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Select Committee on the Climate Crisis

H2-359 Ford Building

Washington, DC 20515

Submitted via email: ClimateCrisisRFI@mail.house.gov

Re: Response to Select Committee on the Climate Crisis Request for Information

Dear Members of the Select Committee on the Climate Crisis,

As members of the Downstream Natural Gas Initiative,¹ we appreciate the opportunity to respond to the request for information that the House Select Committee on the Climate Crisis (Select Committee) released on September 5, 2019.² The Downstream Natural Gas Initiative (Downstream Initiative) is a group of leading natural gas utilities collaborating on the transition to a low-carbon future, including on opportunities to leverage the existing gas network to support a lower carbon energy system. We welcome the opportunity to engage with the Select Committee as it develops recommendations on policies, strategies, partnerships, and innovations to enable economy-wide emission reductions.

The Downstream Natural Gas Initiative is comprised of leading natural gas distribution companies that provide natural gas to over 17.5 million customers in service territories that collectively span nineteen states. The Downstream Initiative members are engaged with state policymakers and stakeholders to support cost-effective strategies and opportunities to reduce greenhouse gas (GHG) emissions and transition to a low-carbon future. These short- and long-term strategies and opportunities include reducing methane emissions, increasing end use energy efficiency, and decarbonizing energy supply. The latter includes near-term efforts to increase the supply of renewable natural gas (RNG),³ as well as longer-term opportunities to incorporate hydrogen blending⁴ and power-to-gas technology.⁵ Commercial scalability of these low- and no-carbon energy sources, while currently more expensive than natural gas, offer enormous, transformative opportunities to provide low-to no-carbon thermal energy to end users, particularly for hard-to-abate industrial sectors, while using existing infrastructure. We provide more detail about these emerging technologies and their opportunities to contribute to a low-carbon future below.

In addition to our efforts as a collaborative, individually, our companies have pursued and participated in a range of policies and initiatives that have furthered industry dialogue around GHG emissions reductions and pathways

¹ This letter is submitted on behalf of the following Downstream Initiative members: CenterPoint Energy, Consolidated Edison Company of New York, National Grid, Pacific Gas & Electric Corporation, Vermont Gas, and Xcel Energy.

² House Select Committee on the Climate Crisis, Request for Information, available at: <https://climatecrisis.house.gov/inforequest>.

³ RNG is pipeline-compatible gaseous fuel that is derived from waste resources, such as animal manure, food waste, wastewater treatment plants, and landfills.

⁴ Hydrogen blending is the injection of hydrogen into existing natural gas pipeline networks to reduce GHG emissions of natural gas end uses.

⁵ Power-to-gas technology uses electricity and water to create hydrogen or RNG that can then be stored and delivered to customers through the existing natural gas distribution network.

to decarbonizing thermal heat. Notably, all of our members are participants of the Environmental Protection Agency’s Methane Challenge Program, several of our members are pursuing pathways to increase lower carbon fuel sources by implementing voluntary RNG customer programs,⁶ and others are pursuing innovative solutions to address the future of heat within their service territory.⁷

The Downstream Initiative is actively working to develop and further these strategies today and welcomes ongoing engagement and discussions with the Select Committee and other stakeholders and partner organizations throughout this process. State and federal policy and regulation are critical to support the implementation of technologies and strategies to decarbonize the economy.

We would like to take the opportunity to provide specific feedback on the following questions posed within the Request for Information:

1. What policies should Congress adopt to decarbonize the following sectors consistent with meeting or exceeding net-zero emissions by mid-century?
 - c. Industry
 - d. Buildings
5. Innovation
 - a. Where should Congress focus on an innovation agenda for climate solutions?
 - b. How can Congress incentivize more public-private partnerships and encourage more private investment in clean energy innovation?
9. What policies should Congress adopt to reduce emissions of non-CO₂ greenhouse gases, including methane, nitrous oxide, and fluorinated gases?

What policies should Congress adopt to reduce emissions of non-CO₂ greenhouse gases, including methane, nitrous oxide, and fluorinated gases?

We urge the Select Committee to consider recommending policies that enable further methane emissions reductions. Downstream Initiative members are committed to providing safe, reliable and affordable energy supply. While there are numerous strategies natural gas utilities can pursue to reduce the climate impact from operations, reducing methane emissions presents the most effective direct and near-term approach. Our member companies are continuing intensive efforts to repair and replace pipes and are working to identify strategies, policies, and advanced technologies to further reduce methane emissions, especially from Grade 3 leaks. According to the U.S. Environmental Protection Agency (EPA), methane emissions from the natural gas system (including transmission, storage, and distribution segments) have decreased 16.2 percent between 1990 and 2016.⁸ In the distribution segment, these reductions have been realized largely by modernizing infrastructure including replacing pipeline infrastructure, upgrades at metering and regulating stations, and replacement of gas-driven devices.

⁶ Vermont Gas is currently implementing a voluntary RNG program and has announced a goal to have 20 percent of its supply be from RNG by 2030. National Grid has a proposed voluntary RNG program for a portion of its service territory that is currently pending approval.

⁷ In April, National Grid filed its proposed 2019 downstate New York rate filing, containing an RNG tariff, a power-to-gas pilot project, a hydrogen blending study, a program to facilitate RNG interconnections, an enhanced gas demand response program, and an expanded geothermal pilot. In October, CenterPoint Energy announced in its rate case filing its intention to undertake a renewable hydrogen demonstration to go into service in 2021.

