

2022

YEAR END REPORT




American Gas Association

2022 IMPACT

Natural Gas Industry Impact

INVESTED

\$29.5B ON SAFETY

\$1.5B ON ENERGY
EFFICIENCY PROGRAMS

ADDED

20,426 MILES OF
DISTRIBUTION PIPE

774,971 NEW CUSTOMERS

AGA's Impact

1,900 Capitol Hill
meetings, individual
calls, emails and letters

29,000 State events,
individual and group
calls, emails and letters

200+ events and 14,000
attendees at operations
and engineering events

15 Peer reviews and
virtual assessments on
27 topics

22 Discussion groups
and more than 2,000
participants

OUR ENERGY FUTURE IS BRIGHT

In 2022, the natural gas industry continued to lead the way toward a clean-energy future with the unveiling by AGA Chair Kim Greene of *Net-Zero Emissions Opportunities for Gas Utilities*, detailing how America's natural gas, natural gas utilities and delivery infrastructure will be essential to meeting our nation's greenhouse gas emissions reduction goals, including achieving net-zero emissions. This bold vision outlined for audiences across the country the wide range of scenarios and opportunities available to leverage the unique advantages of gas technologies and distribution infrastructure in service to the ambitious climate goals being developed and implemented by businesses of all sizes and government at all levels.

Reliable, affordable natural gas continues to be the energy source of choice for a growing customer base as we add one new residential customer every minute and nearly 21,000 new businesses each year. Even in the face of extraordinary global events that have driven the cost of natural gas up at times over the past year, the U.S. Energy Information Administration estimates the average American home using electricity for heat this winter will pay 31% more than homes using natural gas.

And this does not go unnoticed by the investment community, which continues to view natural gas utilities as a great investment. A report AGA commissioned with the Canadian Gas Association (CGA) — *Investor Expectations on North American Natural Gas Utilities* — confirms that investors see value from natural gas local distribution companies based on the consistent, reliable performance on key metrics such as return on investment and return on equity.

AGA continues to invest heavily in our industry's No. 1 priority — the safety and security of our customers, our employees, our communities and our distribution and transmission infrastructure.

In addition to expanding existing programs and introducing enhancements to others, AGA also hosted the natural gas industry's first-ever nationwide tabletop drill focused on addressing cybersecurity risks, physical threats and business continuity — all part of a \$29 billion investment in safety.

Suzanne Sitherwood, President and CEO of Spire, is poised to build on this legacy and advance the innovation agenda as AGA's Chair for 2023. The AGA Board of Directors has great confidence in the industry's ability to continue to provide safe, reliable and affordable energy to a strong and growing customer base, while continuing to reduce emissions through greater efficiencies and introducing zero-carbon gases such as renewable natural gas and hydrogen to natural gas systems.



PROTECT THE PEOPLE

by Leading on Safety and Security





EXPANDING THE PEER REVIEW PROGRAM

Piloted in 2013, AGA continues to expand upon its safety and operational practices program.

LEADING THE DISCUSSION

2,000+

More than 2,000 participated in the 22 Discussion Group Sessions held by AGA.

Safety and security will always be our industry's highest priority and AGA continues to enhance resources for our members.

In November, the **Pipeline Safety Management System** Portal launched, providing a platform to access information to help promote risk reduction and improve safety. In addition, the Portal provides a forum where AGA members may exchange information involving the implementation of pipeline safety management systems, share program and operations data in an identity-protected format and perform analysis. Since 2019, 100% of AGA members committed to implementation of PSMS and 90% have developed a plan to address gaps.

AGA completed 12 in-person **Peer Reviews** and three **Virtual Assessments** covering 27 topics and utilizing nearly 140 subject matter experts and operations executives. The AGA Enhanced Peer Review Program is a voluntary safety and operational practices program that allows participating companies to be reviewed by their peers. AGA piloted Virtual Assessments in 2020 and 2021 and expanded the Peer Review Program in 2022 to include Virtual Assessments. Since the original pilot in 2013, AGA has completed 124 reviews covering nearly 300 topics utilizing over 1,500 subject matter experts and operations executives.

