

News : APGA official knocks electrification, renewables push in US reconciliation bill
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Sees some benefits for gas in infrastructure bill

Urges efforts to engage elected officials

As a deal over climate provisions in budget reconciliation legislation remained in limbo in Washington , an official with the American Public Gas Association aired concerns that the current policy direction favors a drive toward electrification over an approach that takes advantage of abundant natural gas supplies.

Speaking virtually at the LDC Gulf Coast Energy Forum Oct. 13, Stuart Saulters, vice president of government relations for the trade group representing public local distribution companies, criticized energy provisions in the wide-ranging Democrat-based budget reconciliation bill -- along with administration efforts to spur building electrification and alter appliance efficiency rulemakings.

“It’s clearly evident that both the administration and Congress believe electrification is the solution,” Saulters told the conference. “With that, there’s never been a more important time for our industry to engage elected officials on the importance of clean, affordable, available and American natural gas .”

While he offered that "there's some good" for the gas industry in the bipartisan infrastructure bill that passed the Senate, he noted that legislation is hung up in negotiations as House progressives continue to insist on passing it alongside a reconciliation bill that includes farther-reaching climate provisions.

'A lot of bad'

“There’s a lot of bad proposed for the reconciliation bill, making the tough question now, 'does the good outweigh the bad?'" in combination with the infrastructure legislation, he said.

Saulters was especially concerned about the Clean Electricity Performance Program, a program included in the budget reconciliation bill that would provide grants to utilities that increase their proportion of clean energy generation and penalize entities that fail to meet certain targets. It aims to transition the electric fleet to cleaner energy sources, excluding fossil fuel generators that lack carbon capture technology.

He asserted the program would “force power generation companies to use only certain types of electric generation like renewables , wind and solar .” Details of the CEPP are under pressure in negotiations as Senator Joe Manchin, Democrat-West Virginia , a key swing vote, continues to object to the existing plan.

Saulters also found fault with a rebate program included in the reconciliation bill for electric appliances.

“This would go a long way in forcing Americans to fuel-switch from gas to electric ,” he said.

In addition, he set sights on a proposed methane fee in the legislation on oil and gas production and midstream facilities.

“While this would not directly impact APGA members, there's no doubt that those charged this fee -- the upstream producers, the midstream transmission companies -- will raise their costs, which will trickle down to distribution companies,” Saulters said.

By contrast, he highlighted parts of the bipartisan infrastructure bill he saw as beneficial to the gas sector but suggested that with midterm elections next year, politics might obstruct their inclusion.

Among provisions he favored were funding for natural gas vehicle fueling infrastructure, permitting reform he cast as making it easier to build pipelines, a grant program to encourage gas distribution modernization, and “beneficial legislation” related to the building codes process. In addition, he pointed to funding for hydrogen research and development.

Gathering opposition

APGA is not the only oil or gas industry group to criticize aspects of the budget reconciliation bill. The American Petroleum Institute and a long list of trade groups in September asked senators to head off a methane fee that would target oil and gas .

Asked to comment on the reconciliation bill, API on Oct. 14 alluded to the methane fees and pointed to power sector provisions it said “failed to recognize the critical role of natural gas in driving further emission reductions.”

“This import-more-oil strategy is a backward approach to addressing our shared climate goals and will only serve to stifle job creation, weaken US energy security and undermine the nation’s economic recovery,” API Senior Vice President of Policy, Economics and Regulatory Affairs Frank Macchiarola said in an Oct. 14 email.

The American Gas Association has also contended that methane fees on natural gas would raise costs for consumers, and the Independent Petroleum Association of America warned that the various royalty rate increases and fees would cumulatively impact its members’ ability to operate offshore and on federal lands.

The comments come as House progressives have held firm on the importance of keeping key climate change provisions in the package, and as Biden faces pressure from climate activists to do more to stop fossil fuels.

Indigenous and environmental activists recently held protests outside the White House , urging the president to halt fossil fuel projects. Oil Change International released a report Oct. 12 asserting that more than 20 major fossil fuel infrastructure projects still pending various federal reviews by the Biden administration would derail climate commitments if approved. Among the projects targeted were Enbridge's Line 3, the 303-mile, 2 Bcf/d Mountain Valley Pipeline and a host of LNG facilities.