

'It's a big deal': Bans, electrification movement unsettle gas industry

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By Tom DiChristopher
Market Intelligence

Chicago is more than 2,000 miles away from the Bay Area, but a push among West Coast cities to electrify buildings was top of mind during a gathering of natural gas professionals in the Windy City.

"In the lovely city of Berkeley [Calif.], builders will be prohibited from applying for entitlements that include gas infrastructure," Western States Petroleum Association President Catherine Reheis-Boyd informed the audience during the opening keynote of the LDC Gas Mid-Continent Forum.

"Really? I mean, this is insanity," she said. "And of course, since the city of Berkeley did it, everybody else in California thinks it's great idea, so you have other cities that are now doing it."

Indeed, during the course of the Sept. 9-11 conference, Santa Monica, San Jose and Menlo Park, Calif., advanced measures that would ban natural gas in new buildings or strongly incentivize electrification through so-called reach codes. Just days before the conference kicked off, a member of the Seattle City Council unveiled legislation modeled after the Berkeley ordinance, which will prohibit permits for gas hookups in new low-rise residential buildings. City officials proposed the measures as a way to help lower greenhouse gas emissions and reduce global warming.

Industry fears eastward drift of gas ban

The momentum behind rules like the Berkeley ordinance is concentrated on the West Coast for the moment. But gas bans are also under consideration in the Boston metropolitan area, and industry representatives at the LDC Gas Forum expressed concern throughout the conference that growing opposition to gas could pave the way for a nationwide movement to mandate building electrification.

"We're also concerned that as California goes, does that ... spread east? Does it go to Massachusetts? Does it go to Pennsylvania?" said Dave Schryver, executive vice president of the American Public Gas Association, or APGA, a group that represents publicly owned gas distribution companies.

Schryver saw warning signs across North America, from the U.S. Northeast, where state programs encourage homeowners to invest in electric heat pumps, to Vancouver, British Columbia, where standards adopted two years ago make it difficult for some buildings to put gas appliances in homes. Talk of retiring gas systems and electrifying buildings is even cropping up in cities within the conservative stronghold of the Southeast, where many of APGA's members operate, he warned during a Sept. 11 presentation.

But APGA is not trying to suppress the topic. In fact, the organization wants to get the word out when local officials start considering anti-gas ordinances, Schryver said. That is because APGA believes consumers like gas appliances and will fight for them once they are informed. The belief is underpinned by market research commissioned by APGA, which found it was most effective for the industry to frame purchasing gas appliances as a smart consumer choice that adds value to households. That research informed APGA's new ad campaign, "Natural Gas. Genius."

"We're trying to educate consumers and make them aware," Schryver said. "Do you know this is going on? Do you know they want to replace your natural gas stove?"

Gas utilities hear a call to arms

The surprising momentum of the electrification movement is also leading some industry executives to question whether their companies should join organizations like APGA and the American Gas Association on the front line, rather than

leaving the battle to trade groups.

"It's a big deal," said Justin Powers, director of gas supply at Spire Inc., an investor-owned utility that delivers gas to 1.7 million customers in Alabama, Mississippi and Missouri.

"Spire has never taken an active role in trying to get out there and be ambassadors of gas, but electrification, you know, it's a little scary," Powers said during a panel discussion on Sept. 11.

Other executives on the panel also noticed that utilities have changed their approach. Michelle Carbone, manager for gas supply at Southern Co. subsidiary Northern Illinois Gas Co. doing business as Nicor Gas, recalled driving into work recently and seeing a billboard from her company promoting gas as a clean fuel.

"I would say that's something new for us," she said. "That's something I have never seen."

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