

Written Testimony of Mr. Mike Casper
President and CEO, JCE Co-op
Before the House Energy and Commerce Committee,
Subcommittee on Energy, Climate, and Grid Security
Hearing on “Green Building Policies: Jeopardizing the American Dream of
Homeownership”
May 22, 2024

Good morning, Chairman Duncan, Ranking Member DeGette, and members of the Subcommittee. My name is Mike Casper, and I am the President and CEO of JCE Co-op, which is headquartered in Elizabeth, Illinois. I am also a proud member of the American Public Gas Association’s Board of Directors.

JCE Co-op is a not-for-profit, member-owned and controlled distribution cooperative. We service approximately 26,500 electric and natural gas accounts in four counties of rural northwest Illinois. Our focus is providing members with safe and reliable electric, natural gas, and high-performance internet service at the lowest practical price. JCE Co-op is also a member of the American Public Gas Association, or APGA, which represents the roughly 1,000 communities across the U.S. that own and operate their retail gas distribution entities.¹

I would like to thank the Subcommittee for holding this hearing today on policies that, if implemented, will negatively impact our members. While we serve residents of northwest Illinois, these policies have the potential to negatively impact all community-owned gas utility customers, including those who might live in your districts.

It is no secret that there are concerted efforts at all levels of government to use energy policy to pick winners and losers. States and localities are adopting misguided building code and standard provisions that effectively limit a consumer’s ability to choose a gas appliance. Some cities and states are even explicitly banning natural gas hookups for new buildings. At the federal level, the Department of Energy (DOE) is proposing appliance efficiency standards that take away consumer choice, forcing them to choose electric appliances. More recently, the current Administration finalized a rule implementing section 433 of the Energy Security and Independence Act, which would significantly restrict the future onsite use of natural gas in federal buildings.²

¹ For more on APGA, visit www.apga.org.

² “U.S. Department of Energy Announces Final Rule to Propel Federal Buildings toward Zero Emissions.” Department of Energy. 24 April 2024. www.energy.gov/articles/us-department-energy-announces-final-rule-propel-federal-buildings-toward-zero-emissions

In addition to Americans losing the ability to choose the energy source that best fits their needs, not allowing the direct use of natural gas to be a part of America's energy mix will force consumers to pay more for their energy. The path to our country's affordable, reliable, and sustainable energy future requires continued use of community-owned gas infrastructure and its workforce.

Affordability

Publicly owned natural gas systems and co-ops deliver energy to millions of Americans every day at some of the most affordable rates possible. In fact, natural gas is over three times more affordable than electricity and significantly more affordable than several other residential energy sources.³ This translates to real cost savings for American families and businesses that use natural gas appliances. Homeowners who have chosen to use natural gas appliances for heating, cooking, and clothes drying can expect to save an estimated average of \$1,000 a year on their energy bills compared to homeowners who use electric appliances for the same purposes.⁴

Americans across the country are paying the price of the rising costs of living and homeownership. From February of 2023 to February of 2024 prices across the board have increased by 3.2 percent.⁵ A vast majority of rural Americans, like our customers at JCE Co-op, are homeowners who are particularly sensitive to these increasing expenses.⁶ Policies that restrict access to affordable, reliable, and efficient natural gas exacerbate these issues and result in higher energy costs for families and businesses.

Taxpayer Impact of DOE's Fossil Fuel Ban for New Federal Buildings

The "Clean Energy for New Federal Buildings and Major Renovations of Federal Buildings Rule" will significantly restrict many federal buildings' future use of onsite energy from fossil fuels, including affordable and resilient natural gas. This will force Americans, who ultimately pay the energy bill for these buildings, to bear the brunt of higher energy costs. I think of the natural gas used in the federal prison that we serve in Thomson, IL. As with all government facilities, its appliances will require retrofits at some point. I'm concerned about the hefty price tag of the requirement to retrofit the entire campus to accommodate electric appliances. And since JCE Co-op provides both gas and electric, I am equally concerned about how an already strapped electric grid will reliably adapt, if these policies are enacted. Allowing the continued direct use of natural gas will not add further strain on the electric grid. Instead, the direct use of

³ "DOE Announces Natural Gas Is 3.3 Times More Affordable than Electricity." American Gas Association. 28 Aug. 2023. www.aga.org/news/news-releases/doe-announces-natural-gas-is-3-3-times-more-affordable-than-electricity/

⁴ "Comparison of Home Appliance Energy Use, Operating Costs, and Carbon Dioxide Emissions 2022 Update - American Gas Association." American Gas Association. Accessed 17 May 2024. <https://www.aga.org/research-policy/resource-library/energy-insights-comparison-of-home-appliance-energy-use-operating-costs-and-carbon-dioxide-emissions/>

⁵ "Consumer Price Index Summary - 2024 M04 Results." U.S. Bureau of Labor Statistics. 15 May 2024. www.bls.gov/news.release/cpi.nr0.htm#cpi_pressa.f.1

⁶ Mazur, Christopher. "Rural Residents More Likely to Own Homes than Urban Residents." Census.Gov. 8 Oct. 2021. www.census.gov/library/stories/2017/09/rural-home-ownership.html

natural gas in buildings efficiently and affordably meets energy demand and provides fuel diversity and reliability to these important Federal facilities.

