



Natural Gas Council
Climate Change Positions
May 12, 2010

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*

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. This marks

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

the first time the organizations comprising the Natural Gas Council have declared shared positions on climate change.