



October 14, 2020

Hon. Michael J. Barrett
Chairperson, Joint Committee on
Telecommunications, Utilities and Energy
State House
24 Beacon Street, Room 243
Boston, MA 02133

Hon. Thomas A. Golden, Jr.
Chairperson, Joint Committee on
Telecommunications, Utilities and Energy
State House
24 Beacon Street, Room 473B
Boston, MA 02133

Hon. Cynthia Stone Creem
Majority Leader
State House
24 Beacon Street, Room 312A
Boston, MA 02133

Hon. Patricia A. Haddad
Speaker Pro Tempore
State House
24 Beacon Street, Room 370
Boston, MA 02133

Hon. Patrick M. O'Connor
Minority Whip
State House
24 Beacon Street, Room 419
Boston, MA 02133

Hon. Bradley H. Jones, Jr.
Minority Leader
State House
24 Beacon Street, Room 124
Boston, MA 02133

Dear Members of the Conference Committee:

The Northeast Gas Association (NGA) is appreciative of the opportunity to provide comments on issues regarding natural gas in the Commonwealth, as your Committee considers climate policy legislation and a pathway to 2050.

NGA is a trade association based in Needham that represents natural gas interests in the Northeast U.S. region – including Massachusetts. The natural gas companies in the Commonwealth deliver natural gas to 1.7 million customers – from homes and businesses to schools, hospitals and power plants.

Natural gas currently fuels over half the Commonwealth's households and over half of its power generation. It is an affordable and reliable energy source for residences and businesses, and its growth in the state has enabled substantial reductions in air emissions. The ongoing investments in the replacement of older natural gas system infrastructure, facilitated by the Legislature, has resulted in reduced methane emissions in the state, and progress in that regard continues.

The Conference Committee is considering at this time reconciling two bills addressing climate change and the Commonwealth's "roadmap to 2050": S.2500 (an Act setting next-generation climate policy) and H.4933. Massachusetts is already a well-established leader in the U.S. in climate change action and this proposed legislation will extend its leadership position even further. In our view, natural gas has a continuing essential role in helping the Commonwealth advance along the path to a cleaner energy system that is also reliable and affordable.

NGA wishes to express comments on both bills for the Conference Committee's consideration, which we outline below.

Importance of Energy Efficiency, including Natural Gas Efficiency

The legislation rightly emphasizes the important role of energy efficiency in the Commonwealth's goals to achieve a cleaner energy system with important mitigating effects on energy costs. Continued investment in energy efficiency will continue to yield significant benefits. Massachusetts remains a leader in both electric and natural gas efficiency programs and we believe that the legislation's emphasis on efficiency is critical to future progress.

Importance of Energy Affordability and Economic Equity

The legislation rightly emphasizes the importance of energy affordability, so particularly important in this challenging time of a pandemic and economic contraction. S.2500 in Section 5 notes that the secretary in assessing the implementation of plans and regulations relative to climate change should "consider whether activities undertaken to comply with statewide greenhouse gas emissions limits and sublimits disproportionately impact low-income and moderate-income communities and recommend actions that provide benefits or cost savings to such communities or otherwise eliminate any such impacts." We agree with this legislative emphasis and sensitivity. With respect to impact on customers, in New England, where electricity costs are among the highest in the country, economic fairness must underpin our transition while we consider deeper innovation possibilities. The Conference Committee should weigh the full economic cost impacts of the transition. Natural gas has been and remains the lowest cost heating option for most households in the Commonwealth and going forward can help alleviate and/or mitigate economic burdens on residences and businesses in this era of extraordinary transition on which we are embarking.

Renewable Natural Gas (RNG) Opportunities

Section 15A of H.4933 highlights the range of non-carbon emitting sources in the context of municipal lighting plants and includes among those sources landfill methane and anaerobic digester gas. We want to note broadly the advances being made in the region and in the U.S. in terms of incorporating such resources as renewable natural gas (RNG). NGA released a major study in 2019 with the Gas Technology Institute (GTI) on the system incorporation of RNG. It is a supply opportunity that also brings considerable environmental benefits. We encourage the Committee to consider even more broadly the incorporation of RNG and potentially hydrogen as well, as opportunities to increase the decarbonization of the state's energy supplies.

Pipeline Safety in Gas Infrastructure

Section 17 in H.4933 addresses the area of gas leaks, leak classification, and reporting. The suggested language therein modifies existing oversight and reporting requirements, and while well intended, does not take into consideration the considerable work undertaken in the Commonwealth since the Merrimack Valley incident. In the last two years, the DPU has promulgated new rules to address gas safety and environmental issues, and has undertaken a comprehensive pipeline safety assessment covering all aspects of gas safety in Massachusetts, including oversight of a third party assessment of gas safety in MA conducted by Dynamic Risk Assessment Systems, Inc. Dynamic Risk's report was published with numerous recommendations for the industry as a whole and for each company specifically. The gas companies have filed action plans with the DPU along with timelines to implement recommendations in the report. Areas being addressed include new rules requiring professional engineering review of all gas construction plans; new requirements regarding over-pressure protection and inspections while working at or near regulator stations; and implementation of additional safety rules for damage prevention (DigSafe). The DPU has significantly increased its field presence, and established new programs to audit gas safety programs. Additionally, our Association is leading a collaborative effort by the state's natural gas utilities to implement a comprehensive Pipeline Safety Management System (PSMS) process, and we are communicating on all these activities with the DPU. For these reasons, we would ask that the Committee reconsider this section in light of the ongoing work overseen by the DPU.

Building Sector and Energy Affordability

As the Commonwealth moves to decarbonize the building sector among other areas of the economy, we urge the Committee to be sensitive to customer choice and energy affordability for residents and businesses. In Massachusetts currently, about one in six residents heat with electricity (17%) while more than 50 percent heat with natural gas, which is about half the cost of electricity. Requests for new gas services are outpacing the ability of the gas utilities in the Commonwealth to fulfill them. These requests come primarily from oil customers, who, when they convert to gas, realize an average annual cost savings of \$1,000, and reduce annual carbon dioxide emissions by 3 tons – displacing about 700 gallons of heating oil use.

Just last week, on October 6, the U.S. Energy Information Administration (EIA) released its "Winter Fuels Outlook" for the upcoming winter. Their analysis notes that for the U.S., and for our region, natural gas remains by far the most affordable heating option – at a lower cost than heating oil, propane and electricity. Limiting customer choice regarding affordable energy options would result in significant cost impacts to homeowners (particularly low and middle-income) as well as to businesses (dealing at this difficult time of COVID-19 with multiple economic challenges).

Thank you for the consideration of our comments. As the Commonwealth continues its progress in moving towards a low-carbon economy with increasing reliance on renewables and clean energy

*Comments of Northeast Gas Association, to
MA Conference Committee, re: S.2500 and H.4933
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technologies, we believe that natural gas will remain a key sustaining part of the state's energy portfolio. We look forward to working together on creating a reliable, affordable and clean energy future for the Commonwealth.

Very truly yours,

A handwritten signature in black ink that reads "Thomas M. Kiley". The signature is fluid and cursive, with a large initial 'T' and 'K'.

Thomas M. Kiley
President and CEO