AGA hosted 22 **Discussion Group Sessions** with more than 2,000 participants. This annual program includes collecting data, identifying leading performers and holding roundtables to exchange management strategies and work practices.

The AGA team had a busy year working with the U.S. Transportation Security Administration to craft performance-based **Security Directives** that will help utilities enhance security. Of note is a recent decision on clarification of data protection of sensitive information that SD-impacted companies are required to submit to TSA. In addition to TSA, AGA responded to numerous government requests for information from the U.S. Department of Energy, Cybersecurity and Infrastructure Security Agency, National Institutes of Standards and Technology, Federal Trade Commission and Securities Exchange Commission.



In September **NGX 2022** brought together nearly 300 industry professionals representing 50 natural gas utilities, transmission companies and municipalities from the U.S. and Canada for a first-ever security exercise for gas utilities across North America.

NGX provided an opportunity for the natural gas transmission and distribution community to work through multiple physical and cyber threat scenarios that impact multiple components of the industry.

The **Downstream Natural Gas Information Sharing and Analysis Center** (DNG-ISAC), the industry’s premier alert system for both physical and cyber threats, continues to increase the quality, quantity, and speed of reporting breaches, risks, and incidents.

In 2022, more than 3,000 alerts were issued, and more than 1.5 million indicators of compromise were shared between members and partners on this digital platform. This is yet another example of cross-border collaboration, with the AGA, CGA, and pipeline operators represented by the Interstate Natural Gas Association of America working closely together to thwart those with malicious intentions.





More than 3,000 alerts demonstrated the real-time value of the cross-border collaboration efforts of AGA, CGA and pipeline operators represented by the Interstate Natural Gas Association of America.

NGX 2022

First-ever nationwide security exercise for gas utilities.

300 INDUSTRY PROFESSIONALS

50 NATURAL GAS UTILITIES, TRANSMISSION COMPANIES AND MUNICIPALITIES



PRESERVING THE PLANET

by Delivering State-of-the-Art Energy Solutions



AGA continues its commitment to building research and analysis that demonstrates the role natural gas and natural gas infrastructure plays in reducing greenhouse gas emissions, maintaining reliability and resiliency and preserving affordable energy service choices for consumers through smart innovation, new and modernized infrastructure, and advanced technologies.



In February, AGA released the first comprehensive study exploring natural gas utility pathways to achieve net-zero emissions. The release of *Net-Zero Emissions Opportunities for Gas Utilities* included a series of webinars with more than 3,000 members, Capitol Hill staff, regulators and administration officials participating. More than 30,000 people have accessed the information on the website.

As geopolitical upheaval created turmoil in global energy markets, AGA provided analysis of **natural gas market fundamentals** and shared data on gas utility planning and preparation for the winter heating season with the natural gas industry and key stakeholders. Natural gas remains an affordable home heating fuel, which is demonstrated in several analyses AGA conducted on the implications of policies that might limit the availability of natural gas as a consumer energy option.

NET-ZERO EMISSIONS OPPORTUNITIES

30,000+

More than 30,000 people accessed the information included in AGA's *Net-Zero Emissions Opportunities for Gas Utilities* study.

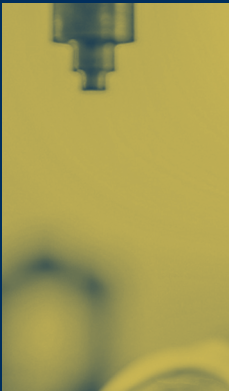
As part of AGA member company commitments to emissions reduction, AGA tracked and reported gas utility investments in energy efficiency in its annual survey report.

The natural gas utility industry across North America invested \$1.8 billion in energy efficiency in 2019 and budgeted more than \$1.9 billion for 2020. Energy savings from increased efficiencies increased 18% in 2019 over the previous year, saving Americans money on utility bills, reducing energy consumption and lowering greenhouse gas emissions.

