

Certified Natural Gas, LDCs, and Public Policy

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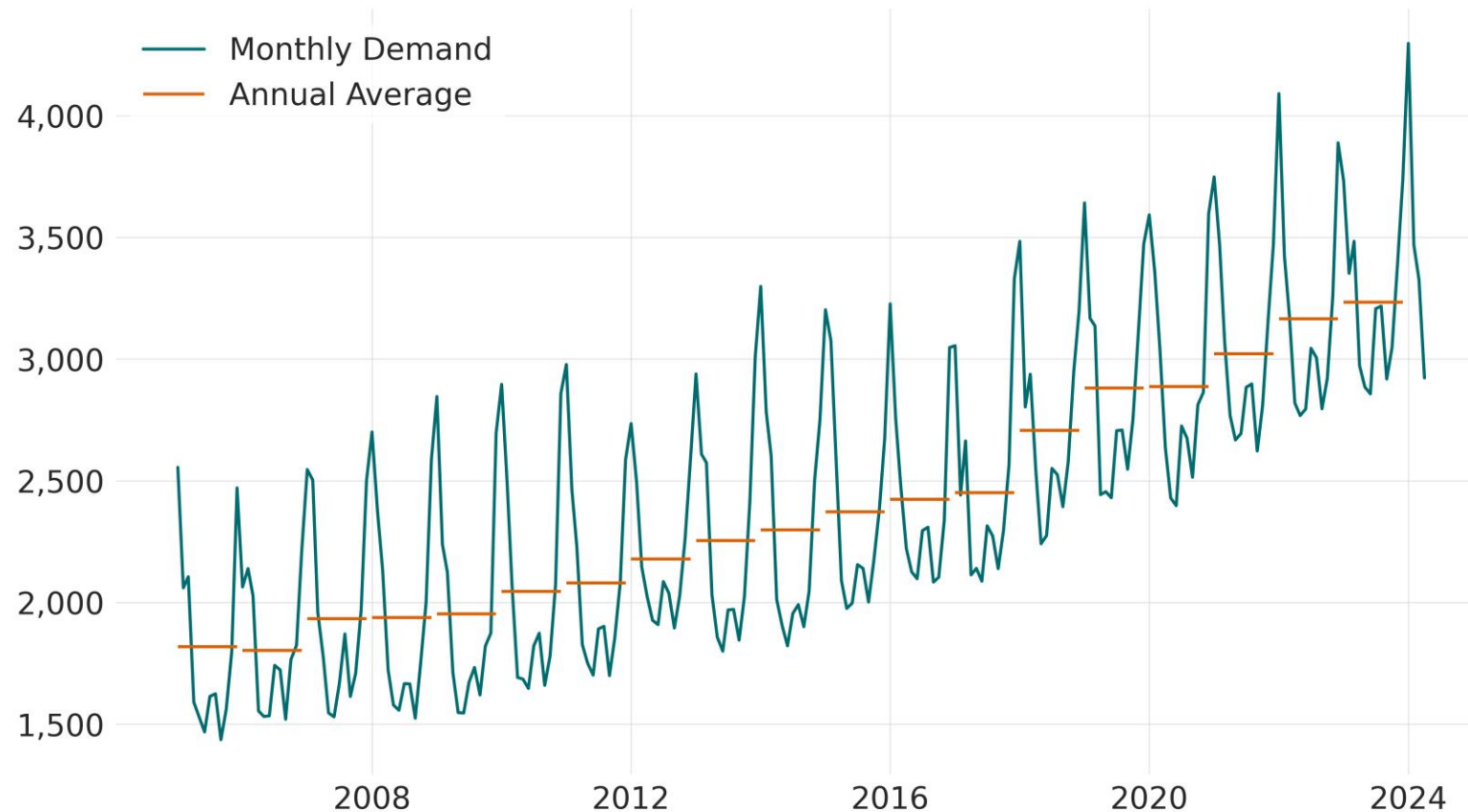


Catalysts and policy drivers

- State climate laws and GHG reduction targets
- Long term planning proceedings
- LDC-driven emissions reduction goals
- Gas bans and electrification mandates
- Inflation Reduction Act & Bipartisan Infrastructure law

Demand growth continues

U.S. Monthly Natural Gas Consumption, Bcf per Month



Source: S&P Global Commodity Insights, ©2024 by S&P Global Inc., Chart: American Gas Association

U.S. natural gas consumption set nine monthly records and an annual record in 2023.

