



American Gas Association

DAVID N. PARKER
President and CEO

April 2, 2010

The Honorable Barbara Boxer
Chair
Environment and Public Works Committee
United States Senate
Washington, DC 20510

The Honorable James M. Inhofe
Ranking Member
Environment and Public Works Committee
United States Senate
Washington, DC 20510

RE: March 24, 2010: Hearing on the Contribution of Transportation Policy to Energy Security and the Environment

Dear Senators Boxer and Inhofe:

The American Gas Association (AGA), founded in 1918, represents 195 local energy companies that deliver clean natural gas throughout the United States. There are more than 70 million residential, commercial and industrial natural gas customers in the U.S., of which 91 percent — more than 64 million customers — receive their gas from AGA members. Today, natural gas meets almost one-fourth of the United States' energy needs.

AGA strongly supports efforts to increase the use of natural gas as a transportation fuel, which would reduce America's dependence on imported oil and reduce vehicle emissions. AGA respectfully submits the following statement for the record:

Increasing the use of domestic natural gas as a transportation fuel decreases America's reliance on foreign energy sources. In 2009, it is estimated that natural gas vehicles (NGVs) used about 40 billion cubic feet of natural gas. That is the equivalent of 320 million gallons of gasoline that America did not have to import.

Today NGVs are the cleanest vehicles on the road. The increased use of NGVs can reduce emissions of greenhouse gases as well as NOx, volatile organic compounds and particulates. NGVs produce 22 percent less greenhouse gases than comparable diesel vehicles and 29 percent less than comparable gasoline vehicles.

NGVs are here and now. An important reason to increase the incentives to build new NGVs, convert existing vehicles to NGVs, expand the delivery infrastructure and use it as a transportation fuel is that the technology is readily available to deliver the benefits. While certain research, development and demonstration (RD&D) can be conducted to improve specific areas, NGVs are ready to help achieve America's public policy goals now.

The proven reserves of natural gas in the U.S. have increased by nearly 40 percent in recent years. We have more than 100 years of supply using conservative estimates. This is due to the development of new production technologies to unlock the gas from shale formations. Based on this information, America must alter certain aspects of its energy policies to take advantage of

Page 2
April 2, 2010

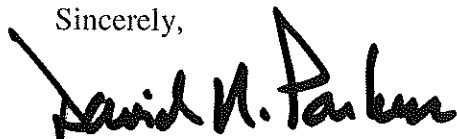
these newly available resources. Adopting policies that expand the use of natural gas in the transportation market should flow from this new information.

AGA urges Congress to enact the "New Alternative Transportation to Give Americans Solutions," H.R. 1835 and S. 1408 (referred to as the NAT GAS Act). This legislation would significantly extend and expand existing NGV incentives. Not only would the enactment of the NAT GAS Act accelerate the benefits noted above, it also would create and support 400,000 to 600,000 direct and indirect jobs.

Congress also should authorize a new NGV RD&D program, such as contained in S.1350. A well-funded R&D program would ensure that NGVs continue to deliver the benefits of energy security, efficiency and environmental performance.

Thank you for this opportunity to present AGA's position. We would welcome the opportunity to respond to any questions you may have. Should you have any questions, please contact Charles Fritts, vice president, government relations, at 202-824-7220.

Sincerely,

A handwritten signature in black ink that reads "David N. Parker". The signature is written in a cursive style with a large, prominent initial "D".

David N. Parker