The natural gas industry invests \$95 million a day in infrastructure upgrades to reduce greenhouse gas emissions and ensure we fulfill our responsibility to deliver safe, reliable and affordable energy to 187 million Americans every day.

PICTURING THE POTENTIAL

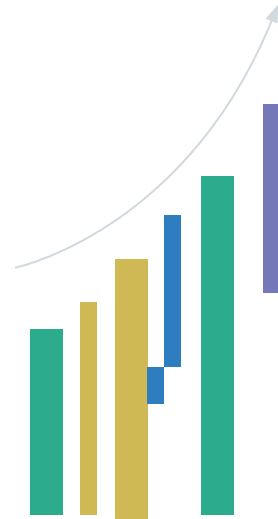
by Focusing on Innovation



Building on the industry's track record on Wall Street, AGA increased financial community outreach on behalf of the natural gas utility industry.

While deepening relationships across the financial community, AGA expanded engagement with the rating agencies, research analysts and bankers.

AGA and the Canadian Gas Association engaged business sustainability consultant Guidehouse to understand **current investor sentiment** toward North American gas utilities and determine the current investor perceptions of gas utilities as investments. The study confirmed what AGA knew to be true: investors remain confident that natural gas utilities will play a vital role in America's clean-energy future and continue to view natural gas as a low-cost energy resource that currently can't be easily replaced.



COMMITMENT TO WORKFORCE DEVELOPMENT

The commitment to workforce development and cultivating the talent pipeline continues. AGA held the **2022 Executive Leadership Development Program** in June, an intensive four-day, in-person course for AGA member executives on how regulation and legislation impacts the industry. Participants discussed how to successfully navigate the political and regulatory maze of Washington, D.C., with experts on Capitol Hill, the executive branch, the media and more. **Our Next Level Leadership Women's Program** provided 50 "rising stars" at America's natural gas utilities in-depth sessions to cultivate new leadership skills, network with peers across the industry and meet industry leaders. AGA's **Leadership Council** met in conjunction with the AGA Executive Conference providing many senior executives the opportunity to actively engage in advocacy and policy discussions.



NEXT LEVEL LEADERSHIP

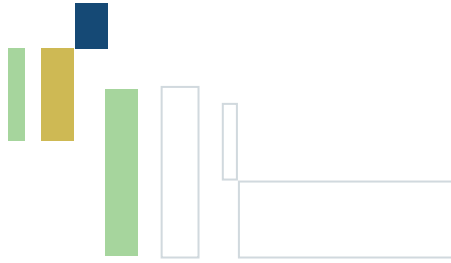
50 participants attended our Next Level Leadership Women's Program.

ADVANCE OPPORTUNITIES

and Address Challenges Through
Participating in the Process



As the natural gas industry's voice in legislative and regulatory forums, AGA advocated at the federal and state levels to protect and promote our member's interests and vision for a clean energy future that includes a central role for natural gas and natural gas utilities.



The Inflation Reduction Act was signed into law by President Biden on August 16.

Provisions of vital importance to the natural gas utility industry include a new investment tax credit for renewable natural gas, a new clean hydrogen production tax credit and an extension of credits for carbon capture projects, all of which will aid utility decarbonization efforts. The law also includes tax credits for energy efficiency-related investments for homeowners, including natural gas heat pumps.

Finally, among other rebate programs, the law creates a \$4.3 billion fuel-neutral home efficiency rebate program. The HOMES programs provide rebates to homeowners for whole-house energy savings retrofits, and high-efficiency gas appliances for heating are included as eligible for the program.

AGA and its members continue to work to support customers and communities, especially those who may be struggling with their utility bills.

In September, Congress passed, and President Biden signed into law, an additional \$1 billion in supplemental fiscal year 2023 funding for the Low Income Home Energy Assistance Program, bringing LIHEAP funding for FY 2023 to a total of \$4.9 billion.

