



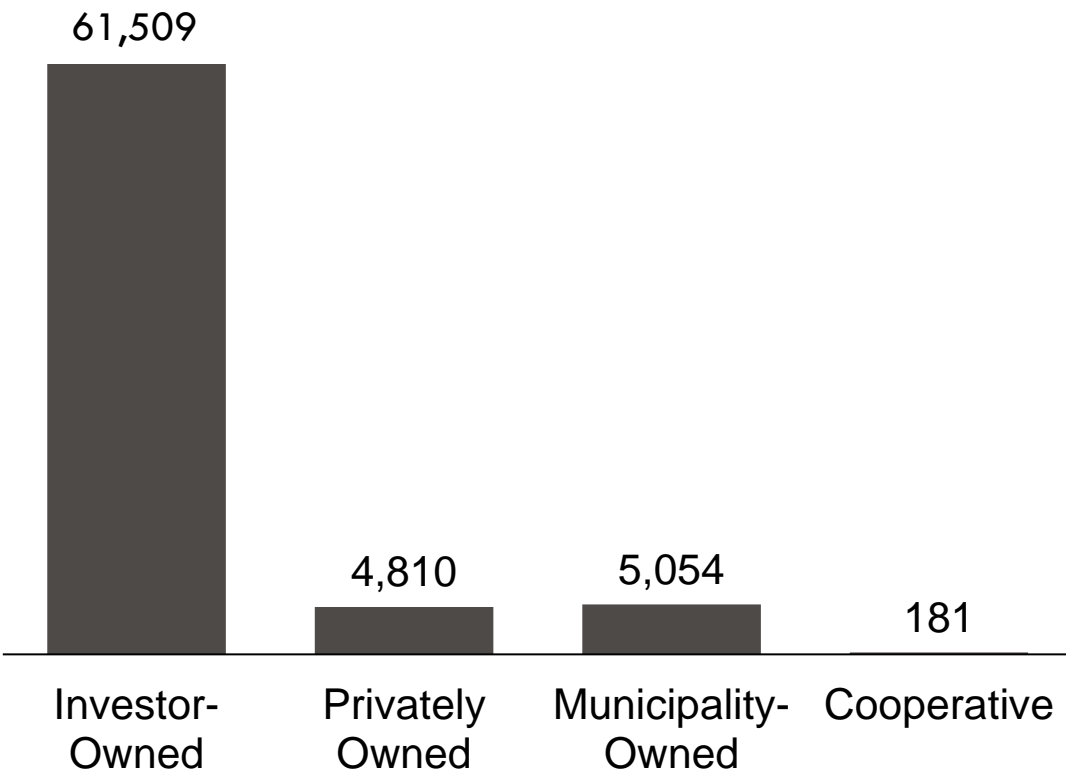
Gas Utility Transition

January 26, 2022

Most gas customers in the United States are served by investor-owned utilities

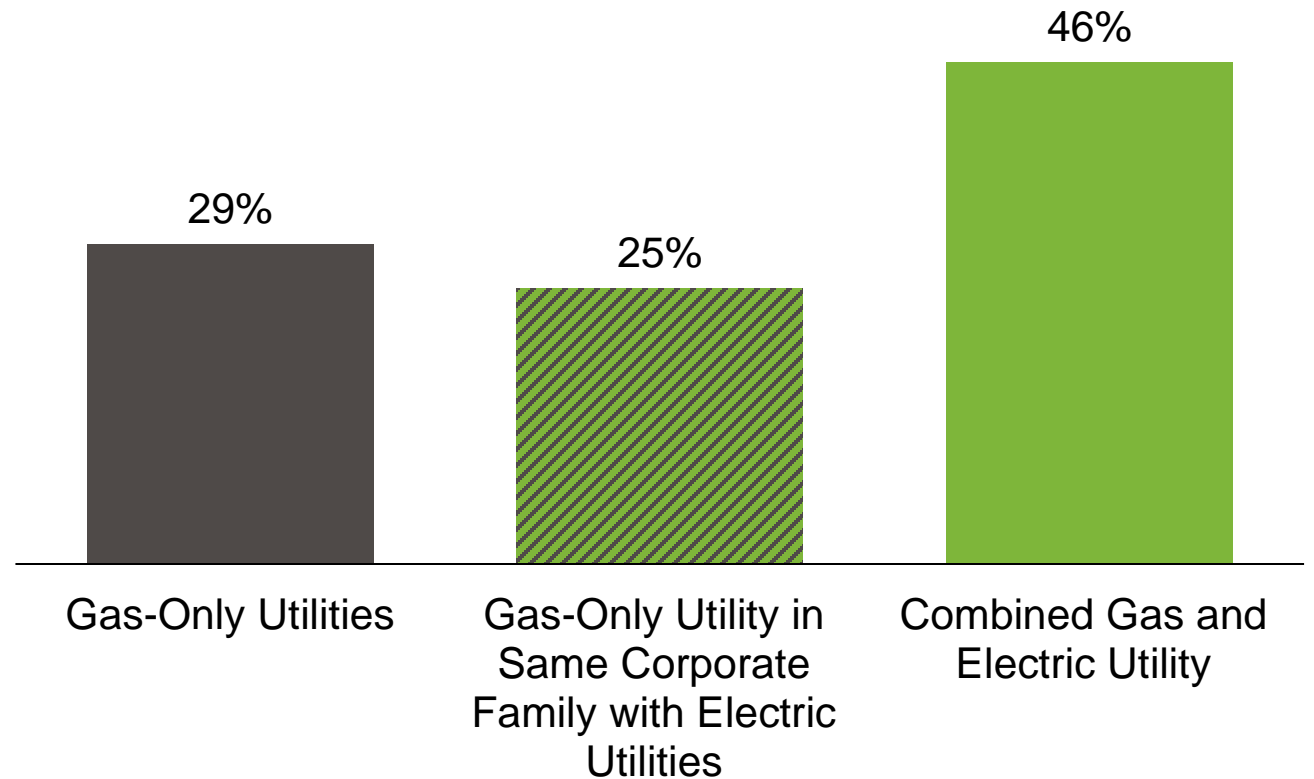
Gas customers by utility ownership structure

Thousands of residential and commercial customers, 2017



Gas volume delivered by utility business structure*

Residential and commercial, %, 2017



Gas utilities sell to multiple sectors, but residential customers dominate revenues