Growth continues

Customers:

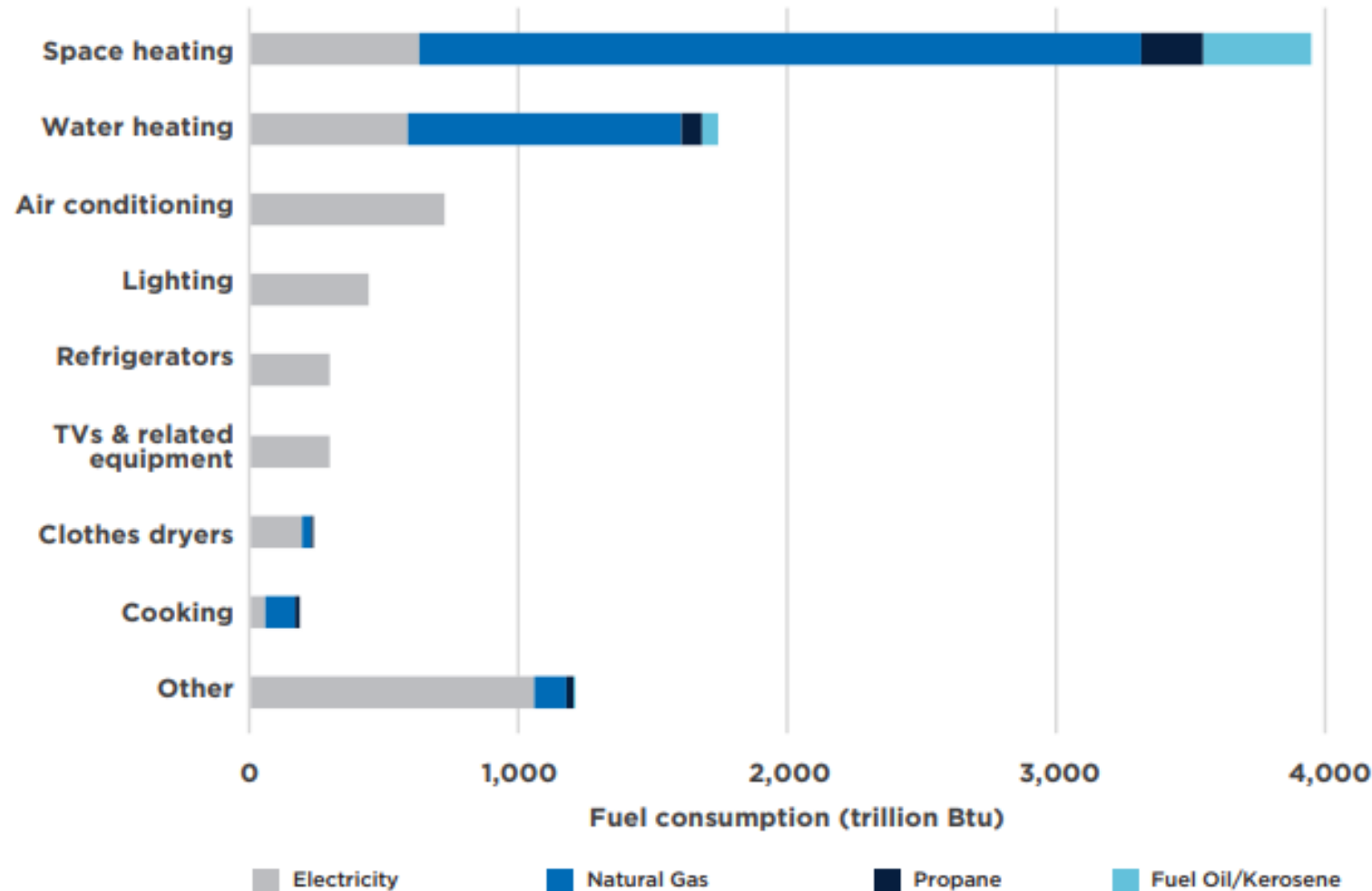
- The number of residential natural gas consumers grew by 1.5 million between 2019 and 2021
- There are 77.7 million natural gas customers in the US:
 - 71.9 Residential Customers
 - 5.6 Commercial Customers
 - 82,000 Industrial
- The industry continues to add more than a customer a minute for every minute of the year.

