

April 8, 2019

The Honorable Bobby Rush
United States House of Representatives
2188 Rayburn House Office Building
Washington, DC 20515

The Honorable Peter Welch
United States House of Representatives
2187 Rayburn House Office Building
Washington, DC 20515

The Honorable Fred Upton
United States House of Representatives
2183 Rayburn House Office Building
Washington, DC 20515

The Honorable David McKinley
United States House of Representatives
2239 Rayburn House Office Building
Washington, DC 20515

Re: House Energy & Commerce Committee Subcommittee on Energy, hearing entitled *Investing in America's Energy Infrastructure: Improving Energy Efficiency and Creating a Diverse Workforce*.

Dear Chairman Rush and Ranking Member Upton:

The American Gas Association (AGA) appreciates the opportunity to submit comments on the measures to be considered during the upcoming legislative hearing titled *Investing in America's Energy Infrastructure: Improving Energy Efficiency and Creating a Diverse Workforce*. Specifically, this letter addresses the Home Owner Managing Energy Savings (HOMES) Act (H.R. 2043),¹ introduced by Representatives Welch (D-VT) and McKinley (R-WV) and scheduled to be discussed at the aforementioned hearing.

AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 74 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent—more than 71 million customers—receive their gas from AGA members. Today, natural gas meets more than one-fourth of the nation's energy needs.

AGA recognizes and appreciates the bill's goal of improving the energy efficiency of Americans' homes and businesses. America's natural gas utilities share this focus on energy efficiency², which is why utility-funded gas efficiency programs have helped customers reduce their annual natural gas usage by 18 percent, and save an average of \$141 in annual energy costs. Utilities also helped customers save 239 trillion Btus of energy and offset 12.5 million metric tons of CO2 emissions in 2016.

However, it is important to note that energy efficiency can, and is often, measured using two different methods: (1) site energy evaluation, and (2) source energy evaluation. These methods can yield drastically different results, and without proper context, can obfuscate the true energy, consumption and emissions savings associated with an energy appliance.

¹ The Home Owner Managing Energy Savings (HOMES) Act, H.R. 2043, available at https://energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/H.R.2043_Welch_intro%20in%20H_2019.04.03_1.pdf (last visited April 5, 2019).

² AGA, *Natural Gas: The Facts* (2016) (“The average American home consumes 40 percent less natural gas than it did 40 years ago”).

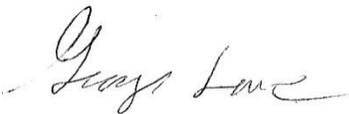
Site energy measures the amount of electricity, natural gas, propane and/or fuel oil that is consumed by an appliance at the site where it is being operated. Source energy measures the fuel expended in the energy supply chain; therefore, it includes site energy and it accounts for transmission, delivery, and production losses. For natural gas, propane or oil appliances, this includes energy expended in the transportation and distribution process. For electric appliances, source energy includes the energy expended in the generation, transmission, and distribution process. Source energy provides a more complete assessment of the energy efficiency of an appliance, building or household, because it accounts for all energy use and it provides a complete assessment of energy efficiency.

For this reason, the Environmental Protection Agency (EPA) recommends using source energy, and considers it the “*most equitable unit of evaluation.*”³ The HOMES Act would require the use of RESNET,⁴ a third-party modeling tool to determine energy efficiency of residential homes. However, it is not clear if the RESNET modeling tool would use a source energy methodology to determine the home energy savings retrofit rebate. Not using a source energy measurement approach to determine the energy efficiency targets laid out in the HOMES Act would undermine the bill’s true intent: to reduce overall energy consumption. Worse, as written the HOMES Act could incentivize fuel switching, or the swapping out of natural gas appliances in favor of electric appliances that have a low site energy consumption but a much higher source energy consumption. DOE’s Home Energy Score⁵ is an energy efficiency scoring tool that is based on the asset source energy used by the home which represents a viable alternative to address this potential issue.

AGA supports the commitment to energy efficiency demonstrated by Representatives Welch and McKinley, and AGA encourages further examination of the impacts of a site versus source energy measurement, particularly the unintended consequences of policy that relies upon site based energy measurements.

The American Gas Association stands ready to work with you and your staff to continue advocating for energy efficiency and developing policy based upon sound science and comprehensive methodology. AGA welcomes the opportunity to share more information about the important work natural gas utilities do to help customers better understand energy usage and reduce their consumption.

Sincerely,



George H. Lowe
Vice President, Governmental Affairs and Public Policy
American Gas Association

³ Energy Star, *The Difference Between Source and Site Energy*, available at <https://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/use-portfolio-manager/understand-metrics/difference> (last visited April 5, 2019)

⁴ <http://www.resnet.us/library/what-is-an-energy-audit/>

⁵ <https://betterbuildingssolutioncenter.energy.gov/home-energy-score/home-energy-score-about-score>