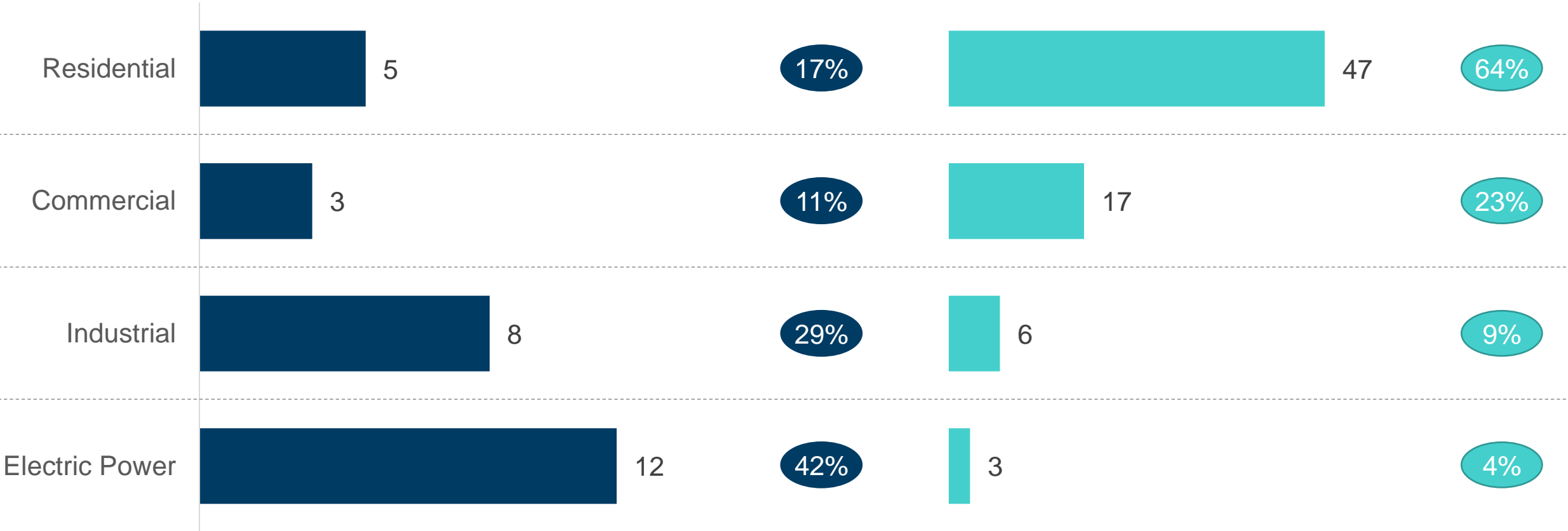
U.S. Gas Utilities

Volumes by class, 2020, trillion cubic feet

% of total

Revenue by class, 2020, \$B

