

Ways To Increase Natural Gas Infrastructure And Demand

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With terrorism, immigration and minimum wage hikes dominating much of the conversation among presidential hopefuls, energy issues have taken somewhat of a backseat. But given its ever-present role in everyday life, the American Petroleum Institute has recently urged candidates to share their plans for the country's energy future. With natural gas production in the United States surging to more than 40 percent in the last decade according to the Energy Information Administration, the next president's plan for America's natural gas reserves will play an important role in the broader economic plan. The Marcellus shale in particular has played a large role in this growth increasing its production from almost nothing 10 years ago to a fifth of the total U.S. natural gas output today. As a result, the natural gas industry has produced thousands of jobs, aided local economies and brought America closer to energy independence.

Despite all of the positives, the full potential of Marcellus shale as a source of inexpensive energy resources remains only partially realized. While there is an abundance of natural gas available in the region, much of it is not being produced. There are two factors limiting production: the lack of necessary infrastructure to transport the gas and a lack of demand to match the increased supply. These issues create a challenge for the industry as it tries to figure out what needs to come first, an increase in demand or the development of infrastructure. In fact, this is not a "chicken or the egg" problem, it's a chicken *and* egg problem. The industry must focus on increasing demand and improving infrastructure concurrently if it wants to realize a more prosperous energy future.

The path to increasing both demand for and access to natural gas is not something that will happen overnight, but there are a number of tangible steps the industry can take now to begin to address the issue.

Encourage Natural Gas Use Through Education

In July of this year, the monthly natural gas share of U.S. electricity generation surpassed the share of coal for only the second time in history. While this points to the rising demand for natural gas, there is still considerable room for that number to grow relative to the amount of natural gas available and the benefits of it as a fuel. In order to realize continued growth, the industry should continue to educate utilities and end users on all of the benefits natural gas offers.

The recent Clean Power Plan puts a considerable degree of restriction on carbon emissions. As a result, coal generation is likely to become an increasingly costly fuel source in the coming years. Natural gas offers advantages as a low-cost fuel and falls more closely in line with new government emissions regulations. To encourage the adoption of natural gas as a fuel source, producers must continue to inform regulators, policymakers and the public of the environmental and economic benefits of natural gas. An ongoing educational and advertising effort could encourage more natural gas plant construction and even the conversion of some coal plants to natural gas plants, driving demand significantly.

Push for a Lift of the Export Ban

For the first time in decades, it looks like lifting the oil and gas export ban could be a real possibility. The economic and political landscape has changed drastically since the ban was first implemented in the 1970s. With low prices for gas and an already clearly defined U.S. market, lifting the ban could open American oil and gas companies to new opportunities around the globe. In addition, it is likely to create hundreds of thousands of jobs in America.

The industry has already been successful in gaining traction for change. Last winter, a number of energy production executives traveled to Washington to meet with members of congress to encourage them to lift the ban. Since then, the American Petroleum Institute has launched an effective campaign urging supporters to email and call congressional leaders, as well as voice support for lifting the ban on social media using the hashtag, #LiftTheBan. While these efforts have had a positive effect, the industry must continue to make inroads through their government relations efforts.

Collaboration Between Industry, Government and Communities

The development of pipelines and infrastructure is a complex and difficult undertaking that requires skillful maneuvering through a patchwork of regulations at the federal, state and local levels. Collaboration between each of these levels of government is a requisite to make possible, let alone encourage, development in the energy industry. The industry must engage with each of these facets of government in an effort to come up with tangible solutions to the challenges it faces.

Coalitions representing stakeholders at each level are valuable vehicles for harnessing collaborative improvement efforts.

At the federal level, this has been done with the recent Quadrennial Energy Advisory Board Task force. The Quadrennial Energy Review report released in April 2015, included input and support from stakeholders at all levels of government, business and communities. It produced a series of tangible, actionable steps to improve the country's energy infrastructure. Similarly, the state of Pennsylvania recently formed the Pennsylvania Pipeline Infrastructure Task Force with the hopes of producing a report in February 2015 that will outline how pipelines could be developed in the state. Industry leaders must seek out opportunities to participate in these kinds of groups to help set the course for future

policy initiatives.

Conclusion

There are no simple solutions to unlocking the true value of shale natural gas in America. In a best-case scenario, building the proper infrastructure and increasing demand will take years. But by committing to the steps outlined above and putting the chicken and egg on equal footing, the industry can get closer to the future it would like to realize.

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