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Natural Gas Council Releases Key Policies on Climate Change Legislation

(Washington, DC) – The Natural Gas Council today unveiled six fundamental climate change policies it said should be incorporated into any climate legislation developed by Congress, so that natural gas can most effectively help the nation achieve its energy and environmental goals. This marks the first time the organizations comprising the Natural Gas Council have declared shared positions on climate change.

“The Natural Gas Council is pleased that Senators Kerry and Lieberman recognized the importance of natural gas in reducing emissions from power generation, with the provision in their bill granting bonus allowances to those in the merchant coal sector who switch to lower emission options such as natural gas. We would, however, like to see that concept expanded to the larger electric utility industry. In addition, we hope Congress will ultimately approve a Clean Energy Standard for electricity that includes high efficiency natural gas generation” said Don Santa, president of the Interstate Natural Gas Association of America.

The Council's Climate Change Positions clearly reflect the importance of natural gas to electricity generation and end-use efficiency, stating that any climate change legislation should include: (1) appropriate eligibility and credit for using natural gas to meet a clean electricity standard; (2) energy efficiency standards and labels reflecting energy expenditure and carbon emissions through the full fuel cycle, along with R&D funding for end-use applications; (3) clear market signals on carbon prices or, in the event of emissions allowances, an equitable distribution of allowances that supports a voluntary transition to natural gas and does not undermine natural gas; (4) federal climate legislation preemption of duplicative or inconsistent federal, state and local laws; (5) access to onshore and offshore natural gas resources; and (6) EPA recognition of natural gas as "Best Available Control Technology" for sources that already combust natural gas, such as natural gas turbines.

"We commend Senators Kerry and Lieberman for their willingness to work with all sectors of the economy in their attempt to craft comprehensive climate legislation," said David N. Parker, president and CEO of the American Gas Association. "While we are encouraged that natural gas utilities, which deliver natural gas to 170 million Americans, are treated more equitably than in previous climate bills, we remain hopeful that the Senate will more fully recognize that natural gas customers represent the only sector of the population that has reduced carbon emissions by 40 percent over the last 40 years. As such, any climate legislation should continue to promote what works best. Congress could help even more American homes and businesses reduce their carbon footprint by including language in the bill that would accurately measure energy efficiency from the point of origin to the end-use application."

Barry Russell, president and CEO of the Independent Petroleum Association of America, said, "Natural gas is a linchpin to any climate strategy. Emerging shale gas plays throughout the nation can produce natural gas to meet American needs for generations to come. These newly defined resources will allow the U.S. to develop climate approaches that can rely on clean, abundant, affordable American natural

gas. No climate change approach should be adopted unless it includes mechanisms to assure American natural gas can be produced and used,” he said.

R. Skip Horvath, president and CEO of the Natural Gas Supply Association, said, “If emissions allowances are a part of climate legislation, they should be provided in a clear manner that reflects the true cost of carbon among fuel sources and should encourage natural gas in recognition of its environmental benefits.” He said, “In addition, legislation should include funding for RD&D using carbon capture technologies with natural gas along with other fossil fuels.”

The Natural Gas Council collectively represents nearly all companies that produce, transport and distribute natural gas consumed in the United States. It includes members of the American Gas Association, the Independent Petroleum Association of America, the Interstate Natural Gas Association of America and the Natural Gas Supply Association.

The complete Natural Gas Council Climate Change Positions follow.

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The American Gas Association, founded in 1918, represents 195 local energy companies that deliver clean natural gas throughout the United States. Ninety-one percent of the more than 70 million residential, commercial and industrial natural gas customers in the U.S. receive their natural gas from AGA members. For more information, please visit www.aga.org.



INGAA is a trade organization that represents the interstate natural gas transmission pipeline companies operating in the U.S., Canada and Mexico. Its members transport over 95 percent of the nation's natural gas through a network of 220,000 miles of pipelines. For more information, please visit www.ingaa.org.



Founded in 1929, the Independent Petroleum Association of America (IPAA) represents more than 5,000 companies that drill 90 percent of the nation's natural gas and crude oil wells. These companies account for 68 percent of domestic crude oil production and 82 percent of U.S. natural gas production. Please visit www.ipaa.org for more information.



NGSA represents integrated and independent companies that supply natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. customers. For more information, please visit www.ngsa.org, www.naturalgas.org and www.bluejobs.org

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Natural Gas Council Climate Change Positions

Natural gas is the cleanest fossil fuel available today and the United States has plentiful domestic natural gas supply sources. With continued access to this vast resource base and the use of economically, environmentally sound and socially responsible hydraulic fracturing practices, natural gas can play a significant part in meeting our energy and environmental policy goals.

The Natural Gas Council (NGC) includes members of the American Gas Association, the Independent Petroleum Association of America, the Interstate Natural Gas Association of America and the Natural Gas Supply Association. These associations collectively represent nearly all firms that produce, transport and distribute natural gas consumed in the United States.

If the Congress sees fit to enact comprehensive federal climate change legislation, the NGC believes that such legislation must, at a minimum, meet the following criteria:

1. *A Clean Energy Standard Should Include Natural Gas:* *If Congress enacts a clean energy standard or other mandate that includes particular fuels or technologies for generating electricity, it should avoid creating a power mandate that overlooks the benefits of increased natural gas generation. Natural gas should be appropriately credited as an eligible resource in a clean electricity standard.*
2. *Source-Based Energy Efficiency Standards:* *The NGC supports*
 - a. *Legislation that would accurately assess the full carbon impact of energy use on the environment by switching from the existing point-of-use methodology to a source-based methodology to measure energy efficiency and carbon emissions.*
 - b. *Technologically and environmentally justified building codes and standards that benefit the consumer by improving energy efficiency and reducing greenhouse gas emissions.*
 - c. *Carbon labeling for appliances and federal research and development funding for end-use applications of natural gas.*
3. *Emissions Allowance Allocations:* *If Congress adopts a cap and trade plan or other similar means to regulate greenhouse gas emissions:*

- a. *The NGC believes that it is critical that a price on carbon provide as clear a signal to the market about the merits of different fuel choices.*
 - b. *If free allowances are allocated, the NGC urges Congress to avoid an allocation scheme that undermines the potential contribution to the power sector of abundant, domestic, and clean natural gas.*
 - c. *Congress should establish a pool of allowances to support a voluntary transition to natural gas to ensure this key resource a meaningful role in our emission reduction strategy.*
 - d. *Further, should allowances be allocated to reduce economic hardship on electricity consumers, allowances should also be allocated on an equal basis to reduce economic hardship on residential, commercial and small industrial consumers of natural gas.*
4. *Federal Preemption:* *The NGC believes that comprehensive climate legislation aimed at reducing greenhouse gas emissions should expressly preempt any duplicative or inconsistent federal, state or local laws or regulations.*
5. *Access to Domestic Natural Gas Supply:* *Federal policy and regulation should ensure that access to the outer continental shelf is expanded and onshore access is increased for economically and environmentally sound exploration and production of natural gas.*
6. *Natural Gas as Best Available Control Technology:* *Because there exist no practical means for achieving additional emissions reductions for sources that already consume natural gas (i.e., natural gas fired engines, turbines or other industrial equipment), the NGC requests that, in connection with the tailoring rule, the Environmental Protection Agency issue guidance that the consumption of natural gas constitutes best available control technology for such sources.¹*

¹ This position does not address the issue of what should constitute BACT for combustion sources that use other fuels.