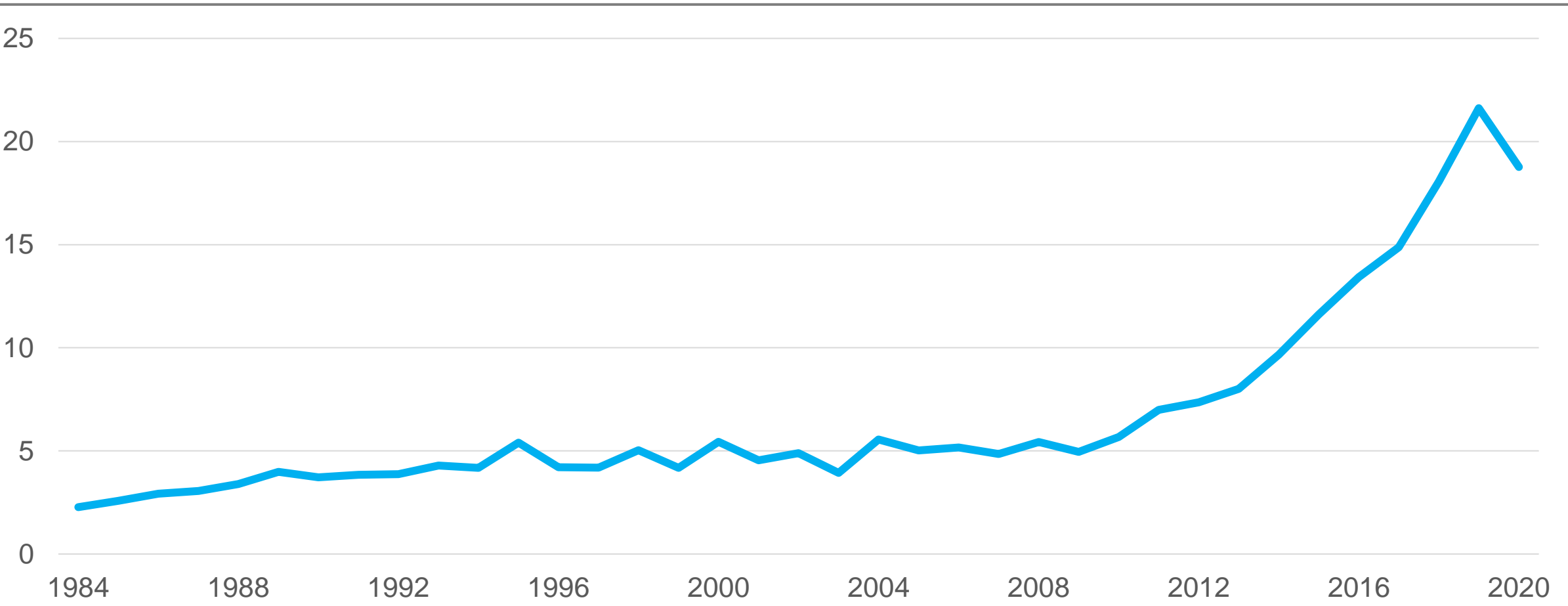
% of total



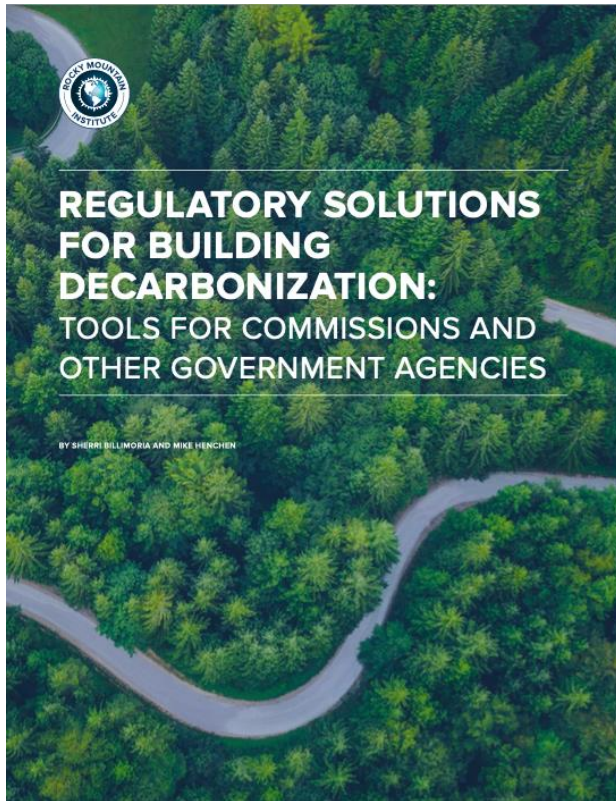
Gas distribution spending tripled from 2010 to 2020