I also think of Robins Air Force Base in Houston County, Georgia and military installations in San Antonio, Texas all of which receive natural gas from community-owned utilities. How will military readiness and even, national security, be impacted if these bases are now required to just use electricity?

What about federally owned housing across the country also subject to this rule? How will Americans living there be impacted by the potential higher cost of electricity? VA hospitals also appear to be impacted by the new rule. How will the lack of resiliency moving forward impact the healthcare of our veterans?

Costly Minimum Appliance Efficiency Standards

The Energy Policy and Conservation Act, passed in 1975, and subsequently amended (collectively EPCA), gives the Department of Energy (DOE) the authority to develop test procedures and set minimum efficiency standards for all “covered” products, including many gas-fired appliances. Over the past several years, DOE has promulgated many new, minimum efficiency standards for gas appliances that are not cost-justified and do not result in significant reductions in energy consumption. In most cases, these efficiency standards will severely restrict the market of affordable gas appliances like gas-fired furnaces and water heaters, ultimately forcing Americans to choose costly electric alternatives.

Specifically, I would like to highlight DOE’s recent final rule on consumer furnaces. Many Americans rely on gas-fired furnaces to heat their homes and businesses in the winter, especially in Northwest Illinois. The final rule establishes a 95% efficiency standard for furnaces, which can only be met by condensing furnaces, effectively banning non-condensing furnaces that have been in millions of American homes for a generation or more. If a homeowner wants to install a condensing furnace, they may find that due to structural issues or code restrictions, they are unable to accommodate a condensing furnace’s additional venting and drainage requirements. Others may simply be unable to afford the additional cost. They might be forced to pay thousands of dollars in costs to retrofit their homes on top of the cost of the new appliance. Some homeowners may be altogether unable to switch to a condensing furnace and in that case, will be forced to pay the higher electricity rates required to power an electric alternative.⁷

For perspective, the installation expense of a high-efficiency gas furnace is approximately \$6,710.⁸ The average installation cost of the electric heat-pump alternative is approximately \$20,000.⁹ The life expectancy of that same gas furnace is 21.5 years, while the electric alternative typically lasts just 15 years.

⁷ “DOE Furnace Rule.” American Public Gas Association. Accessed 17 May 2024.

www.apga.org/advocacy/appliance-efficiency/furnace-rule

⁸ “Updated Buildings Sector Appliance and Equipment Costs and Efficiencies.” Energy Information Administration. March 2023. www.eia.gov/analysis/studies/buildings/equipcosts/pdf/full.pdf

⁹ Howard, Meg. “Masscec Pilot Showcases Success of Whole Home Heat Pumps.” MassCEC. 24 Sept. 2021. www.masscec.com/blog/masscec-pilot-showcases-success-whole-home-heat-pumps

As the Subcommittee continues to explore options to exercise oversight over the DOE when it comes to these rulemakings, as well as consider passing resolutions of disapproval under the Congressional Review Act, we urge members to consider the high costs all Americans will be forced to pay as a result.

Consumer Choice

Americans deserve the right to choose the appliances they want, especially when, as the Energy Information Administration forecasts, the natural gas used to fuel them is expected to reach its lowest price since 1977 next year, after adjusting for inflation.¹⁰ The natural gas delivered by community-owned natural gas systems and co-ops fuels reliable and efficient appliances that Americans rely on and love. According to a recent survey, when asked what kind of appliances they wanted in their homes, only 31% of respondents said electric only.¹¹

American families and businesses are best suited to determine what energy source fits their unique needs. It is not the government's job to pick winners and losers in our country's energy mix. To date, there are more than 70 cities in the US that have adopted regulations requiring or incentivizing all-electric building construction.¹² This coupled with efforts within the federal government to force electrification will strip American energy consumers of their rights to choose their preferred appliances.

Conclusion

I do want to express gratitude from all of APGA's members for the numerous bills that this subcommittee has progressed that would walk back the harmful appliance efficiency standards. Thank you for the opportunity to testify and for supporting policies that allow continued access to the affordable energy consumers want.

¹⁰ "Energy Insights: Residential Natural Gas Prices Expected to Drop." American Gas Association. Accessed 17 May 2024. <https://www.aga.org/research-policy/resource-library/energy-insights-residential-natural-gas-prices-expected-to-drop/>

¹¹ Kay, Adam. "Why Most Americans Want Natural Gas ." American Gas Association. 12 Dec. 2023. www.aga.org/why-most-americans-want-natural-gas/

¹² Markind, Daniel. "Palo Alto Drops Ban on Natural Gas - Will New York and Other Places Follow?" Forbes. 5 Mar. 2024. www.forbes.com/sites/danielmarkind/2024/03/04/palo-alto-drops-ban-on-natural-gas-will-new-york-and-other-places-follow/?sh=67edd67415ca