Tennessee, Virginia, and New Hampshire enacted **innovative resource** legislation authorizing utilities to seek greater utilization of lower-carbon resources and advanced emissions reduction technologies while maintaining affordable, reliable service. Eight states enacted **hydrogen-focused legislation** to further research or incentivize hydrogen deployment across the economy. Sixteen major **hydrogen projects** have been proposed across 36 states to seek hydrogen hub funding included in the more than \$1 trillion bipartisan infrastructure bill signed into law in late 2021.

AGA has been actively engaged in the federal regulatory agenda through comments and intervening on initiatives that directly affect AGA members at the Federal Energy Regulatory Commission, U.S. Environmental Protection Agency, U.S. Department of Energy, Securities and Exchange Commission and other federal agencies. AGA also filed amicus briefs in federal and state courts to preserve the rate of return regulatory model and members' ability to distribute natural gas. In addition, AGA filed comments in federal and state forums supporting gas and utilities as a necessary foundation for reaching emissions-reduction goals.

AGA expects the regulatory arena to continue to be active as proposed rules are issued as final rules that may be subject to challenge. AGA will continue to intervene in cases or file amicus briefs to define member interest in litigation and, if necessary, litigate issues that impede members' ability to serve their communities.





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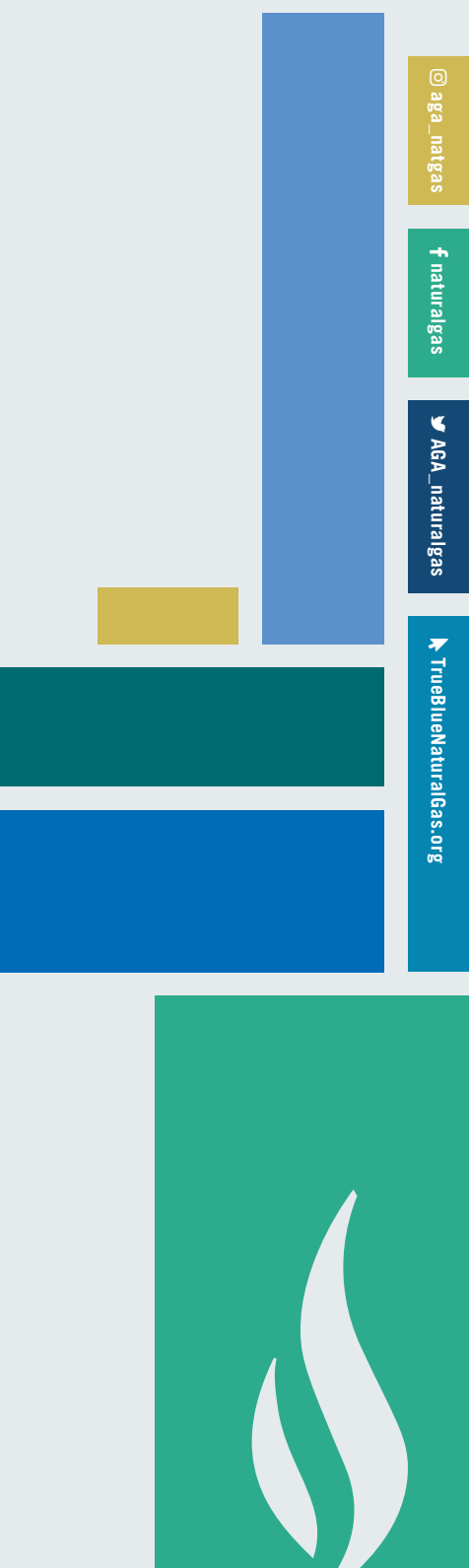
Terri Oliva

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The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 77 million residential, commercial and industrial natural gas customers in the U.S., of which 96% — more than 73 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies, and industry associates. Today, natural gas meets more than 30% of the United States' energy needs.