US gas utility distribution system construction expenditures

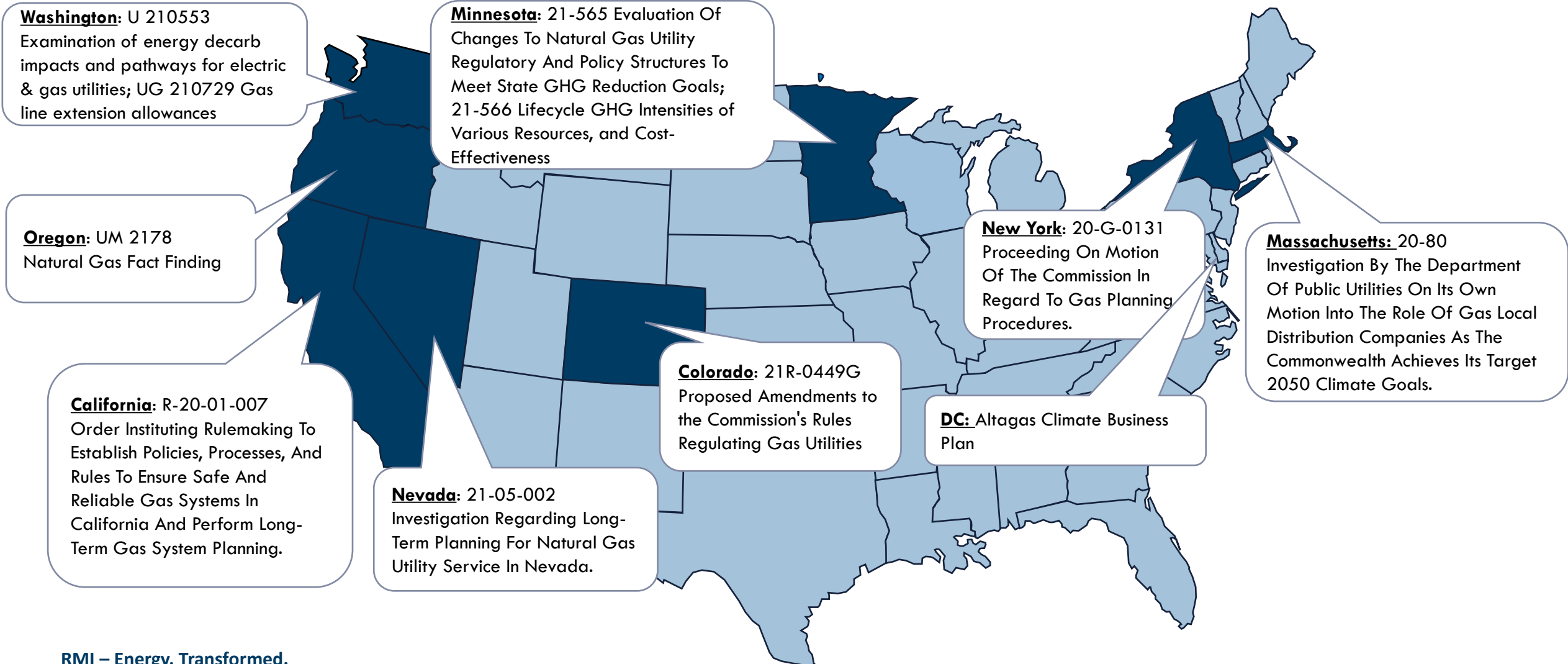
\$ billion, 1984–2020



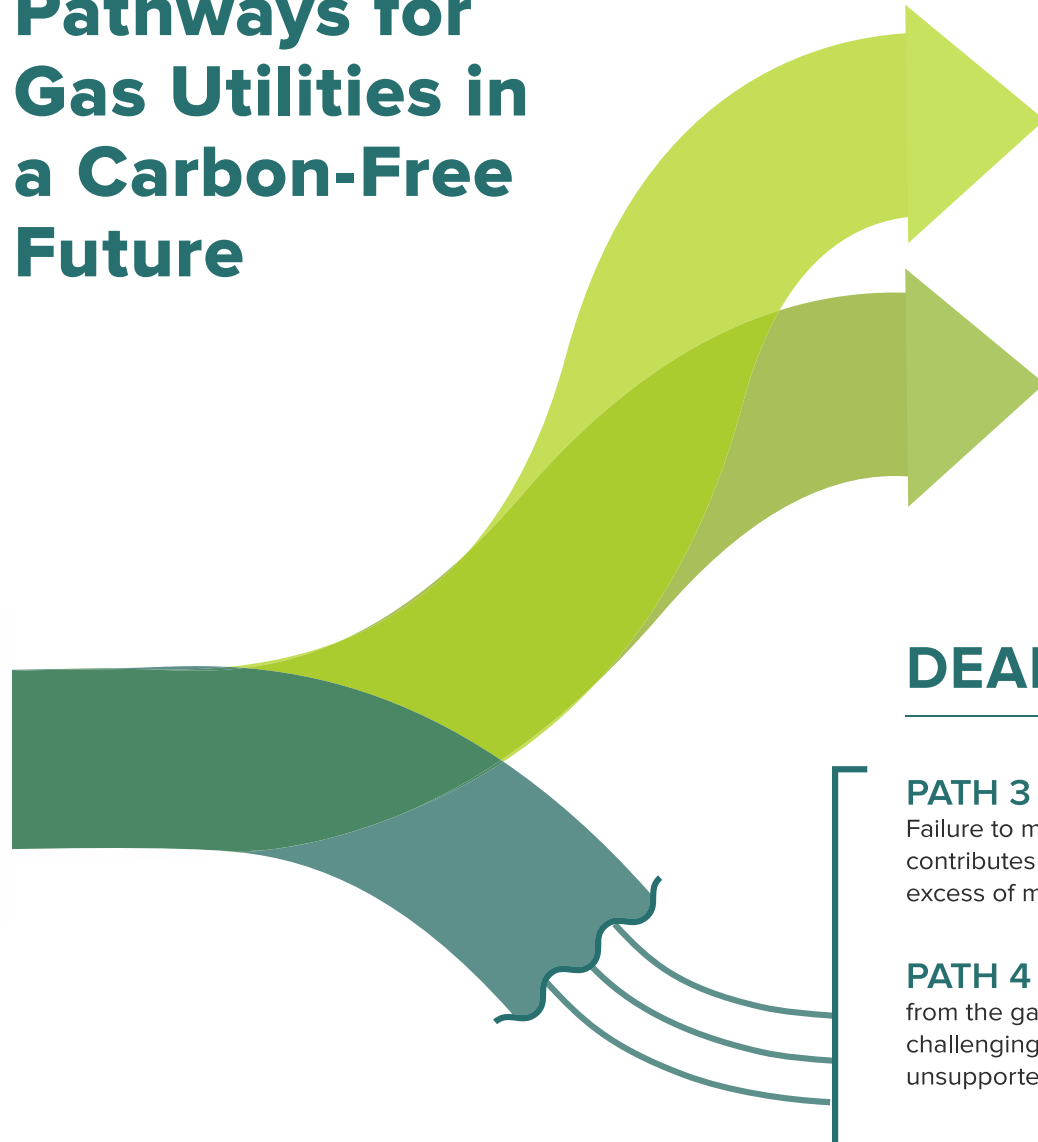
Regulatory Solutions for Building Decarbonization



Many states have opened “future of gas” proceedings



Pathways for Gas Utilities in a Carbon-Free Future



PATH 1 TRANSFORMATION

Gas utilities transform their business models to thrive in a carbon-free future with new offerings.

