

**Submitted Testimony of the American Public Gas Association to the
House Committee on Energy and Commerce
Subcommittee on Energy Hearing Entitled “Powering America:
Defining Reliability in a Transforming Electricity Industry”**

A Consumer Perspective

On behalf of the American Public Gas Association (APGA), we appreciate this opportunity to submit testimony to this important hearing.

APGA is the national association for publicly owned natural gas distribution systems. There are approximately 1,000 public gas systems in 37 states and over 720 of these systems are APGA members. Publicly-owned gas systems are not-for-profit, retail distribution entities owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that own and operate natural gas distribution facilities in their communities. Public gas systems’ primary focus is on providing safe, reliable, and affordable natural gas service to their customers.

At the most basic level, APGA represents the views of American natural gas consumers. Our members serve the homeowners and small businesses that rely on affordable, reliable natural gas to heat their homes and water, cook their meals, and dry their clothes, operate their restaurants, schools and hospitals, and businesses of all types. When used directly in homes or buildings for space heating, cooking and water heating applications, natural gas lowers consumer energy bills while reducing pollution and lowering greenhouse gas emissions,.

We commend the Committee for its focus on ensuring the reliability of the electricity grid as part of the overall U.S. energy system. APGA wants the Committee to understand that the direct use of natural gas is a critical factor in the reliability, resiliency and security of the overall U.S. energy system. Absent the direct use of natural gas, APGA believes that the electric grid is unsustainable. The direct use of natural gas today provides relief for our congested electrical infrastructure as well as primary energy for on-site, back-up generators during grid outages. We stress the importance of having diversity of delivery mechanisms (pipelines and electric transmission) in addition to diversity of sources, in insuring system reliability.

Natural gas is currently distributed to approximately 75 million homes and businesses nationwide. The use of natural gas appliances in homes and businesses frees up critical capacity and increases flexibility for the electric grid while reducing emissions and costs. Similar to electricity conservation, natural gas appliances reduce the strain on the electricity grid while minimizing the need for the construction of additional generation plants and transmission lines. According to APGA's Levelized Cost of Energy Study (the study may be accessed at https://higherlogicdownload.s3.amazonaws.com/APGA/1151c1f6-49e1-4598-badd-127e33da42cd/UploadedFiles/KyQ7jphQTGK6IWtFOD95_2017--Levelized-Cost-of-Energy-Study.pdf) released last month, direct use of natural gas has significantly lower levelized costs than any of the electric generation technologies.

Expanding natural gas direct-use will benefit the Nation in several ways. First, this will reduce the impact on consumers from the tremendous costs associated with the build out of additional

electric generation and transmission assets. Consumers will also benefit from lower monthly utility bills when operating natural gas appliances as compared to electric alternatives.

In addition to reducing the strain on the electricity grid, the direct-use of natural gas increases our overall energy system resiliency. Given that natural gas pipelines are predominantly underground and therefore protected from the elements, natural gas infrastructure is not as susceptible to weather-related events. The Natural Gas Council released a report in July 2017 entitled “Natural Gas: Reliable and Resilient” (a copy of the report can be viewed at - http://www.ngsa.org/download/analysis_studies/NGC-Reliable-Resilient-Nat-Gas-WHITE-PAPER-Final.pdf) that details how the physical characteristics of our natural gas delivery system enhance its resiliency. The natural gas transportation network is made up of an extensive system of interconnected pipelines that offers multiple pathways for rerouting deliveries to maintain service in the unlikely event of a physical disruption.

A recent example of our natural gas delivery system’s resiliency to weather can be found in Hurricane Harvey, which hit Texas in late August. The hurricane is responsible for approximately 70 deaths and the damage estimates have ranged from \$70 to \$200 billion dollars in economic losses. However, CenterPoint Energy Inc., whose gas distribution service territory runs along the southeastern portions of Texas that have been hit hardest by Hurricane Harvey, has continued operating normally despite the storm and unprecedented flooding.

The nature of our domestic natural gas supplies also are a factor in its resiliency. Natural gas production now is occurring across the U.S. rather than being located in one specific area. The

fact that production wells are located throughout the U.S. protects our natural gas supply from isolated local or regional events. Despite the recent hurricane, natural gas prices have been stable. This has signaled the maturation of the new domestic natural gas industry. It now will provide stability, resilience, low costs, and reliability for the foreseeable future. Congress therefore should embrace the direct use of natural gas.

Conclusion

Preserving fuel diversity is essential to the reliability, resiliency, and security of the Nation's energy system. In considering the reliability of the electric grid, Congress must consider how natural gas now is domestically produced, abundant, and affordable. In addition, the direct use of natural gas is highly efficient with a production and delivery system that provides over 90% of the source energy to the point of use. For these reasons, APGA believes that the direct use of natural gas can play an important role in providing consumers a reliable, diverse, resilient and secure energy system now and well into the future. We appreciate the opportunity to submit testimony before the House Energy and Commerce Subcommittee on Energy on this critical public interest issue.