March 30, 2021

The Honorable Dianne Feinstein
The Honorable John Kennedy
Senate Committee on Appropriations
Energy and Water Development Subcommittee
140 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairwoman Feinstein and Ranking Member Kennedy:

We are writing to request your support for increased research and development funding within the Fiscal Year (FY) 2022 Energy and Water Development Appropriations Bill to invest in innovations which will enable us to keep essential energy sources affordable, further reduce emissions and develop the next generation of clean fuels.

Today, natural gas is delivered safely through more than 2 million miles of transmission and distribution pipes to more than 179 million Americans, who use this clean affordable fuel to heat their homes, their water, and cook their food. More than 4.1 million jobs are connected to the natural gas industry, with 3.4 million associated with local distribution companies, or those delivering energy directly to America’s homes and businesses. Today 83% of the jobs in the gas distribution sector are local, hiring from the communities they serve.

As the process for considering FY 2022 appropriations is underway, our nation continues to battle the ongoing COVID-19 pandemic, presenting an unprecedented public health crisis and ongoing challenges to our economy. As was the case during the Great Recession, America’s natural gas industry can play a pivotal role in jumpstarting our economy, driving jobs, innovation, and clean energy solutions for years to come. As we again look to rebuild our economy, natural gas provides a path that helps us clean our air, reduce emissions, and fight climate change.

The impacts of climate change are evident in our communities today, pointing to the need for reducing emissions economy-wide. More work needs to be done as soon as possible. Continued investment in research, development, and innovation will demonstrate U.S. leadership on clean energy and open the door to revolutionary technologies and fuels, such as renewable natural gas (RNG), and hydrogen. Today, RNG is used to fuel the cleanest commercially-available heavy-duty trucks, resulting in a carbon neutral or carbon negative fuel, depending on the feedstock. Further research is needed to make our vehicles and power cycles cleaner and more efficient and continue to drive down costs. Additionally, since RNG can be used in the same infrastructure as natural gas, it provides a renewable and low carbon alternative for use in homes and businesses, and a sustainable energy option for the industrial sector, all while utilizing the existing, skilled workforce. Still, federal investment is needed to ensure RNG can be produced more efficiently and continue to be delivered safely to our homes and businesses, enabling the
existing current energy infrastructure to be leveraged to provide more renewable energy and drive down emissions.

In addition to RNG, the use of hydrogen as a low-carbon resource shows much promise, especially in those harder to decarbonize sectors of the economy. Additional research and demonstration funding is needed to develop new lower-cost pathways to produce hydrogen from both fossil and renewable sources; to enable the long-term storage of hydrogen effectively; to deliver hydrogen safely and efficiently through our natural gas infrastructure; and to safely utilize hydrogen in our homes, businesses, industry and power grid. These are not trivial tasks and will require both funding and thought leadership in order to achieve aggressive decarbonization goals.

The continued transition to a lower-carbon U.S. energy sector is also aided by the natural gas industry’s continued focus on energy efficient technologies, both for the pipeline system and direct use applications. Continued federal R&D investment along with private capital deployment remain necessary to accelerate energy efficiency measures that can contribute even more to our shared emissions reductions goals. As evidence, the U.S. added 40 million natural gas customers over the last decade, yet greenhouse gas (GHG) emissions dropped more than 12 percent over that time.

With unprecedented challenges come the opportunity for American leadership, technology, and innovation to provide the backbone of not only our economic recovery efforts, but of our fight against climate change. To that end, the undersigned companies respectfully request the inclusion of the following funding requests and Report Language to the Fiscal Year 2022 Energy and Water Development Appropriations Bill:

