



April 29, 2009

The Honorable Senator Bingaman
Chairman, Senate Energy and Commerce Committee
United States Senate
703 Hart Senate Office Building
Washington, DC 20510

Dear Senator Bingaman:

We are writing on behalf of the Natural Gas Council (NGC), which comprises members of all segments of America's natural gas industry, to urge you to seriously consider the remarks made by Mr. Thomas E. Skains, chairman of the American Gas Association (AGA) and president, chairman and CEO of Piedmont Natural Gas, at the recent hearing of your committee on the Energy Efficiency Resource Standards (EERS) included in both S. 548 and the American Clean Energy and Security Act (ACES) of 2009.

The NGC strongly supports energy efficiency measures. Mr. Skains' remarks addressed our concerns, however, that any energy and environmental legislation should be, among other things, clear and predictable and offer meaningful program funding. The EERS portions of S.548 that fail in this regard are exemplified by the following problematic aspects of the provision:

- First, the legislation could prevent conversions to high efficiency natural gas applications from less efficient fuels and processes.
- Second, the language would perversely punish utilities whose consumers increase their efficiency by converting from electricity to natural gas appliances.
- Third, the imposition of these penalties could be a barrier to economic growth and development by raising the cost of energy to both new and existing customers.
- Fourth, the focus is on large, after-the-fact penalties rather than incentives and is tied to consumer behavior, which the utility can neither control nor dictate.

As the nation addresses its energy-related issues, natural gas will play a significant role in attaining progress toward a new energy economy. Our fuel is a clean, efficient, abundant, and domestic energy source and our customers lead the nation in energy efficiency. The natural gas

sector is committed to a continued partnership with consumers and policymakers to develop and implement viable energy efficiency programs and to make the investments needed to continue increasing the efficiency of energy use by American homes and businesses. We are optimistic that this Congress will draft legislation that will help reduce the nation's energy and carbon intensity through a mechanism that is clear and predictable, and one that takes into account its impact on those entities already working to increase energy efficiency.

Thank you for your attention to our concerns. We look forward to working with you to enact a legislative and regulatory framework that would provide investment incentives and economic certainty.

Sincerely,



David Parker
President & CEO
American Gas Association



Don Santa
President
Interstate Natural Gas Association



Skip Horvath
President & CEO
Natural Gas Supply Association



Barry Russell
President & CEO
Independent Petroleum Association of
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