Natural Gas Residential End-Users by State Top 20 Net Additions since 2019 (Thousands)

Rank	State	2019	2021	Net Change
1	Texas	4,787	5,011	224
2	California	11,112	11,233	120
3	North Carolina	1,305	1,368	63
4	New Jersey	2,844	2,904	60
5	Michigan	3,322	3,380	58
6	Ohio	3,370	3,428	58
7	Florida	786	840	55
8	Colorado	1,813	1,867	54
9	Utah	976	1,029	53
10	Arizona	1,277	1,330	53
11	South Carolina	714	758	44
12	Indiana	1,769	1,813	44
13	Pennsylvania	2,821	2,865	44
14	Minnesota	1,560	1,603	43
15	Georgia	1,842	1,882	40
16	Kentucky	747	787	40
17	Nevada	888	923	35
18	Massachusetts	1,548	1,582	34
19	Tennessee	1,180	1,213	33
20	Illinois	3,941	3,973	32
Total		70,431	71,936	1,505

End-use energy consumption by fuel

Exhibit E.S. 2 – U.S. Household End-use Energy Consumption by Fuel (trillion Btu)



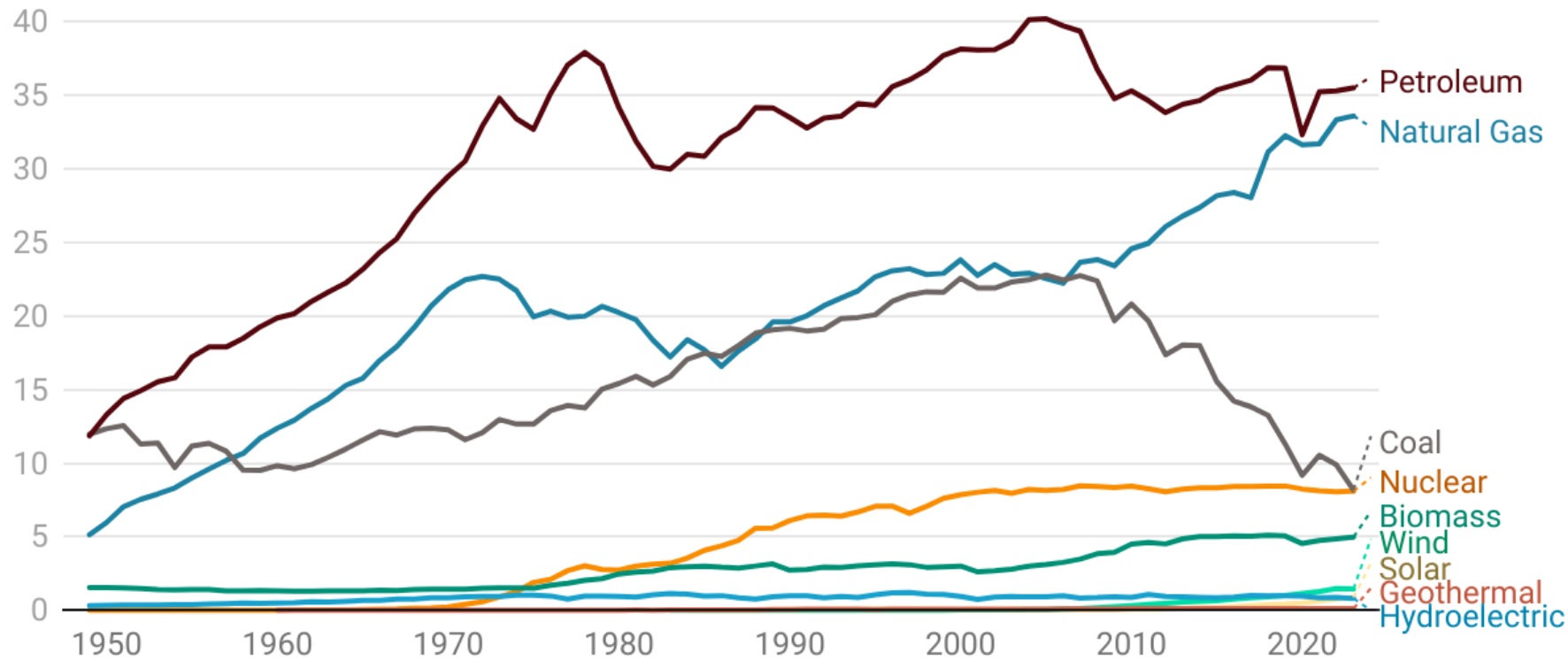
Source: EIA 2015 Residential Energy Consumption Survey