PATH 2 MANAGED TRANSITION

Gas system winds down as energy shifts to electricity; new earnings opportunities for gas utilities to manage an effective transition; workers supported with transition plan and secure benefits.

DEAD END PATHS

PATH 3 Failure to mitigate climate change.

Failure to mitigate climate change. Continued widespread gas use contributes to unsustainable emissions and climate change well in excess of manageable levels.

PATH 4 Gas utility death spiral. Customers defect from the gas system, raising prices, straining the utility business, challenging customer affordability, and leaving employees unsupported.

PATH 5 Overreliance on RNG. Utilities pursue RNG to maintain today's business model, leading to either path 3 (because available RNG is insufficient to eliminate emissions) or path 4 (because high-cost RNG spurs more electrification).

Questions raised in these proceedings

- How should current **gas line extension policies** be adapted to align with GHG reduction goals and anticipated reductions in gas demand?
- Given expectations of decreasing gas demand, by what criteria should **non-pipes solutions (NPS)** be considered to address capacity constraints, pipeline repairs, and pipeline replacements?
- As gas demand declines, **which additional investments in gas infrastructure are necessary** to ensure safety and reliability?
- How should **gas and electric system planning be integrated** to facilitate the necessary coordination of energy systems in transition?



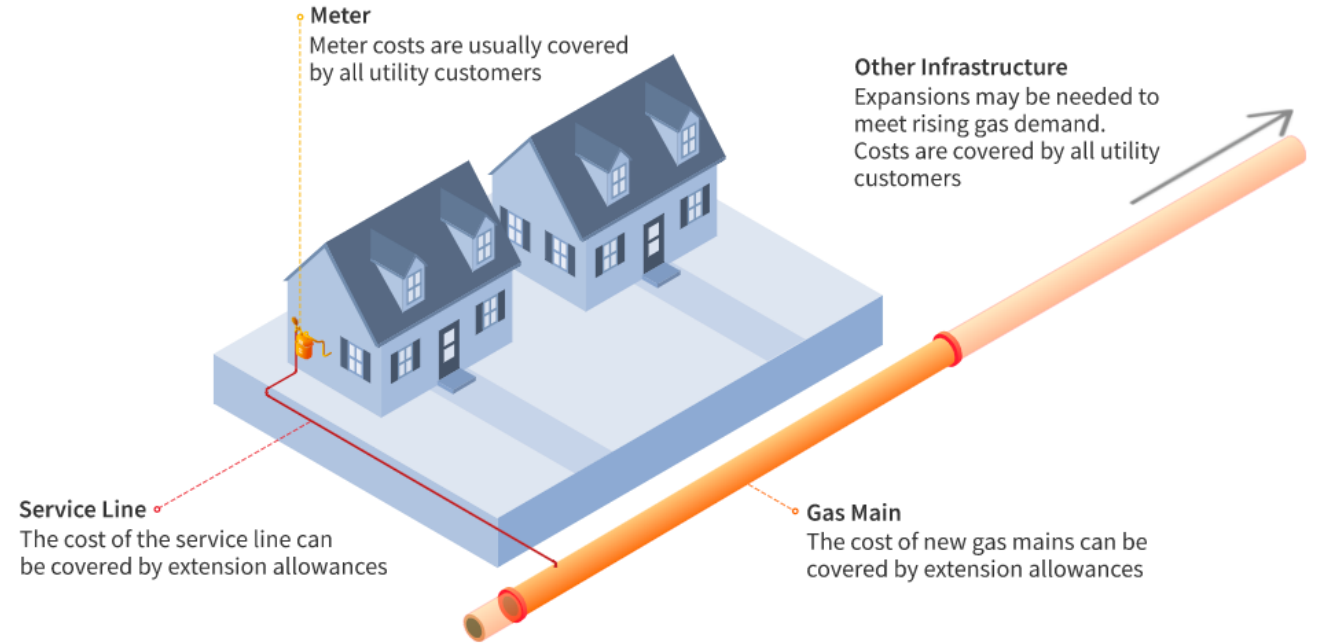
Overextended

It's Time to Rethink Subsidized Gas Line Extensions



December 2021

Infrastructure associated with extension allowances



webinar Tuesday 2/8 at 1pm Pacific
contact sbillimoria@rmi.org for details

How can cities and municipalities influence gas transition?

- **Municipal utilities**
- **Intervening in utility proceedings**
- **Sustainable Energy Utility**

Thank you!
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