

## HF 555 and SF 455 - Protecting Natural Gas and Propane Profits at the Expense of Iowans

### The gas industry is trying to save itself at the expense of Iowans

- Methane gas companies called the Texas tragedy a “Jackpot.”<sup>1</sup> Iowa lawmakers should not create a special protection for a product we do not even make here for companies that do not care about Iowans. If local governments want to prioritize the use of energy that Iowa can produce, they should be allowed to do so.
- The language of HF 555 and SF 455 is so broad that it would prohibit local governments from protecting schools, hospitals, and residents from safety issues related to siting of dangerous methane and propane gas infrastructure. Iowa lawmakers should strongly oppose any legislation that endangers Iowans in this way.

### Over-reliance on gas is a liability in very cold weather

- Demand for gas spikes during cold-weather emergencies because it is used for both electricity and home heating. Gas infrastructure in the South froze and failed in the recent cold snap, causing a ripple effect for gas prices across the country.<sup>2</sup> Cedar Falls Utilities reported a price spike for gas of over 100X their normal price during the Texas outages.<sup>3</sup>
- Now, Cedar Falls Utilities projects residential customers will pay \$450 more over the next 10 months to pay for gas purchased during this price spike.<sup>4</sup>
- These gas price increases are landing hardest on Iowans who use gas to heat. MidAmerican Energy in a statement reported:

“As a result of the cold snap, MidAmerican expects minimal impact to the electric component of customer bills. Natural gas charges reflect both the cost of the fuel the company purchases from suppliers and the amount of energy a customer uses. While the impact to customers will vary depending on their energy usage, most customers will see some increases as a result of the natural gas market price spikes.”<sup>5</sup>

- Propane prices in Iowa jumped 44.5% in two weeks (between 2/8/21 and 2/22/21) from \$1.46 to \$2.11<sup>6</sup> and necessitated an emergency suspension of Drivers’ Hours of Service Rules by Governor Reynolds.
- Gas furnaces do not work during power outages because the blower fans required to move heat require

---

<sup>1</sup> Camila Domonoske, “Jerry Jones’ Company Hits ‘Jackpot’ As Harsh Storms Send Natural Gas Prices Surging,” NPR (Feb. 18, 2021), <https://www.npr.org/sections/live-updates-winter-storms-2021/2021/02/18/969074414/jerry-jones-company-hits-jackpot-as-harsh-storms-send-natural-gas-prices-surging>.

<sup>2</sup> *Texas is Awash in Natural Gas. It Didn’t Help in the Storm*, Wall Street Journal, 2/24/21, <https://www.wsj.com/articles/texas-is-awash-in-natural-gas-it-didnt-help-in-the-storm-11614184163>.

<sup>3</sup> Facebook post by Cedar Falls Utilities, February 19, 2021, <https://www.facebook.com/CedarFallsUtilities/posts/3751616148247806>, accessed 2/26/21.

<sup>4</sup> [https://wcfcourier.com/news/local/govt-and-politics/after-unprecedented-cold-sky-high-prices-cfu-to-raise-gas-bills-around-45-month-for/article\\_a398d01c-aa0e-56bc-a6c6-eaefafd8c8e7.html](https://wcfcourier.com/news/local/govt-and-politics/after-unprecedented-cold-sky-high-prices-cfu-to-raise-gas-bills-around-45-month-for/article_a398d01c-aa0e-56bc-a6c6-eaefafd8c8e7.html).

<sup>5</sup> <https://www.midamericanenergy.com/newsroom/2021-financial-impacts>.

<sup>6</sup> Iowa Weekly Fuel Price Reports, <https://iowaagriculture.gov/sites/default/files/Fuel%20Reports/2021/Fuel%20Price%20Report%202021%20through%202-24.pdf>, accessed 2/26/21.

electricity.<sup>7</sup> Backup generators, batteries, microgrids, and transmission can strengthen the electric grid to provide better reliability at lower costs for electrically-heated homes during disasters.

### **Electric-heated homes are already common in Iowa and the best option for the future**

- Many Iowans heat their homes with electricity already. About 25% of homes in Iowa are heated with electricity today, while 13% use propane and almost all the rest natural gas provided by one of the monopoly utilities (MidAmerican, Alliant, Black Hills or a municipal utility).<sup>8</sup>
- Thanks to technological advancements, heat pumps are now able to perform well in cold weather climates like Iowa. These systems can achieve efficiencies three to six times higher than conventional heating technologies. It's expected that installations of electric heat pumps will increase as perceptions about performance become outdated.<sup>9</sup>
- Heat pump improvements mean that using electricity for water and space heating costs less both up-front and over the course of home ownership, especially in new homes.<sup>10</sup>
- Rural Iowa faces a serious housing supply shortage. Requiring new construction projects to pay for expensive gas hookups would make development less attainable for these communities. Communities should be allowed to prioritize low-cost electric home building.

---

<sup>7</sup> <https://home.howstuffworks.com/home-improvement/heating-and-cooling/heating-and-cooling-system-basics-ga.htm>

<sup>8</sup> American Community Survey, 2019, U.S. Census Bureau, <https://data.census.gov/cedsci/table?q=home%20heating%20fuel%20iowa&tid=ACSDT1Y2019.B25040&hidePreview=true>.

<sup>9</sup> Heat Pumps: A Practical Solution for Cold Climates, RMI, 12/10/2020, <https://rmi.org/heat-pumps-a-practical-solution-for-cold-climates/>.

<sup>10</sup> Minneapolis – Single Family Homes analysis, RMI, <https://rmi.org/download/26843/>.