



JUST THE FACTS

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Natural Gas Moratoriums in the U.S. – What Could Go Wrong?

The drumbeat of ill-advised efforts by governments at different levels to take away consumers' rights to choose energy sources is continuing, with the most recent count being about 80 local governments – most in California – passing ordinances that require or urge property owners to use electric rather than natural gas appliances, with a primary focus on new construction or renovations.

Most recently, New York Gov. Kathy Hochul proposed in her January state of the state address to phase out natural gas as a heating and cooking source throughout New York by 2028, and went further by proposing to end the sale of any natural gas or fossil-fuel based heating equipment in the state by 2035. A 2021 New York City ordinance put similar restrictions on energy choice, putting an end to natural gas usage for cooking and heating in newly constructed buildings less than seven stories starting this year, and extending that ban to taller buildings in 2027.

In Pennsylvania, former Gov. Tom Wolf vetoed a bill last July that would have prevented local governments from limiting energy choice, with the Philadelphia Gas Works, one of the largest municipal-owned natural gas distribution utilities in the nation, supporting the legislation to ensure natural gas remains available to consumers in Philadelphia and across the Commonwealth (Lycoming County State Sen. Gene Yaw wasted no time introducing the bill in January for this session).

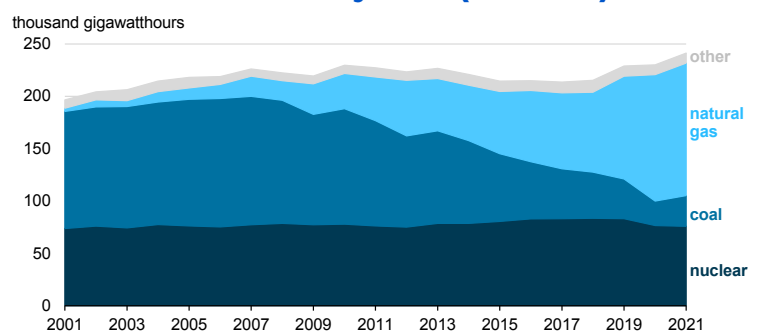
Last, the Biden Administration scrambled in January to distance itself from U.S. Consumer Product Safety Commissioner Richard Trumka, Jr.'s statement that a national ban on new natural gas-fire stoves was "a real possibility."

What would the consequences be if the use of natural gas – first as a source for energy and cooking and then as a building block for thousands of consumer goods – was banned in the United States? Here is a brief summary:

Electricity Production

Utilities and independent power producers in the U.S. have increasingly turned to natural gas over the past decade to produce affordable, clean and reliable electricity, with about 38 percent of nation's demand currently being met by that fuel of choice. According to the Energy Information Administration (EIA), the use of natural gas for electricity production increased by 64 percent between 2010 (988 billion kilowatt hours) and 2020 (1,624 BkWh), with a similar increase in the previous decade.

Annual utility-scale electricity generation by source in Pennsylvania (2001-2021)



Source: Energy Information Administration, Jan. 2023

The essential role natural gas plays in U.S. energy production – and energy security – is reflected in Pennsylvania's energy generation over the past 20 years, with natural gas-fired facilities growing from just 2 percent to 52 percent in 20 years. There is no other source available to replace half of the Commonwealth's energy production, now or in the foreseeable future.

With coal, nuclear and renewables each accounting for between 19-22 percent of the remaining 62 percent of electricity generation, the U.S. would be forced into panic mode to make up the significant production deficit if natural gas was removed from the equation. The gains in air quality resulting from the increased use of natural gas would also be at risk, and the relative predictability in generation cost provided by steady supplies of domestic natural gas would be lost.

In short, America would pull the plug on a significant amount of affordable power for a considerable period of time.

Residential/Commercial/Industrial Heating

Cutting off all natural gas usage in the U.S. would mean that a lot of families would be cold in the winter, and a significant amount of manufacturing would stall – until equivalent energy alternatives could be identified and systems retrofitted to use those new sources. EIA estimates 47 percent of U.S. residents rely on natural gas for heating purposes. Similarly, industrial demand for gas draws 33 percent of the total amount produced in the U.S. each year, with commercial demand at 11 percent (making up 44 percent of total annual national demand).

The cost to these residential and business property owners to purchase and install alternatives to their existing natural gas equipment would be staggering, and like electricity production, the air quality improvements achieved by burning the cleanest fossil fuel would be lost.

As a Cooking Fuel

Despite the efforts to walk back Richard Trumka's comments last month about a future ban on natural gas stoves to cook our food, the fact is that it likely was not raised by a CPSC commissioner in a vacuum. One has to believe it is in discussion among some federal policy makers.

Natural gas safely and effectively cooks food in almost 40 percent of residential homes in the U.S. The National Restaurant Association noted in 2022 that 76 percent of the nation's restaurants use gas, and 94 percent of those restaurants said the quality of the food they serve would be negatively impacted if gas was not available. Media coverage about New York state's plans is quick to note that carve-outs for the use of natural gas in restaurants are likely to be included in final proposals. Gov. Hochul's energy and environment spokesperson specifically said, "both [short- and long-term] proposals would allow for exemptions that would potentially include commercial kitchens."

While that is good news for New York's restaurant lobby, the average American cook who opts for natural gas might not be as fortunate.

Ethane as a Manufacturing Feedstock

Last, we cannot forget the fate of thousands of items we use every day that are derived from processing ethane into polyethylene to make lightweight, durable and essential plastics. There is no substitute for ethane as a feedstock for these products, and they would eventually disappear from store shelves, as well as from our automobiles, doctors' offices and hundreds of other essential applications most people take for granted.

The Facts

The broad advantages of American-produced natural gas are almost too numerous to count, including stability in pricing, an abundant supply, the ability to provide on-demand availability, the safety of the national delivery system and cleaner air. Government intervention to limit these benefits may continue, but market forces – along with the grounded belief in freedom of choice in the U.S. – can be expected to favor the use of more natural gas, not less, in the future. A January 2023 EIA analysis about electric generation in Pennsylvania over the past 20 years may best reflect this fact: natural gas-fired plants produced only 2 percent of the Commonwealth's electricity in 2001. That amount jumped to 52 percent in 2021.



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