



© Anthony Clark

Efficiency is the Faster and Cheaper Way to Lower Natural Gas Prices

Americans use natural gas in their homes for heat, hot water, and cooking, and for commercial use in areas including manufacturing and electricity generation. Efficient use of natural gas—the cleanest-burning of all fossil fuels—can result in substantially lower emissions of global warming pollution than many alternatives. But this doesn't mean we need to drill more natural gas in wild places. Invading pristine places for natural gas that we can get elsewhere would be an irreparable and costly mistake. Investments in natural gas efficiency cost less than drilling and happen faster than increasing supplies—lowering bills for the average consumer right away. A report prepared for NRDC found that an aggressive natural gas efficiency program could cumulatively save more than 234 trillion cubic feet of natural gas over the next 50 years.¹ Congress can provide short-term benefits and long-term energy solutions by adopting policies that incentivize energy efficiency and support development of renewable energy sources.

Efficiency Solutions Will Lower Natural Gas Prices

Energy efficiency is a smart investment that will pay off right now and in the long run. Some efficiency solutions that will lower natural gas prices include:

- 1) Highly efficient natural gas equipment in homes and businesses, such as high-efficiency furnaces and high efficiency or solar water heaters.
- 2) Highly efficient electrical equipment, such as lighting, air conditioning, refrigerators, washing machines, and more, in areas where power plants are fueled with natural gas.

- 3) Highly efficient buildings, through measures such as sealing leaks and installing high-efficiency windows and insulation. A new Energy Star home saves an average of 30 percent of household heating and cooling energy use per year compared to a non-Energy Star home. A builder that goes even further and constructs a home that uses 50 percent less energy qualifies for the federal energy efficiency tax credit. While few homes currently qualify for the federal tax credit, the number is growing rapidly, more than tripling from 2006 to 2007, and the average homeowner of one of these energy efficient homes can save \$400 or more

For more information, please contact
Amy Mall at
(720) 565-0188

Sharon Buccino
202-289-2397

To read the NRDC issue paper *Finding the Balance: The Role of Natural Gas in America's Energy Future* visit www.nrdc.org/policy.



www.nrdc.org/policy

June 2009

© Natural Resources Defense Council

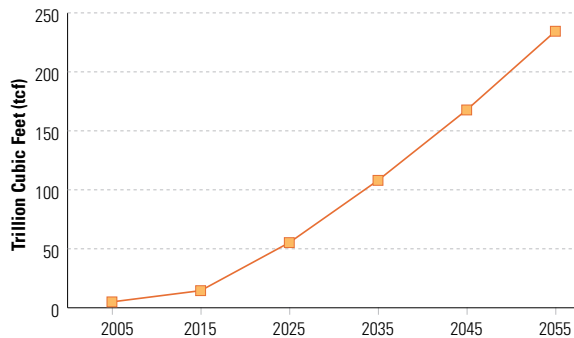
Efficiency is the Faster and Cheaper Way to Lower Natural Gas Prices

per year. Efficiency is not limited to new homes; existing buildings can be retrofit with new energy-efficient materials.

Drilling on Public Land is Not the Fastest Way to Lower Prices

More drilling on public land is not the answer as it is not the fastest way to lower gas prices. From 2001 to 2006 in the West, drilling on public land, natural gas production, and the number of acres leased all increased substantially. Yet during that same period residential natural gas prices rose from an annual average of around \$12 per thousand cubic feet to around \$15 per thousand cubic feet.

Natural Gas Savings from Efficiency Measures



Minimizing the Impacts of Drilling

Like all other fossil fuel production, natural gas production must be done with appropriate environmental safeguards. And while burning natural gas generally results in far less air pollution than using coal and oil, the environmental impacts of producing and using natural gas remain substantial and cannot be neglected. We must ensure the use of best practices to protect air, water, wildlife, health, and property when drilling.

Further, there is already more land available to industry than it can drill. More than 80 percent of natural gas resources on federal lands in the intermountain West are available for leasing and development. As of the end of 2006, of the more than 42 million acres already leased for oil and gas production, only about 12 million acres were in production. Simply leasing more federal land or issuing more permits will not likely increase supply or lower prices.

Policy Solutions Can Boost Natural Gas Efficiency

Congress must enact a number of energy-saving measures that will promote efficiency and pass the savings on to consumers:

- 1) **Mandatory limits on global warming pollution** that will stimulate investments in efficiency and renewable energy.
- 2) **Strong energy efficiency performance standards** for certain appliances and equipment.
- 3) **Increases in the energy efficiency standards of building codes**, including national model energy codes for residential and commercial buildings that increase their efficiency levels 30 percent by 2010 and 50 percent by 2016.
- 4) **As part of global warming pollution limits, distribution of carbon allowance value to states and utility companies that rewards performance** in reducing consumption through increased energy efficiency. This distribution should include a requirement that allowance value be used to support further energy efficiency gains for residential and businesses customers.
- 5) **A national building energy label** that documents a building's energy performance and aids consumers in identifying low- and no-cost opportunities to save money and energy through greater energy efficiency.
- 6) **Federal loan guarantees for energy efficiency** investments to boost private lending and enable greater efficiency gains.
- 7) **Performance-based incentives for retrofits of existing homes** and commercial buildings, and full funding of the Weatherization Assistance Program.
- 8) **Tax incentives for energy efficiency and renewable energy development activities** that reduce natural gas demand, create new high-wage jobs, reduce global warming pollution, and save consumers and businesses money.
- 9) **Increased funding for federal energy efficiency programs** such as Energy Star, the State Energy Program, and the Building Energy Codes program.

¹ GDS Associates, Inc., "Achievable Cost Effective Natural Gas Savings in the United States Due to Adoption of Aggressive Energy Efficiency Policies and Programs," June 22, 2006.