

Testimony of Bill Roland, Director
Government Affairs- Peoples Natural Gas
House Environmental Resources and Energy Committee
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Peoples Gas, the natural gas operating segment of Essential Utilities, serves approximately 740,000 customers in southwestern Pennsylvania, northern West Virginia and eastern Kentucky. We operate more than 14,500 miles of distribution and transmission pipelines in these areas.

Peoples also owns and operates more than 2,000 miles of gathering pipelines, 29 compressor stations and seven underground storage fields. These facilities primarily function as midstream assets for local producers to transport locally produced gas to Peoples customers as well as to interstate pipeline connections. This configuration, a combination of locally sourced natural gas from conventional and unconventional production, storage facilities and interstate pipeline connections makes Peoples unique as we focus on our responsibility to deliver low-cost energy to customers. Simply put, the vast energy resources of the region have benefitted Peoples and our customers for over 130 years.

At Peoples, we recognize the energy landscape is rapidly shifting and evolving. Across the country, there is a massive investment in renewable technologies, especially for electric generation. We are excited to witness these developments and look forward to the future because we believe that natural gas and renewables will enable a low-carbon economy to thrive while avoiding the worst impacts of climate change.

Natural gas infrastructure mitigates the intermittency of renewable sources like wind and solar, and adds resiliency, reliability and efficiency to energy markets. We believe the future of natural gas is particularly strong in distribution to homes and businesses, where natural gas will continue to serve as a low cost fuel source for heating, cooking, and commercial and industrial operations.

Peoples is also innovating and imagining gas delivery for the future. Our Long-Term Infrastructure Improvement Plan (LTIIP), commits to rebuilding over 200 miles each year of distribution facilities through 2034, replacing aged infrastructure and lowering our Scope 1 emissions by 60%. We also transport 1.5 Billion cubic ft (bcf) of renewable natural gas, sourced from landfills, through our pipelines, and are excited about developments in the energy industry related to hydrogen and other technologies that can transform energy supply.

Concerning the development of Hydrogen; there are many threads to explore, many themes to “run out” and many possibilities to collaborate upon. When we think of the potential of a hydrogen hub on our region, we see the opportunity to collaborate with private capital and public companies that will invest in demonstration projects to prove the viability of hydrogen and improve our regional economy along the way. As a regulated monopoly with a defined service territory, Peoples Gas thrives as our communities and our customers thrive. Western PA possesses the vast natural resources of energy, water, highly-skilled labor and the capital to carve the path for sustainable development for generations to come.

As the leader of a natural gas utility, it’s also important to ground ourselves on some of the realities of today’s discussion. The ability to use energy at the consumer-level has always been impacted by cost and it’s important to keep in mind that our customers pay the bills.

Peoples, as is the case with all the gas utilities in the Commonwealth, operate under a mandate of “least cost” procurement. Gas utilities are not permitted to profit on the commodity itself, rather we acquire gas for our system at least cost and pass along those costs to our customers dollar for dollar. As we begin to look at introducing hydrogen into our current distribution system, we have two guiding principles: least cost and safety. Hydrogen injection into our current supply stock will be more expensive at a time when customers across the Peoples footprint, nearly 1 in 3 households, receive some level of assistance with their monthly energy bill. So we will proceed but we will proceed carefully and with our customers first and foremost in our minds.

The Public Utility Commission has held, and we agree, that we are currently not permitted under law to recover the costs of injecting hydrogen into our current distribution system because it would violate the “least cost” provisions of title 66. Our second principle, and the most important from the Peoples Gas perspective, is safety. At Peoples, safety is job one. While we believe that some level of hydrogen can be used safely in our current system, perhaps at a level of 5% to 15%, until we are absolutely certain, we will not utilize hydrogen.

Natural gas has been and continues an affordable commodity and that affordability has been the primary driver in billions of infrastructure improvements across this region and across this country. As supply and demand becomes rebalanced from the past decade, it’s important to keep a watchful eye on the impact to consumers and especially those in vulnerable neighborhoods that rely upon low cost energy to heat their homes and power their businesses. This only supports the notion that our region, with clean, abundant supplies of natural gas and the infrastructure to innovate and make lower-carbon fuels a reality in the near future, can and will support the evolving energy landscape.

At Peoples, we've gone beyond pipeline operation. We've installed Combined Cooling, Heating & Power (CCHP) units in universities, hospitals, and commercial enterprises. We are experimenting with home fuel cells. We helped to establish a microgrid at the Greater Pittsburgh International Airport, now among the most resilient airport in the world. All of these initiatives have reduced carbon output and reinforce the resiliency of the electric grid. And now, the exploration of hydrogen can take us to an entirely new level.

It's an exciting time. We have a rare opportunity to create something new. Status quo is not an option for future generations.

On behalf of Peoples Gas and Essential Utilities, thank you for your interest and for the ability to talk with the committee today.