



AMERICAN PUBLIC GAS ASSOCIATION

June 11, 2018

The Honorable Michael Picker, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: California Customer Choice: An Evaluation of Regulatory Framework Options for an Evolving Electric Market

President Picker:

On behalf of the American Public Gas Association (APGA), we appreciate this opportunity to submit comments on how the California Public Utility Commission should approach consumer choice.

APGA, the national association for municipally and community-owned natural gas utilities, is in a unique position to offer comments on this matter because of its members' proximity to the consuming public. APGA represents public gas systems and our members are non-profit retail distribution entities owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that own and operate natural gas distribution facilities in their communities.

At the most basic level, municipal gas systems represent the views of American natural gas consumers. Our members serve homeowners, restaurants, schools, hospitals, small businesses and, manufacturing and industrial facilities, all of which rely on affordable and dependable natural gas to heat their homes, buildings and water, cook their meals, dry their clothes, and fuel their businesses of all types. The use of natural gas appliances in homes and businesses lowers consumer energy costs, improves overall efficiency and reduces emissions while freeing up critical capacity for electricity generation and providing greater flexibility for the local energy infrastructure. Natural gas appliances reduce the strain on the electricity grid while minimizing the need for the construction of additional generation plants and transmission lines.

APGA is very concerned with one of the fundamental questions raised in the Draft Green Book, which is, *"What is needed (to) reduce the use of fossil fuels such as natural gas, which is used not just for electric power, but also for industry and in homes and buildings?"* To APGA, the concept of looking for ways to reduce or eliminate one of the most fundamental and popular

energy resources from a home or business runs completely counter to the purpose of the paper which is intended to focus on protecting and evolving California Customer Choice. Importantly, none of the representative national and global market profiles evaluated in the paper include in any way the reduction or elimination of natural gas direct use.

Over the past 100 years, the use of natural gas in our homes and businesses has been a cornerstone to residential and commercial development and energy system reliability and resiliency. The direct use of natural gas is the lowest cost energy delivered to homes and businesses and is the smallest contributor to greenhouse gas emissions for residential and commercial buildings. Eliminating Californians' ability to choose what energy resource best fits their needs will increase their energy costs, lead to a less reliable energy system, and produce little or no environmental benefits.

We believe Californians should have the right to choose the energy and appliances they use in their homes and businesses, and we believe there are better, more cost-effective ways to clean our air and protect the environment. As the state continues to address air quality issues, we would like to remind everyone of the most abundant, clean energy being used today—the direct use of natural gas in our homes and businesses. Every day natural gas is being used by 177 million people across this country to heat the house, provide hot water, dry clothes and cook meals.

Choosing clean energy sources should not mean abandoning natural gas appliances. Pursuing clean energy should include looking for ways to reduce energy consumption, utilizing the current energy infrastructure in the most efficient way and planning for our energy future in a way that protects consumer options, balances their energy needs, and ultimately ensures our energy infrastructure is secure and economical for future generations.

California is facing unprecedented affordability issues: the costs of housing, transportation, and energy are all on the rise. Natural gas is currently used for more than 90% of California's space heating needs and more than 80% of its water heating needs. The cost to convert to all-electric would be unsustainable. Everyday Californians are finding it difficult to provide for their families and make ends meet. This situation would be further exacerbated by reducing or eliminating the use of natural gas and switching to electric appliances given that households that use all-electric appliances pay almost \$900 a year more than mixed-fuel homes.

Forcing more and more appliances to be electric-only will place additional financial hardships on many Californians, particularly low-income families. The fact that one in every three residential customers receives some kind of relief from their energy bill under California Alternate Rates for Energy program suggests that California should be moving towards the affordable direct use of natural gas and not away from its use. It is extremely unreasonable to expect that everyone can switch out their appliances without facing financial hardship. Replacing appliances also may require an upgrade to both the electric panel and wiring, at great additional cost to the home and business-owner. Californians who rent can expect to have these costs passed along to them.

Moving the state's energy infrastructure system to an all-eggs-in-one-basket scenario ultimately jeopardizes energy reliability and security while dramatically increasing costs to consumers. Should blackouts occur due to natural or man-made causes, California residents will be completely without energy for cooking or space and water heating. It hardly seems prudent for the state to choose to eliminate all but one type of energy delivered to its residents.

History shows that "one-size-fits-all" policies have failed. As energy providers, we do not believe in limiting what energy source consumers choose to heat their home, power their TV or drive to work. Ultimately, consumers are in the best position to choose what energy type is best for them. Policies that reduce American consumers' choices will cost them today, tomorrow and in 2050.

Policymakers in California and in other jurisdictions need to promulgate and promote initiatives that acknowledge the substantial energy system reliability/resiliency benefits afforded consumers and society through natural gas end use.

Sincerely,

A handwritten signature in black ink, appearing to read "Bert Kalisch". The signature is fluid and cursive, with the first name "Bert" and last name "Kalisch" clearly distinguishable.

Bert Kalisch
President & CEO

Cc: Carla J. Peterman, Commissioner
Liane M. Randolph, Commissioner
Martha Guzman Aceves, Commissioner
Clifford Rechtschaffen, Commissioner