**Fossil Energy R&D, Natural Gas Technologies, Sustainable Fuels and Chemicals R&D**

**Request: $40,000,000**

**Report Language:** Natural gas is an abundant and cost-effective natural resource that has had a tremendous environmental benefit, but further innovation is needed to decarbonize our economy. The Committee directs the Department to establish a new research and development initiative within the Oil and Gas office to effectively utilize natural gas for decarbonization solutions. The Committee provides $40,000,000 for the Sustainable Fuels and Chemicals research and development program to provide valuable research converting abundant, low-cost natural gas, natural gas liquids and other gas streams to low-carbon, sustainable products, including chemicals and fuels, such as ammonia and hydrogen. Comprehensive planning approaches for transitioning segments of the economy to hydrogen and other low-carbon fuels should be part of the program, including analysis of the infrastructure required to store and transport these fuels. The Committee also supports the establishment of a Center for Sustainable Fuels and Chemicals at the National Energy Technology Lab, and provides $15,000,000 for this initiative from within available funds.
EERE, Building Technologies
Request: $5,000,000 for the Thermal Heat Pump Consortium
Report Language: Thermally-driven heat pumps (THPs) offer the next generation of space conditioning and/or water heating for low-load buildings and have the potential to reduce greenhouse gas (GHG) emissions by 40% or greater in a typical home. Further work is needed to test and evaluate these technologies in the field, including application for waste heat recovery. The Committee directs the Department to establish a Thermal Heat Pump Consortium, led by a non-profit, to integrate and deploy new THP technologies in a joint industry partnership.

EERE, Building Technologies
Request: $30,000,000 for R&D for the Efficient Use of Natural Gas in Buildings
Report Language: The Committee is concerned with the lack of funding for applied natural gas R&D within the Buildings Technology Program. Within available funds, the Committee provides $30,000,000 for applied research and development for energy efficiency efforts related to the direct use of natural gas in residential and light-commercial applications, including natural gas-powered heat pumps that provide space heating and/or water heating, on site combined heat and power (CHP), self-powered natural gas appliances to improve reliability and resilience, hybrid natural gas and electric systems, further venting research, and technologies compatible with decarbonized fuels, including biofuels and hydrogen.

EERE, Vehicle Technologies, Fuels and Lubricant Technologies
Request: $15,000,000 for Natural Gas Vehicle Research
Report Language: The Committee is concerned with the lack of funding for natural gas vehicles. Abundant, domestic, low-cost natural gas, provides the largest and most cost-effective NOx emissions reductions and is often the only viable alternative fuel for high fuel-use fleets. Further research is needed on natural gas storage, natural gas engines, fueling infrastructure optimization, and the use of renewable natural gas as a vehicle fuel. Within available funding, the Committee includes $15,000,000 to address technical barriers to the increased use of natural gas vehicles, including medium and heavy duty on-road natural gas engine research and development, energy efficiency improvements, emission reduction technologies, fuel system enhancements, natural gas storage, fueling infrastructure optimization, and renewable natural gas research and development.

Fossil Energy R&D, Natural Gas Technologies, Natural Gas Infrastructure
Request: $30,000,000 for Emissions Mitigation and Quantification, and Hydrogen
Report Language: The Committee recommends funds to support natural gas storage, upstream, midstream and distribution infrastructure research, including advanced mitigation solutions and novel sensor technologies that allow for continuous and remote monitoring of emissions. The Committee remains supportive of investment in smart pipeline sensors and controls, internal pipeline inspection and repair, and composite and advanced material science technologies. The Committee also recognizes the importance
of leveraging our tremendous infrastructure as we develop technologies and solutions to achieve reduction in GHG emissions which includes the potential for transporting low carbon fuels such as hydrogen. Hydrogen blending efforts are already being initiated and there is a need for additional research to understand the impacts to existing infrastructure, such as pipelines, storage and other system components but also to ensure the safety and integrity of the system as we transition to higher blends and potentially 100% scenarios. Within available funds, the Committee provides not less than $10,000,000 for this hydrogen infrastructure research.

**Fossil Energy, Supercritical, Transformational Electric Power Initiative**

**Request: $20,000,000 –STEP Program**

Report Language: Within available funds for STEP, the agreement supports efforts, consistent with the original scope of work, to complete the necessary design and construction of the 10-MW pilot and to conduct the necessary testing for the facility. The agreement also provides funds for competitively-awarded research and development activities, coordinated with the Offices of Nuclear Energy and Energy Efficiency and Renewable Energy, to advance the use of supercritical power cycles.

