

Environmental Management Commission of Kansas City Missouri

May 20, 2022

RE: RESOLUTION NO. 220442



To Mayor Lucas and Members of the City Council,

The proposed Balanced Energy Resolution No. 220442 pre-empts City flexibility to allow community energy policy to evolve with environmental, technical, and economic considerations regarding natural gas emissions over time and for various uses. The proposed resolution appears to handcuff the city from certain types of ordinances/codes. As drafted, the proposed resolution would specifically require keeping natural gas in the fuel mix for "the powering of buildings or fueling of vehicles." The EMC recommends that the city reserve its flexibility at this time.

The EMC would also recommend against a blanket ban on natural gas (NG) or renewable natural gas (RNG) for the similar reasons. There may be reasons to promote RNG for beneficial use, recovery of methane from landfills, for example. A detailed analysis by the city could identify sectors where NG is appropriate, emergency generation, for example; but also identify other sectors where energy solutions should be targeted to maximize benefits and minimize harms, by ordinance, if needed, such as fleet electrification (as envisioned by administrative regulation), and wind and solar power development and incentives in support of greenhouse gas reduction goals.

A transition away from fossil fuels is likely to require changes in local, state, and federal fiscal and regulatory approaches. Currently, about 43 percent of a natural gas bill covers the delivery, service costs and profits to operate, maintain, and upgrade natural gas pipelines across our service area. Roughly 49 percent is the actual NG usage. The cost of natural gas is passed through with no markup claimed by the NG provider. The remaining 8 percent of a natural gas bill is municipal or gross receipts taxes and is collected and paid directly to the municipality. Revenues are thus linked to infrastructure. The City can partner with NG providers on cost recovery strategies that match a transition in community use for NG and preserve the intent of taxation.

To our knowledge, there are no imminent city restrictions regarding NG or RNG under consideration. Fuel mix issues are complex, warranting thorough review and consideration. Resolution No. 220442 appears to circumvent these processes. It would be short-sighted to presume outcomes based on how these systems are structured today. The EMC recommends against adoption of Resolution No. 220442.

Respectfully submitted,

Handwritten signature of Carol T. Adams in blue ink.

Carol T. Adams, Chair, EMC

The Kansas City Environmental Management Commission was created to make policy recommendations to the Mayor and City Council, staff and all other boards and commissions of the City concerning the issues of environmental planning, management and compliance with Federal, State and local regulations and programs.