

Senate Energy and Public Utilities Committee
House Bill 201 – Proponent Testimony
Ohio Gas Association – Jimmy Stewart, President
Tuesday, May 25, 2021

Chairman McColley, Vice-Chairman Schuring, Ranking Member Williams and members of the Senate Energy and Public Utilities Committee, thank you for the opportunity to be here today to provide proponent testimony on House Bill 201, a bill that prohibits municipalities from limiting access to retail natural gas service in Ohio. My name is Jimmy Stewart and I am President of the Ohio Gas Association (OGA.)

OGA is Ohio's natural gas trade organization comprised of more than 30 local distribution companies, municipally owned natural gas distribution systems, member cooperatives, and the majority of Ohio's intra- and inter-state natural gas transmission companies. As Ohio's shale plays further develop, OGA continues to grow to include Ohio natural gas producers, midstream companies and other affiliate members from various industries. Together, the member companies of the OGA serve more than 3.6 million retail customers across the state.

Over the past several years we've seen cities on both coasts begin to restrict access to and outright ban the use of natural gas. There have been a number of different strategies employed to accomplish this goal, including passage of resolutions that set unrealistic timelines to phase out access to natural gas by a specific date, or modifying local building codes to establish indoor air quality standards that cannot with met with the use of natural gas appliances – each comes with its own consequences that negatively impact residential customers, small businesses, manufacturers and the environment.

Cities such as Lakewood and South Euclid have passed resolutions to end the use of fossil fuels by city accounts by 2025 and by the entire community by 2035. The City of Dayton plans to phase out natural gas furnaces by 2035. It also passed some of the most restrictive goals for conversion away from natural gas in the state. These actions conflict with the direction that the General Assembly has set regarding energy policy.

Opponents to H.B. 201 may argue that customers choose their local officials, who should then be empowered to make policy decisions such as restricting or banning access to natural gas.

However, those same voters choose their state officials and entrust them to enact appropriate state policy, such as R.C. 4929.02(A)(1), which makes clear that it is the policy of the State of Ohio to, “Promote the availability to consumers of adequate, reliable, and reasonably priced natural gas services and goods.” Therefore, the policy of H.B. 201 is actually consistent with “local control” as it enables retail customers to continue to choose the fuel best suited to run their businesses, heat their homes and cook their meals.

We also have significant operational concerns. The natural gas network is extremely complex. It’s made up of thousands of miles of interconnecting pipelines specifically designed to operate at various pressures. Gas pressure is regulated by a number of different components, such as compressor stations and city gate stations located at various points throughout the system. It is possible that prohibiting service in one city could create significant supply and reliability issues for customers located in another. Addressing these potential issues would require engineering

and infrastructure investments that would be shouldered by all ratepayers, not just the communities that instituted bans.

H.B. 201 simply allows retail customers to choose the fuel source that works best for them. It does not prohibit cities or homeowners from investing in or using renewable energy if that is their preference. If a city wants to purchase all of their energy from renewable sources, they can do so. If they want to install solar panels on city buildings, nothing in this bill prohibits that from happening.

We know that our customers want natural gas. In July 2020, a northeast Ohio natural gas company surveyed its customers and the results showed the following:

- 74% oppose banning new natural gas connections
- 74% oppose requiring customers to convert to 100% electricity
- Over 60% of customers who identify as environmentalists oppose banning new natural gas connections and requiring 100% electricity

Ohio natural gas customers are enjoying some of the lowest energy costs in the country. In South Euclid, for example, residential customers have saved over \$32 million over the past 10 years due to low natural gas prices. Imagine taking away those savings from customers and telling them they need to buy a new electric furnace, hot water heater, and stove - and by the way, their energy bills are most likely going to increase.

Ohio's natural gas companies are leading the way on environmental issues. Dominion Energy, for example, has the third largest solar fleet in the U.S. and is building the largest off-shore wind

project in the United States, has reduced methane emissions by 25% since 2010, and is on track to reach 65% by 2030.

Although there *are* companies that choose to invest in renewable resources, many also recognize that natural gas has to be part of Ohio's energy future. Ohio is now the fifth largest natural gas producing state in the U.S. One of the many lessons learned from the energy crisis in Texas last winter is that we shouldn't put all of our energy eggs in one basket.

It wasn't that long ago when we first heard of the Marcellus and Utica shale formations and the abundant supply of natural gas in our state. Many Ohioans were excited about the economic opportunities that would come along with further development of this industry. Our member companies are frequently approached by local businesses and elected officials requesting expansions of natural gas service to their community. As a matter of fact, just last year the Public Utilities Commission of Ohio (PUCO) held a number of "Access to Natural Gas" forums that focused on ways to incentivize the expansion of natural gas service to unserved or underserved areas of the state – all while some of our largest municipalities were attempting to phase out the use of one of the most abundant and affordable of the state's natural resources.

OGA believes that we are fortunate to have this abundant supply of natural gas in this state, and as a result, your constituents will have access to an affordable, reliable, and environmentally responsible source of energy for years to come.

I ask for your support on H.B. 201. Thank you for your time and consideration. I'm happy to answer any questions that you may have.