**Fossil Energy R&D, Advanced Energy Systems**

**Request: $50,000,000 for Advanced Turbine R&D for Gas and Hydrogen**

Report Language: Within available funds for Advanced Energy Systems, the Committee provides $50,000,000 for Advanced Turbines. The Department is directed to use these funds for a research and development program to improve the efficiency of gas turbines and for component development and integration with power generation systems with and without pre-combustion carbon capture. This program should include research utilizing cleaner fuels such as hydrogen and hydrogen-natural gas blends, and ammonia and ammonia-hydrogen blends, to test and validate components and their performance as an integrated system, working cooperatively with industry, universities, and other appropriate parties.

**Fossil Energy R&D, Unconventional Fossil Energy Technologies**

**Request: $50,000,000 for Unconventional**

Report Language: Given the importance of unconventional resources to our domestic energy supply, continued research and technology development is required to develop our natural resources in the most environmentally friendly way possible. Improved operations and resource recovery will allow the U.S. to meet our energy needs with fewer new wells. Technologies that can minimize the environmental impact of this resource recovery – including reduced surface footprints, water resource demand, fugitive methane emissions, etc. – are needed. This innovative testing and deployment can only be accomplished through the DOE’s Field Test Sites - comprehensive field experiments that improve the environmental impact of recovery, collect critical data and insights on our geology, and provide operational efficiency. Continued research focused on produced water management and beneficial re-use, and methane emissions (particularly flaring)
capture and beneficial re-use, are also needed. Within available funds, the Committee provides $20,000,000 for the Field Test Site Program.

**EERE, Bioenergy Technology Office**

**Request: $10,000,000 increase for RNG R&D**

**Report Language:** Renewable Natural Gas (RNG) is a low- to negative-carbon fuel which can be sourced from a variety of renewable pathways (e.g. biomass, digesters, landfills), but deployment has been limited due to cost, the availability of technologies that can be scaled up to meaningful production volumes and concerns regarding compatibility of existing transportation and distribution infrastructure. The Committee recommends $10,000,000 to perform R&D of technologies to advance the deployment of conversion and purification processes to advance the supply of RNG as a clean fuel option, to include the assessment of associated transportation and distribution infrastructure to enable RNG use across existing and planned natural gas transportation and infrastructure networks with particular emphasis on the infrastructure compatibility of the increased hydrogen content of biomass-derived RNG.

**Direct Air Carbon Capture R&D**

**Request: $40,000,000 for Direct Air Capture in Fossil Energy; Energy Efficiency and Renewable Energy; and Office of Science**

**Report Language:** The Committee recommends $40,000,000 for technology research and development on direct air carbon capture and removal. These efforts should be coordinated with the Office of Science, the Office of Energy Efficiency and Renewable Energy and the Office of Fossil Energy to develop a coordinated program, as recommended by the National Academies, that supports research, development, and demonstration projects to advance the development and commercialization of direct air capture technologies on a significant scale.

Thank you for your consideration of these important research and development initiatives. Your continued support for these R&D investments will result in new jobs across the country, enhanced energy independence, and ensure that our resources – such as our resilient infrastructure – are used more safely, efficiently, and in a more environmentally sustainable manner as we continue to address the critical challenge of climate change.

Sincerely,

David Carroll  
President & CEO  
GTI

Karen A. Harbert  
President & CEO  
American Gas Association

Dave Schryver  
President & CEO  
American Public Gas Association
Daniel Gage
President
NGV America

Dave Schryver
President & CEO
APGA Research Foundation

Drew West
Founder & CEO
American Natural Gas

Kevin Akers
CEO
Atmos Energy

Linn Evans
President & CEO
Black Hills Energy

Lisa Jacobson
President
The Business Council for Sustainable Energy

Nicole A. Kivisto
President & CEO
Cascade Natural Gas Corporation; Great Plains Natural Gas Company; Intermountain Gas Company; Montana-Dakota Utilities Company