⁸ Environmental Protection Agency, “Inventory of U.S. Greenhouse Gas Emissions and Sinks 1990-2016 – Executive Summary,” (2018). https://www.epa.gov/sites/production/files/2018-01/documents/2018_executive_summary.pdf.

Policies supporting further advances in leak detection technology can enable utilities to quickly identify methane leaks and to, in turn, prioritize and accelerate the most impactful repair and replacement activities. It may also be important to consider how policies to reduce the costs to purchase and to deploy these emerging monitoring and detection technologies can accelerate technology adoption and achieve emission reductions. These types of policies can support natural gas utilities in their efforts to increase the pace and scale of leak surveys and repairs and pipe replacement.

What policies should Congress adopt to decarbonize the building and industrial sectors consistent with meeting or exceeding net-zero emissions by mid-century?

We urge the Select Committee to prioritize the role of energy efficiency in reducing emissions. Energy efficiency represents a key strategy and opportunity to achieve emission reductions. Improving the efficiency of gas-fired appliances and building envelopes reduces energy consumption and associated GHG emissions, all while keeping energy costs low for consumers. To date, seventeen states have enacted Energy Efficiency Resource Standards (EERS) for natural gas to realize the benefits of energy efficiency. These states have achieved significant savings when compared to states without an EERS for natural gas, demonstrating an opportunity for future improvement in energy efficiency.⁹ Policies that encourage energy efficiency from a variety of technologies and fuel sources, including natural gas, can help to realize these important benefits.

We also urge the Select Committee to consider the role that RNG can play in a low-carbon future. RNG, defined above, has lower lifecycle GHG emissions than natural gas and—because RNG is made up of the same constituents as natural gas—can be introduced into the gas distribution network safely and used by customers to reduce GHG emissions without any changes to existing equipment or appliances. In many regions, RNG can provide greater immediate GHG reductions at lower cost when compared to electrification of oil and conventional natural gas-fired appliances.¹⁰ RNG production can also provide co-benefits like water quality improvements and local economic development. For the industrial sector, the use of RNG can be of particular value – allowing for immediate GHG emission reductions from heat-intensive industrial processes without changing existing manufacturing processes. Many high-temperature industrial processes can only be achieved via combustion using existing technology, highlighting the importance of low-carbon fuels such as RNG.

Specifically, we urge the Select Committee to consider recommending policies that support the use of RNG in the building and industrial sectors to provide heat and to operate equipment. The majority of RNG produced in the U.S. is currently used in the transportation and power generation sectors because current policies incentivize RNG utilization in these end uses. The federal Renewable Fuel Standard (RFS) and California’s Low Carbon Fuel Standard create financial incentives for project developers to invest in RNG supply to be used in the transportation sector, and other state renewable portfolio standards (RPS) create financial incentives for RNG use in the power generation sector. However, there are very few programs that incentivize the use of RNG to provide heat and to operate equipment in the residential, commercial, and industrial sectors. This policy approach hinders substantial environmental and economic benefits that can be derived from expanded RNG use in the building and industrial sectors.

We urge the Select Committee to consider policies that can level the playing field for the use of lower-carbon fuels such as RNG in additional sectors to realize their substantial environmental and economic benefits. By providing

⁹ American Council for an Energy-Efficient Economy, <http://www.aceee.org/sites/default/files/publications/researchreports/u1708.pdf>.

¹⁰ Navigant Consulting, “Analysis of the Role of Gas for a Low-Carbon California Future,” (July 2018), available at https://www.socalgas.com/1443741887279/SoCalGas_Renewable_Gas_Final-Report.pdf.

greater regulatory, market and financial certainty to utilities, developers, and customers, utilities will be better positioned to make long-term investments critical to the development of a market for low-carbon fuels in these thermal applications.

We also urge the Select Committee to consider the enabling role that federal grants and incentives can play in improving the economic viability of low- and zero-carbon fuels, such as RNG and hydrogen. Incentives may include tax investment or production credits, among others, that lessen initial cost barriers. Other financial mechanisms such as accelerated depreciation may help low- and zero-carbon fuel project economics. Federal grants and incentives can play a key role in enabling the cost reductions necessary to reduce barriers to deployment of these emerging and prospective technologies.

Ultimately, any policy framework or strategy that enables emission reductions from natural gas end uses should recognize and account for unique local and geographic considerations. These may include differences in thermal heat load associated with climate, availability of key feedstocks and/or renewable energy resources, building and industrial load requirements, and affordability, among other considerations.

Where should Congress focus on an innovation agenda for climate solutions? How can Congress incentivize more public-private partnerships and encourage more private investment in clean energy innovation?

Funding for innovative technologies in the development stage is critical to achieving economy-wide emission reductions, including in the building and industrial sectors. Downstream Initiative members encourage that the Select Committee consider more support of RNG, hydrogen and hydrogen blending, power-to-gas, carbon capture, utilization, and sequestration (CCUS), and energy efficient technologies. In addition to robust research and development spending at the federal level, funding for demonstration projects of these innovative technologies is also very important. We recommend the Select Committee consider the role of federal support in these areas and to work in collaboration with industry leaders to develop and scale these emerging technologies.

We appreciate the opportunity to submit these responses to the Select Committee. If you have any questions, please do not hesitate to contact me at rlacount@mjbbradley.com or Brian Jones at bjones@mjbbradley.com.

Sincerely,

Robert LaCount
Executive Vice President
M.J. Bradley & Associates LLC