More than fifty percent of American households currently use natural gas as a heating fuel, and reliance on gas is even higher in colder regions. It is also widely used in commercial and industrial facilities.

Natural gas may soon be the #1 source of primary energy in the United States

U.S. Primary Energy Consumption

Quadrillion BTU



U. S. Energy Information Administration, Monthly Energy Review March 2024

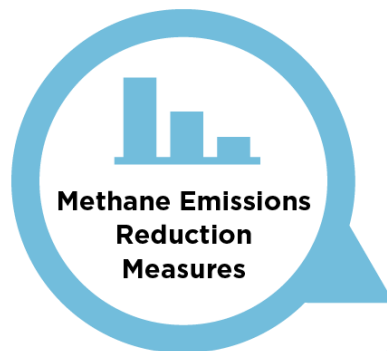
Created with Datawrapper

Energy Information
Administration,
Monthly Energy
Review, March 2024



Gas utility approaches to reducing emissions

- Differentiated Gas
- Leak Detection and Repair Programs
- More Accurate Emissions Measurement
- Replacement of Higher Emitting Pipe and Equipment
- Operational and Maintenance Measures



- Expansion of Gas Energy Efficiency Programs
- Building Envelope Improvements
- Emerging Highly Efficient Gas Technologies



- Carbon Capture and Sequestration
- Direct Air Capture
- Greenhouse Gas Emissions Offsets



- Renewable Natural Gas
- Hydrogen Blending
- Methanated Hydrogen
- Dedicated Hydrogen Infrastructure

Navigating primary barriers to advancing low carbon resources (LCR)

Navigating Primary Barriers to Advancing LCR

Advancing LCR at scale will require navigating potential barriers, using a host of enabling pathways to alleviate or minimize barriers. In searching for solutions to these barriers, stakeholders should contemplate a range of considerations.



What is certified natural gas?

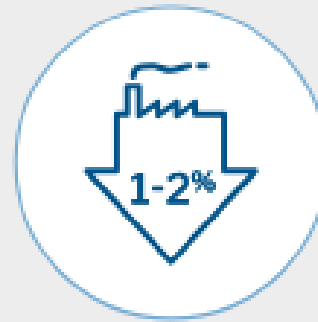
Certified natural gas is produced using standards and processes that result in reduced environmental impacts, including lower GHG emissions.



