



AMERICAN PUBLIC GAS ASSOCIATION

February 15th, 2022

Re: SB 528

Dear Members of the Education, Health, and Environmental Affairs:

The American Public Gas Association (APGA) is pleased to provide comments on SB 528, “Climate Solutions Now Act of 2022.” APGA is the trade association for approximately 1,000 communities across the U.S., including Easton Utilities in Maryland, that own and operate their retail natural gas distribution entities. Public gas systems are not-for-profit and locally accountable to the citizens they serve. They provide safe, reliable, affordable, and clean 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.

Easton Utilities, along with every APGA member, are good stewards of the environment, evidenced by the way they maintain and operate their utilities, and they recognize that natural gas can provide energy affordably and reliably to Marylanders and all Americans, in addition to proven environmental benefits. Natural gas has been a big driver behind the declines in carbon emissions in Maryland and our country as a whole, and the existing pipeline infrastructure should continue to play an integral role in reducing greenhouse gas (GHG) emissions.¹

APGA is especially concerned with the impacts on buildings from SB 528, such as requiring the adoption of new standards for the total phase out of the use of natural gas in water and space heating by 2030 in the construction of new buildings. Also, there is a mandate of 40% GHG reduction for all commercial buildings by 2035 and net zero emissions by 2040. As well, owners of commercial buildings are required to measure and report GHG emission to the Maryland Department of the Environment (MDE) beginning in 2025. To APGA, this proposal is a total phase-out of natural gas for residential and commercial buildings by 2040, which can have drastic cost implications for Maryland businesses and consumers, with questionable benefit to the environment.

The following elaborates on why natural gas and the infrastructure APGA members operate should be a part of Maryland’s clean energy future. APGA hopes you will take them into consideration as you debate SB 528.

¹ United States Environmental Protection Agency, “Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2019,” <https://www.epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks>.

1. Community-Owned Gas Utilities Ensure Energy Resiliency

Energy supplied by public natural gas utilities, like Easton Utilities, 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 brief. History demonstrates that disruption of firm pipeline transportation and/or storage services resulting from severe weather events are extremely rare.²

Also, the Gas Technology Institute 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 Maryland households and businesses.

As well, natural gas 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. A Micro-CHP system, typically used in homes or smaller commercial applications, generates electricity by converting natural gas to power with minimal emissions.

A trustworthy and diverse energy supply is critical to both national and domestic security, and we urge the state to be mindful to protect Maryland'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 Easton Utilities. Currently, consumers pay relatively low prices for the direct use of natural gas for their cooking, home or water heating, and clothes drying needs. In August last year, the Department of Energy (DOE) published its "2021 Representative Average Unit Costs of Energy," acknowledging electricity is \$39.83 per million Btu, and natural gas is

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

³ Gas Technology Institute, "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>.

\$10.93 per million Btu.⁴ A study also shows households with all-electric appliances pay almost \$900 a year more than those that have the traditional mix of natural gas and electric homes.⁵

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 burdens. Therefore, Maryland should not discount natural gas as a key resource in decreasing energy burden. Ensuring Marylanders have access to the energy needed to heat their homes or water needs to be a focus of any state policy, especially in light of the necessity for equity and justice.

3. Community-Owned Gas Utilities Play an Important Role in a Low Carbon Future

RNG is pipeline-compatible, ultra-clean, and low-carbon. It is derived from the breakdown of organic wastes and can be processed to be used in existing natural gas infrastructure interchangeably with geologic natural gas in homes and businesses. Hydrogen has the capability to be blended with natural gas or possibly used exclusively; both have decreased emissions. In the future, blended hydrogen or hydrogen exclusively may be safely utilized in homes, businesses, and commercial applications. By preserving the natural gas infrastructure of today, Maryland’s public natural gas utility can be a critical partner in delivering the low carbon fuels of tomorrow, ensuring sustainable energy for many years to come.

APGA would like to reiterate that Easton Utilities and all our members are committed to providing reliable and affordable energy, while protecting the environment with minimal disruption to consumer choice. As the state pursues its GHG reduction policies, APGA requests consideration of the unique operating circumstances of Maryland’s public gas utility and encourages the continued utilization of their valuable infrastructure and experienced workforce in achieving the state’s clean energy goals.

⁴ Department of Energy, “Energy Conservation Program for Consumer Products: Representative Average Unit Costs of Energy,” <https://www.federalregister.gov/documents/2021/08/25/2021-18325/energy-conservation-program-for-consumer-products-representative-average-unit-costs-of-energy>.

⁵ American Gas Association, Implications of Policy-Driven Residential Electrification, <https://www.aga.org/research/reports/implications-of-policy-driven-residential-electrification/>

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.

If you would like to talk more, don't hesitate to reach out to my staff, Stuart Saulters (ssaulters@apga.org, 202-544-1334).

Respectfully submitted,

A handwritten signature in blue ink that reads "Dave Schryver". The signature is written in a cursive style with a large initial "D" and "S".

Dave Schryver
President & CEO
American Public Gas Association