

Testimony of William Horne, Ph. D., Before the Energy and Technology Committee
Regarding

H.B. 5410 AAC GAS COMPANIES' COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS

Submitted by William Horne, Ph. D., retired biomedical research scientist

March 4, 2013

Senator Duff, Representative Reed, and members of the Committee,

Thank you for the opportunity to comment on HB 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and Unaccounted for Gas, which addresses a problem in the natural gas industry that damages our environment.

Methane, the main component of natural gas, is a potent greenhouse gas, retaining about 100 times more heat than an equal number of carbon Dioxide (CO₂) molecules. The escape of methane during the production, processing and distribution of natural gas to final users has the potential to more than undo the benefit of using natural gas instead of more CO₂-intensive fuels. (See Alvarez et al, Proceedings of the National Academy of Sciences, U.S., vol. 109, pg. 6435, 2012; pdf attached to this testimony.)

Millions of dollars worth of natural gas escapes from small leaks in the natural gas distribution systems in Connecticut, and the companies that own and use those distribution systems have little incentive to seek out the leaks because they are allowed to include the cost of this lost and unaccounted for gas in the charges to their customers instead of bearing the cost of the lost gas themselves. In addition to unfairly charging customers for gas that they don't use, the gas that is allowed to escape increases the heat retention by the atmosphere.

HB 5410 seeks to provide gas companies with such an incentive to repair leaks in the distribution systems, an important goal that I strongly support. However, this goal or purpose is not clearly stated in the bill. Also, I don't believe that HB5410 as worded will provide that incentive, since the bill speaks in terms of a difference between an "allowed gas output" and "actual gas output", instead of linking the lost gas to hard measurements of the amounts of gas that enter the companies' systems and the amounts that actually reach their customers. Thus, gas companies could potentially be granted an "allowed gas output" that exceeds the amount of gas that the company expects to distribute, creating a margin of safety that shields the gas company from paying the cost of the lost gas.

Please amend HB 5410 to:

Clearly state the environmental cost of leaking methane into the atmosphere and the goal to provide an incentive to gas companies to find and repair leaks in their systems; and

Define the amount of lost and unaccounted for gas as the difference between the amount of gas entering the system and the amount of gas reaching the final customers, and not on some administratively determined "allowed gas output".

I applaud the intention to give the companies that distribute and sell natural gas in Connecticut an effective and strong incentive to find and repair faults in the distribution system that currently allow excessive amounts of this powerful greenhouse gas to escape into the atmosphere. If the bill as amended as I suggest, I will enthusiastically support its enactment.

Thank you for your consideration.
Sincerely,

William Horne, Ph. D., retired biomedical research scientist
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