LOW COST
SOLUTION



READY NOW

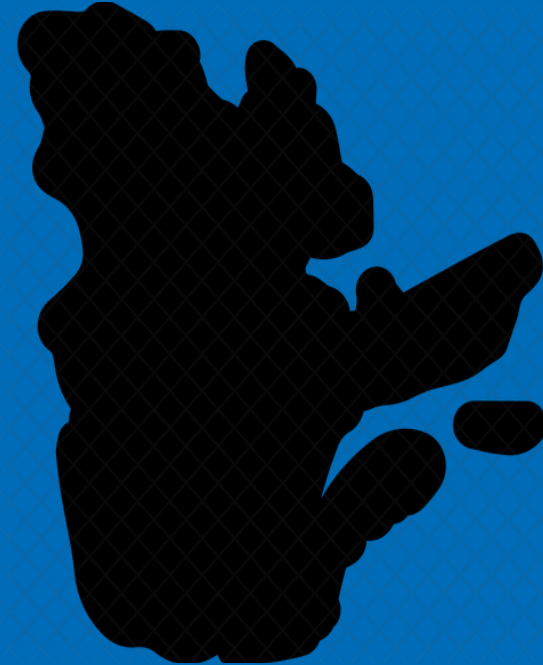


EMISSIONS
REDUCTIONS



TRACKING AND
TRACEABILITY

Where are LDCs leveraging certified natural gas?



New York

- Central Hudson Gas & Electric responsibly sourced gas pilot program
 - Created in wake of the New York Climate Leadership & Community protection act
 - The pilot project allows for Central Hudson to procure responsibly sourced gas when competitive RFP pricing is at or less than the weighted average cost of natural gas supply.
 - Central Hudson is currently seeking regulatory authority to increase in responsibly sourced gas supply as a tool to further enhance its decarbonization portfolio.

Québec

- Québec energy regulator, the Régie de l'énergie, awarded Énergir the opportunity to develop a scalable certified natural gas pilot program. The program includes cost caps for certified natural gas purchases and an evaluation of the environmental and social governance practices of certified natural gas producers
- The resulting bill increase was approximated to be less than \$2/year for consumers.

Tennessee & Virginia



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100% of Chattanooga Gas' fuel supply for residential and small business customers now from Next Generation Natural Gas

The procurement is also a result of the Tennessee Natural Gas Innovation Act, which allows the Tennessee Public Utility Commission the authority to authorize a mechanism to recover costs related to incremental innovative natural gas costs to procure resources from third parties, while the total incremental costs cannot exceed 3% total annual cost of gas.



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Virginia Natural Gas now supplying up to one-half of customer's energy demands through additional procurement of Next Generation Natural Gas

The additional procurement is also a result of the recently approved Sustainable Gas Program (SGP) by the Virginia Corporation Commission. The program supports the procurement of both Next Generation Natural Gas and Renewable Natural Gas (RNG), while allowing for the integration of RNG sources into VNG's pipeline system.



Vermont

VGS purchases responsibly sourced natural gas



Submitted by *tim* on *Tue, 11/10/2020 - 11:39*

Partnership is next step in company's plan to become NetZero by 2050

Vermont Business Magazine VGS today announced it has added certified, responsibly developed thermal energy into its system that serves more than 53,000 homes and businesses in Addison, Chittenden and Franklin counties. As part of its overall supply, VGS is purchasing the Equitable Origin EO100[®] certified natural gas from Seven Generations Energy [®] (7G), an energy producer dedicated to responsible development in Alberta, Canada.

EO100 certification is awarded to companies that meet or exceed certain criteria for environmental, social and governance (ESG) performance evaluated by Equitable Origin. The responsibly sourced energy makes up approximately 10 percent of the VGS supply and is now flowing directly to customers.

How can consumer advocates engage with LDCs on certified natural gas?

Are policy mandates a main driver for certified gas adoption in your jurisdiction?

If yes

Consider weighing the costs and benefits of certified natural gas versus other technologies. Remember, many resources exist that LDCs can leverage to decarbonize.

If no

Does the incremental cost of certified natural gas outweigh any and all consumer benefits?

THANK Y'ALL!

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TrueBlueNaturalGas.org



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The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 76 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — more than 72 million customers — receive their gas from AGA members. Today, natural gas meets more than 30 percent of the United States' energy needs.

www.aga.org