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# NATURAL GAS WEEK®

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## Growing External Pressures Vex US Gas Industry

The US gas industry got a stern warning last week from institutional investors: take environmental, social and corporate governance (ESG) seriously or be prepared to suffer the consequences.

Meanwhile, industry executives at Energy Dialogue's North American Gas Forum acknowledged the need to improve their public outreach and messaging if they hope to overcome persistent regulatory hurdles that have already killed some major projects.

While the growing ESG movement is mainly targeted at Big Oil, “there’s a lot of evidence out there in the market to suggest that gas is not immune to the pressures that ESG is bringing to bear,” said Tom Greenberg, global head of ESG advisory for Credit Suisse.

“It is not clear cut to a lot of industry stakeholders out there that gas is a long-term solution to climate change,” Greenberg said during the North American Gas Forum. “The pace of change is so rapid right now. The focus on this topic is causing corporate boardrooms and institutional investors to re-evaluate and change policies.”

But Greenberg and other speakers at the virtual forum cautioned that despite progress toward net-zero emissions goals and other clean-energy targets, the industry risks moving too slowly in some high-profile areas.

“We have to be aware that we don’t have the luxury of spending multiple years coming up with ... shifts in our corporate strategies. This is real time. This needs to be dealt with now. The repercussions of not dealing with it are significant.”

He stressed that reducing flaring and cutting down on methane leaks “are things that investors and stakeholders view as things the industry simply has to address. You get those under control then you have an argument to be made about how gas is materially better than coal.”

Mark Florian, managing director at investment firm BlackRock, agreed that “there are going to be pressures going forward on the gas industry. And I think the gas industry needs to do everything it can to make production and delivery of its product as clean as it possibly can.”

But companies also need to work harder to persuade stakeholders -- and the public at large -- that gas has a role to play in a low-carbon economy.

For example, the industry should drive home the notion that gas-fired peaking units will actually drive the development of more renewable energy, given the need for gas to play a backup role for intermittent wind and solar.

“The industry has to think about how we position ourselves to be part of the long-term solutions; otherwise I think these ESG pressures are going to ultimately overwhelm,” Florian said.

### 'Telling Our Story'

Messaging was center stage at an earlier panel, on which officials from several midstream and downstream gas companies expressed concerns about the industry’s ability to win the increasingly intense public relations battle.

“It’s not for the faint of heart,” remarked Chad Zamarin, senior vice president of corporate strategy at Williams, referring to building new infrastructure in the current environment.

He noted that Williams has had two greenfield gas projects in the Northeast scuttled this year -- Constitution Pipeline and Northeast Supply Enhancement -- after it was unable to overcome intense opposition from green groups and state and local politicians ([NGW May25'20](#)).

But Zamarin said the company has “learned a lot on how we need to engage in telling our story.”

After those cancellations, Williams did some public polling and its first-ever paid media, but perhaps most important “we went out and actually talked to focus groups and told the story of natural gas.”

Its messages focused on gas’ ability to lower utility bills compared with other home heating fuels, reduce emissions and provide more reliable service in the winter.

“You really have to invest in that part of any infrastructure program,” Zamarin told the forum. “We have got to retrain our companies ... to become much more of a public engagement organization where we make sure we have that coalition of support across the board before we even think about taking on an infrastructure project in a challenging part of the country.”

“Stakeholder engagement has taken on a whole new meaning in this environment,” agreed Sacha Weintraub, senior vice president of Duke Energy’s natural gas business.

“What we underestimate is the need for people to really vet through and understand all the issues and all the options before we show up and say, hey, we need to build this piece of infrastructure from point A to point B,” Weintraub said.

**Mark Davidson, Washington**



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