



ESG & NATURAL GAS

SUSTAINABILITY

INITIATIVE

Pamela Lacey
Chief Regulatory Counsel | November 2019

OVERVIEW

1. **EEI-AGA Version 2 Template – Environmental, Social, Governance (ESG) Metrics**

- Transparent
- Investor-Driven
- Industry-Specific
- AGA Gas Metrics focus on Methane for Gas Utilities

2. **Natural Gas Sustainability Initiative (NGSI)**

- Demonstrate sustainability of natural gas across supply chain
- Starting with methane intensity

EEI-AGA Version 2 Template

AGA ESG Metrics

- Short, easy to use and find
- Transparent, Comparable
- Investor-Driven
- Industry-Specific Gas Metrics Focus on methane emissions
- Based on company methane Subpart W reports to EPA
- Incorporated into EEI-AGA Version 2 Template (August 2019)

Robust Participation

- **Fall 2018 AGA Metrics -- 23 AGA Members Participated**
(Almost 50% of the Natural Gas delivered by all AGA members)
- **Nearly all EEI and AGA Members Anticipated to use New Version 2 Template this Fall**
- See AGA website for information and member ESG links:
<https://www.aga.org/policy/natural-gas-esgsustainability/>

Version 2 Template - AGA Metrics for Natural Gas Utilities

1. **Quantitative metrics spreadsheet** – based on methane reported to EPA under “Subpart W” Greenhouse Gas (GHG) Reporting Rule and throughput reported to EIA – includes a calculated intensity metric or “leak rate” percentage
2. **Qualitative topics** - to be addressed in a *short* narrative –
 - provide context
 - describe sustainability and climate scenario planning

AGA Quantitative ESG Metrics

- **Gas Distribution - Environmental Metrics:**

1. # Natural Gas Customers
2. # Miles of Distribution Mains by Material (Protected/Unprotected Steel, Cast Iron, Plastic)
3. Plans for replacing cast iron/unprotected steel pipe / estimated completion year
4. Fugitive Methane Emissions – Equipment Leaks – Reported to EPA
5. Methane Emissions Rate – Percentage Emitted from Methane in Natural Gas Throughput

- **From EEI Template (Social & Governance):**

1. Employee Injury Rates
2. Diversity on Board of Directors

Qualitative Topics for Voluntary ESG Reporting

Short Qualitative Narrative:

- 1. Managing and Adapting to the Changing Business Environment**
- 2. Sustainability Strategy; planning for and adapting to climate change – including 2 degree scenario planning**
- 3. Safety Culture and continuous improvement**
- 4. Methane emissions reduction strategy, including participation in voluntary programs (e.g. Methane Challenge, ONE Future)**
- 5. How sustainability and methane are managed from Board to operational level**

Natural Gas Sustainability Initiative (NGSI)

- **Goal:**
 - **Measure, Report and Recognize** progress in advancing sustainability *across the supply chain*
- **Begin with methane**
- **Draft Protocol – Based on ONE Future methane emissions rate calculation**
 - Goes beyond Version 2 Template
 - Includes upstream and midstream
 - Includes sources below Subpart W reporting thresholds
- **Working with a coalition of willing pipelines and producers to refine**

THANK YOU!

Pam Lacey

Chief Regulatory Counsel

placey@aga.org

202-824-7340



TrueBlueNaturalGas.org

AGA_naturalgas

naturalgas

aga_natgas

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 74 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — more than 71 million customers — receive their gas from AGA members. Today, natural gas meets more than one-fourth of the United States' energy needs.

www.aga.org