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## More Natural Gas Urged in Kerry-Graham-Lieberman Climate Bill

(Washington, DC) A trio of natural gas groups wrote U.S. Senators John Kerry, Lindsey Graham and Joe Lieberman yesterday, asking the senators to incorporate more natural gas in their upcoming climate change legislation because it is “one of the pillars upon which the solution to America’s energy and environmental challenges are built.”

The senators were encouraged to “not overlook” how America’s abundant natural gas can help the nation quickly and cost-effectively meet its carbon reduction targets. Specifically, the natural gas associations asked Senators Kerry, Graham and Lieberman to include a natural gas option if their legislation includes a Clean Energy Standard. The natural gas groups further requested balanced treatment for carbon capture and sequestration (CCS) research for natural gas in addition to coal CCS.

“It would be a huge mistake if natural gas loses out in the bill simply because our product doesn’t need the subsidies and other incentives being granted to other energy resources,” said Don Santa, President of the Interstate Natural Gas Association of America.

“We seek a level playing field. If the legislation isn’t crafted properly, natural gas could get squeezed out between congressional mandates for more expensive renewables and subsidies for higher-emitting fuels. That won’t be good for the environment or consumers,” said R. Skip Horvath, president and CEO of the Natural Gas Supply Association.

“Natural gas should be a linchpin to any climate strategy. Emerging shale gas plays and other domestic sources can produce more than enough natural gas to meet America’s needs for 100 years or more,” said Barry Russell, president and CEO of the Independent Petroleum Association of America.

The letter the natural gas associations sent to the three U.S. Senators is attached below.

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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](http://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.

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](http://www.ngsa.org), [www.naturalgas.org](http://www.naturalgas.org) and [www.bluejobs.org](http://www.bluejobs.org)

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April 7, 2010

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

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

The Honorable Joseph Lieberman  
706 Hart 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.”<sup>1</sup> 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.

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 CO<sub>2</sub> 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,

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

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