urge the state to be mindful to protect South Carolina’s energy resiliency through the continued utilization of natural gas and the pipeline infrastructure.

2. Community-Owned Gas Utilities Deliver Affordability

Natural gas is a key component in maintaining affordability in the communities served by public gas systems, such as those in South Carolina. Currently, consumers pay markedly lower prices for the direct use of natural gas for their cooking, home or water heating, and clothes drying needs. The Department of Energy (DOE) published its “Representative Average Unit Costs of Energy for Five Residential Energy Sources (2023),” acknowledging electricity is around \$46 per million Btu, and natural gas is about \$14 per million Btu.⁴ A study also shows households with all-electric appliances pay over \$1100 a year more than those that have the traditional mix of natural gas and electric homes.⁵

² Natural Gas Council, “Natural Gas: Reliable and Resilient,” <http://naturalgascouncil.org/wp-content/uploads/2019/04/Natural-Gas-Reliable-and-Resilient.pdf>.

³ GTI Energy, “Assessment of Natural Gas and Electric Distribution Service Reliability,” <https://www.gti.energy/wp-content/uploads/2018/11/Assessment-of-Natural-Gas-Electric-Distribution-Service-Reliability-TopicalReport-Jul2018.pdf>.

⁴ Department of Energy, “Energy Conservation Program for Consumer Products: Representative Average Unit Costs of Energy,” <https://www.federalregister.gov/documents/2023/08/28/2023-18532/energy-conservation-program-for-consumer-products-representative-average-unit-costs-of-energy>.

⁵ Note: The traditional mix of natural gas and electric refers to homes that use natural gas for heating, cooking, and clothes drying. American Gas Association, “2024 Playbook,” <https://www.aga.org/natural-gas/affordable/>.

The affordability of natural gas is a key tool in addressing the social equity concerns posed by household energy burdens. A report by the American Council for an Energy-Efficient Economy (ACEEE) noted:

“Energy insecurity — the inability to meet basic household energy needs over time — is gaining attention as a major equity issue. Examining energy burden gives an idea of energy affordability and which groups could most benefit from energy justice and energy affordability policies and investments.”⁶

ACEEE’s report further highlighted that low-income, African American, Hispanic, and Native American households are the demographics most impacted with higher energy cost burdens.

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APGA especially supports the provisions in H.5118 to streamline the permitting process for new energy infrastructure. These provisions will ensure efficient development of new energy infrastructure, while also safeguarding the environment and private property rights—a critical balance for South Carolina.

Thank you for your commitment to thoughtful energy legislation. APGA is happy to be a resource for you on any questions regarding public gas utilities. Please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stuart Saulters". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Stuart Saulters
Vice President of Government Relations
American Public Gas Association

⁶ American Council for Energy-Efficient Economy, “How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burdens across the U.S.,” <https://www.aceee.org/research-report/u2006>.