Armando Ramirez
Sales & Marketing Manager
Catalina Composites

Scott E. Doyle
Executive Vice President, Natural Gas
CenterPoint Energy

Barry P. Carr
Coordinator
Clean Communities of CNY, a US DOE Clean Cities Coalition

Andrew J. Littlefair
President and CEO
Clean Energy Fuels

Chuck Warrington
Executive Director
Clearwater Gas System
AGA Director & Chair of the Small Member Council

Sherrie Merrow
Chair
Colorado NGV Coalition

Hugh Donnell
Business Growth & Development, North America
Cummins Westport

Charles Musgrove
President
Dillon Logistics Inc.
Craig Wagstaff  
Senior Vice President & General Manager  
Western Distribution  
Dominion Energy

Jerry Norcia  
President & CEO  
DTE Energy

Sasha J. Weintraub  
Senior Vice President  
Natural Gas Business  
Duke Energy

Ronald J. Gulmi  
Managing Director  
Emerald Alternative Energy Solutions, Inc.

David Weiss  
Executive Director  
Energy Solutions Center

William J. Akley  
President, Gas Operations  
Eversource Energy

William Winters  
Owner & Managing Partner  
Freedom CNG

Ashley Remillard  
Vice President, Legal  
Hexagon Agility

Wes Kelley  
President & CEO  
Huntsville Utilities

Ronald P. Cuenod, Jr  
President & CEO  
Indumar Products

Amy Andryszak  
President & CEO  
Interstate Natural Gas Association of America

Aaron Johnson  
President & CEO  
Kinetrex Energy

Johnny Johnston  
Chief Operating Officer  
Liberty Utilities

Arthur Corbin  
President & Chief Executive Officer  
Municipal Gas Authority of Georgia

David P. Bauer  
President and CEO  
National Fuel Gas Company

Ross Turrini  
Chief Gas Engineer, Senior Vice President, US Gas Engineering and Process National Grid

Robert L. Poehling  
Executive Director/CEO  
National Public Gas Agency

Greg Chumley  
Chairman  
Natural Gas Association of Georgia
Mark G. Kahrer  
Senior Vice President – Regulatory Affairs, Marketing & Energy Efficiency  
New Jersey Natural Gas Company  

Colin Messer  
Co-Chair  
New Mexico NGV Coalition  

Joe Hamrock  
President & CEO  
NiSource Inc.  

Diego Lopez  
Executive Director  
Northern Colorado Clean Cities  

Dan S. Kirschner  
Executive Director  
Northwest Gas Association  

Steve Ghormley  
Vice President, Operations and Business Development  
Novus Wood Group  

Kimberly A. Heiting  
Sr. Vice President, Operations & Chief Marketing Officer  
NW Natural  

Rita L. Hansen  
CEO  
Onboard Dynamics, Inc.  

Pierce H. Norton II  
President and CEO  
ONE Gas, Inc.  

Ron Snedic  
President  
Operations Technology Development  

Christine Cowsert  
Chapman  
Vice President, Asset Management and System Operations  
Pacific Gas and Electric Company  

Craig E. White  
President & CEO  
Philadelphia Gas Works  

Janet Kelly  
Director, State & Federal Government Affairs  
Puget Sound Energy  

Robert L. Russell  
President  
Russell Energy Corporation  

Neil Navin  
Vice President, Clean Energy Innovations  
SoCal Gas  

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J. Gregory Henderson  
President & CEO  
Southeast Gas

Kim Greene  
Chairman, President & CEO  
Southern Company Gas

Jose Esparza  
Vice President, Energy Solutions  
Southwest Gas Corporation

Suzanne Sitherwood  
President and Chief Executive Officer  
Spire Inc.

Susan M. Shifflett  
President  
Texas Natural Gas Vehicle Alliance

Hans G. Bell  
President  
UGI Utilities, Inc.

Ron Snedic  
President  
Utilization Technology Development

Donald M. Jenkins  
President  
Washington Gas

Billy Holt  
E-Commerce & Business Development  
Wood Fuel

Alicia Cox  
Co-Chair  
Wyoming NGV & Infrastructure Coalition

James Mora  
President  
X3CNG