

September 13, 2021

Senate Majority Leader Chuck Schumer
Senate Minority Leader Mitch McConnell
House Speaker Nancy Pelosi
House Minority Leader Kevin McCarthy

On behalf of the companies and associations that make up the natural gas supply chain and the 180 million Americans and the 5.5 million businesses that rely on natural gas, we would like to express our concerns about Section 30114—the Environmental Protection Agency Methane Fee—included in Subtitle A of the House Energy and Commerce Committee’s reconciliation package—the Build Back Better Act. Through numerous programs and initiatives, our companies are at the forefront of reducing greenhouse gas emissions, including methane. Moreover, natural gas is responsible for 61% of cumulative carbon dioxide emissions savings due to changes in the electricity generation fuel mix.¹

As we highlighted in our letter dated September 7, 2021, new fees or taxes on energy companies will raise costs for customers, creating a burden that will fall most heavily on lower-income Americans. These major new costs most likely will result in higher bills for natural gas customers, including families, small businesses, and power generators. Over the last week, three variations of the methane tax have been introduced with our analysis showing increases to customer natural gas bills ranging from 12% to 18% to 34%, with the average cost from \$85-\$242 per year.² Without a serious cost-benefit analysis, the impact to the consumer, and more broadly, to the economy and the environment are unknown. We appreciate the efforts to address methane emissions, but the unintended consequences of this tax could prove harmful to families across the country with little environmental benefit.

These outcomes are inconsistent with President Biden’s commitment to pay for reconciliation without imposing new taxes on lower-income Americans. One-third of households already face a challenge in meeting energy needs, according to the Energy Information Administration. In a 2015 survey, 25 million households reported forgoing food and medicine to pay energy bills. According to the Department of Energy’s Low-Income Energy Affordability Data (LEAD) tool, the national average energy burden for low-income households—upwards of 50 million homes—is three times higher than non-low-income households. Furthermore, the energy burden can be as high as 30% of gross household income, depending on location and income. Any increase in low-income households’ energy costs could prove devastating.

¹ U.S. Energy Information Administration. <https://www.eia.gov/environment/emissions/carbon/>

² The new methane fee will impact customers in different ways depending on the regulatory treatment of the taxed natural gas, the amount of gas taxed, and the characteristics of the impacted utility. This scenario assumes 1) a \$31-\$100 per MCF fee on a range of 0.75% to 1.5% of the gas purchased by a utility 2) for whom the proportion of the commodity in the average bill is about 45%, and 3) the cost of gas is passed through in its entirety to utility customers.

As Congress continues to debate budget reconciliation, we urge you to consider the significant impacts that new fees and taxes on natural gas can and will have on all Americans. We look forward to working with you on ways to continue driving down methane emissions while still providing homes and businesses with affordable, efficient, and reliable energy.

Sincerely,

American Gas Association
American Natural Gas Association
Energy Association of Pennsylvania
Gas & Oil Association of West Virginia (Go-West)
GPA Midstream Association
Independent Petroleum Association of America
Interstate Natural Gas Association of America
Iowa Utility Association
Louisiana Gas Association
Marcellus Shale Coalition
Natural Gas Supply Association
Northwest Gas Association
Ohio Gas Association
Plumbing-Heating-Cooling Contractors—National Association