



April 7, 2010

The Honorable John Kerry
218 Russell Senate Office Building
Washington, DC 20510

The Honorable Joseph Lieberman
706 Hart Senate Office Building
Washington, DC 20510

The Honorable Lindsey Graham
290 Russell Senate Office Building
Washington, DC 20510

Dear Senators Kerry, Graham and Lieberman:

With every passing day it becomes clearer that America's abundant, clean-burning natural gas could cost-effectively transform the nation's energy policy discussion. We are concerned, however, that the legislation you are crafting may overlook that potential and not adequately incorporate the use of America's natural gas into an overall policy.

Recent domestic natural gas supply developments have been a "game-changer" that has created great confidence in natural gas as an abundant and reliable energy resource for the future. According to a February 2010 report by the influential energy consultancy, IHS Cambridge Energy Research Associates, these new shale gas finds "could allow the electric power industry to almost double its use of natural gas... It changes the relative costs for addressing greenhouse gas (GHG) emissions."¹ Yet these game-changing finds, and their implications for America's energy portfolio, have yet to be recognized and incorporated into the energy and climate bills being considered by the Congress.

Using natural gas to generate electricity represents the greatest opportunity for meeting the nation's carbon reduction targets cost-effectively. Unfortunately, the legislation we have seen thus far would result in natural gas being "squeezed" out of the role that it otherwise would play if markets alone selected the most cost-effective methods for reducing GHG emissions. It would be ironic, and counter-productive, if new legislation penalizes natural gas.

¹ *Fueling North America's Energy Future: The Unconventional Natural Gas Revolution and the Carbon Agenda*, IHS Cambridge Energy Research Associates.

Natural gas should be one of the pillars upon which the solution to America's energy and environmental challenges is built. To that end, we support legislation that will encourage increasing the use of natural gas-fired electricity generation. If, for example, the legislation includes a Clean Energy Standard or other similar mandate, it should be crafted so that power generators have the option to comply by using clean-burning natural gas to reduce their emissions. Finally, we encourage balanced treatment for natural gas with coal in funding for carbon capture and sequestration research, development and deployment.

A new report by the Brattle Group, titled *Prospects for Natural Gas Under Climate Policy Legislation*, highlights our concerns about natural gas getting left behind. The report states that if Congress adopts a climate change bill, there is "the possibility that the U.S. may experience a perverse outcome" in which clean natural gas use would decline. According to the report, if natural gas use declines under such a climate law, U.S. consumers may pay more to achieve CO2 emission reductions than if more natural gas had been used. That possibility should be of deep concern to you and American taxpayers.

It has been reported that your legislation will include greater access to oil and natural gas resources on the federal off-shore region. While access to such resources would be a positive development, it would not address the place where natural gas can make its most immediate and significant contributions to achieving the nation's energy and environmental policy priorities.

In sum, it is imperative that your legislation in some way recognize the benefits of natural gas for power generation. The United States will need all of its fuels - hydro, wind, coal, solar, nuclear, natural gas and more - to meet the nation's future energy needs. In that mix, the environmental benefits and cost effectiveness of natural gas will allow it to hold its own on a level playing field.

Sincerely,



Don Santa, President
Interstate Natural Gas Association



R. Skip Horvath, President & CEO
Natural Gas Supply Association



Barry Russell, President & CEO
Independent Petroleum Association of America