



February 2, 2016

Dear Senator,

The American Public Gas Association (APGA) and American Gas Association (AGA) strongly oppose an amendment (#3115) that Senator Franken may offer during floor debate on The Energy Policy Modernization Act.

Senator Franken's amendment would impose a one-size fits all federal energy efficiency resource standard mandate that would require natural gas and electric systems to achieve annual energy savings equal to an escalating and arbitrary percentage of a base period of energy consumption. The burden of meeting the efficiency targets imposed by this legislation would ultimately fall on the natural gas customers served by our members.

Our members, natural gas local distribution companies (LDC's), are strong supporters of energy efficiency and have implemented numerous efficiency programs, as well as educational programs to communicate to their customers the benefits of energy efficiency, within their respective service territories. However, our members cannot force their customers to become more efficient and ultimately a consumer's decision to make efficiency improvements will be based on several factors, one of the largest being the initial cost of the specific improvement.

The nation-wide energy efficiency resource standard imposed by this legislation ignores important regional differences that impact energy usage. It does not provide credit for efficiency gains that many states and individual LDC's have obtained through the implementation of effective efficiency programs, many of which have been in place for numerous years. Those states and LDC's which have already obtained significant energy savings through existing programs would, in effect, be punished for these efforts under this legislation as the costs they will incur will be much higher to meet the efficiency standard imposed by the amendment. The amendment also ignores regional variations in climate. Adhering to these efficiency mandates will be harder, and as a result costlier, in regions of the country with mild temperature swings.

The penalties imposed upon natural gas LDC's for failing to meet the energy efficiency mandates could be very high for large systems with the penalties potentially reaching millions of dollars. Ultimately, these costs will be passed onto the utility's consumers. Not-for-profit community owned public gas systems will be particularly hit hard by these penalties.

The federal government has, and should continue to play, an important role in energy efficiency. However, this one-size fits all nationwide energy efficiency mandate will harm consumers and place efficiency requirements on natural gas LDC's that are beyond their control to meet. For these reasons, we urge you to oppose this amendment.

Sincerely,  
American Public Gas Association  
American Gas Association