

# NWGA's Policy Principles

## Climate Action



Climate change is an important issue. States and provinces across the Pacific Northwest are developing policies to address climate change by reducing greenhouse gas emissions (GHGs). Natural gas – a clean, low-cost and abundant energy resource – is already reducing GHGs across North America and the region. In short, Northwest Gas Association members (NWGA) are committed to addressing climate change and maintain that natural gas is a climate solution.

Representing the region's providers of natural gas, the NWGA will be an active and constructive participant in regional carbon policy deliberations. To that end, the NWGA will advocate for a climate action policy that:

1. Accommodates the ongoing need of NWGA members to invest in and maintain system safety and reliability.
2. Preserves customer energy choice and affordability for families and the businesses that employ them.
3. Acknowledges and accommodates the regulatory obligation of utilities to serve customer demand for natural gas.
4. Ensures recovery of the costs of compliance through the regulatory process.
5. Does not impose a regulatory compliance obligation on utilities or pipelines for emissions from the combustion of natural gas by consumers that purchase their own natural gas supplies (i.e. transportation customers).
6. Includes a baseline that appropriately accounts for early climate action efforts by natural gas utilities and customers and does not penalize them over the longer term for the relatively low carbon intensity of natural gas.
7. Is consistent, comprehensive and replaces or preempts carbon policies and regulatory schemes to avoid duplication.
8. Is applied economy-wide.
9. Is transparent, predictable and easily understood by the ultimate consumer.
  - a. Full costs enumerated through a line item on a customer's bill.
  - b. Establishes a reasonable maximum tax rate or compliance cost cap.
    - i. Is phased in over a period of time to soften consumer impact;
      1. Phase-in is clearly delineated, specific and predictable
    - ii. Does not include an inflation index or other automatic escalator to the maximum rate/cost cap;
    - iii. Maximum rate/cost cap increases require future legislative action.
10. If a cap and trade regime, identifies/provides access to fully developed carbon trading markets.
11. Ensures that utilities retain funds raised through a carbon pricing mechanism to expend on measures to benefit customers and reduce GHGs throughout the economy.
  - a. Preserves regulatory oversight of funds derived from utility rates.
12. Includes a provision for mandatory review to evaluate efficacy and ensure that policies are having the intended effect.