



ABRA Update #273 – April 23, 2020

Issue Highlights . . .

- Natural Gas Is A Bridge to Nowhere for Investors, According to New Study
- *In the News* – page 2

Natural Gas Is A Bridge to Nowhere for Investors, According to New Study

A new study concludes that “the proliferation of natural gas infrastructure contributes to distinct risks that threaten shareholder value, including investor portfolio risk, company-level physical risk, regulatory and technological transition risk, and reputational risk.”

[Natural Gas: A Bridge to Climate Breakdown](#), published by As You Sow, a shareholder advocacy group, and Energy Innovation, an energy consulting firm, is an investor brief on overcoming the power sector’s natural gas dependence. The study notes that “investors have a unique role to play in the clean energy transition. They are well positioned to encourage power utilities to reduce the investment risks associated with an overreliance on natural gas.”

Here are some further excerpts from the study:

- Natural gas is a fossil fuel comprised primarily of methane, a potent greenhouse gas with roughly 84 times the global warming potential of CO₂ over a 20-year period.
- 2018 research in *Science* suggests U.S. methane supply chain emissions are likely close to 60% higher than estimated by the Environmental Protection Agency (EPA) – a leakage rate of approximately 2.3%.⁶ This leakage rate implies gas-fired plants emit closer to 75% of coal-fired plant emissions per-unit of energy.
- Utilities must begin planning now to align their operations with the Paris Agreement’s 1.5°C goal. Given the long lifetime of gas-based infrastructure, increasing investment in this fuel source is shortsighted and harms shareholders by contributing to exacerbating the impacts of climate change across the global economy.
- Despite the risks, most power utilities in the U.S. are continuing to invest in new natural gas power plants and pipelines, with operating lifetimes stretching far beyond what is permitted in climate stabilization models, raising the question of stranded assets and self-inflicted harm.
- The U.S. is on track to spend roughly \$1 trillion on new gas-fired power plants and fuel by 2030. these gas infrastructure assets will either become stranded or need to be retrofitted with expensive and relatively unproven carbon capture and storage (CCS) technology to remain viable.
- According to Edison Electric Institute (EEI) research, 70% of utility customers support the statement that “in the near future, we should produce 100 percent of our electricity

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from renewable energy sources such as solar and wind.” Due in part to utility unresponsiveness to large customer demands for clean energy, once-captive customers are seeking ways to directly purchase clean energy, circumventing utilities and eroding their ratepayer base. As a result, customers large and small are challenging the traditional monopoly model to access clean energy.

- In almost all jurisdictions, utility scale wind and solar now offer the cheapest source of new electricity, without subsidies.
- In an investor’s worst-case scenario, as new plants lose market share to cheaper renewables before the end of their productive life, regulators may face enough pressure to consider prohibiting or reducing utility cost recovery from customers for relatively new but underutilized natural gas plants. The costs from this accelerated retirement will likely fall on consumers, akin to discussions today about who pays and how much for uneconomic regulated coal-fired power plants.
- Utilities cite a host of reasons to delay movement away from fossil fuels, particularly natural gas. Many maintain that natural gas generation is needed either instead of, or in addition to, renewables, for reliability. Evidence increasingly demonstrates that such assertions are unfounded.

For another point of view that complements the findings of this new study, see the guest column by Thomas Hadwin that appeared in the April 20 issue of the *Virginia Mercury*, linked below in In the News.

In the News:

Local/Atlantic Coast Pipeline

The Atlantic Coast Pipeline is looking like a riskier investment every day

- Virginia Mercury – 4/20/20

<https://www.virginiamercury.com/2020/04/20/the-atlantic-coast-pipeline-is-looking-like-a-riskier-investment-every-day/>

The project faces a number of high hurdles to completion. But don’t count it out just yet. Dominion remains THE political heavyweight in our state.

Dominion Energy nearing construction on first offshore wind turbines in U.S. federal waters

- CBS19 News – 4/21/20

<https://www.cbs19news.com/story/42031360/dominion-energy-nearing-construction-on-first-offshore-wind-turbines-in-us-federal-waters>

Regional/Mountain Valley Pipeline, other

A big deal': Keystone XL ruling could threaten other pipelines

- E&E Energywire – 4/22/20

<https://www.abralliance.org/wp-content/uploads/2020/04/Keystone-XL-ruling-could-threaten-other-pipelines-EE-Energywire-4-22-20.pdf>

The ruling prevents KXL from constructing the pipeline through any stream or waterway in the pipeline’s path. It also bars the Army Corps from authorizing any dredge or fill activities in water crossings covered under the general permit while the agency conducts the ESA consultation

Related:

- https://www.roanoke.com/business/keystone-xl-ruling-could-further-delay-mountain-valley-pipeline-permit/article_1ba83a95-6d95-5df1-a497-088f79e6a091.html

Big Picture:

Wind tops coal in U.S. power, marking its rapid ascent

- E&E Climatewire – 4/21/20

<https://www.abralliance.org/wp-content/uploads/2020/04/Wind-tops-coal-in-U.S.-power-EE-Climatewire-4-21-20.pdf>

Wind generation has climbed by nearly a third since 2016 as new developments sprouted from the plains in Texas, Illinois and other states across the Midwest. Wind now generates more electricity than hydropower and is a primary reason why generation from renewables regularly outpaces output from coal.

FERC Denies Rehearings on PJM Capacity Orders, in a Blow to States' Renewables Plans

- Greentech Media – 4/16/20

<https://www.greentechmedia.com/articles/read/ferc-denies-rehearings-on-its-pjm-capacity-rulings-opening-door-for-legal-challenges>

There's a silver lining for renewable energy, however: The unexpectedly swift denial opens the door to legal challenges.

COVID-19 prompts delay for federal pipeline rule

- E&E Greenwire 0 4/23/20

<https://www.abralliance.org/wp-content/uploads/2020/04/COVID-19-prompts-delay-for-federal-pipeline-rule-EE-Greenwire20200423.pdf>

Because of staffing constraints caused by the COVID-19 pandemic, the Pipeline and Hazardous Materials Safety Administration is postponing enforcement of compliance deadlines. They'd been scheduled for July 1 but are being pushed back to Dec. 31.

Satellites find highest U.S. methane emissions ever recorded

- E&E Energywire – 4/23/20

https://www.abralliance.org/wp-content/uploads/2020/04/Satellites-find-highest-U.S.-methane-emissions-ever-recorded-EE-Energywire_20200423.pdf

The Permian Basin is producing the largest methane emissions ever reported over a U.S. oilproducing region, according to a new study based on data from satellites.

Community solar: A ray of hope in the gloom?

- E&E Greenwire – 4/23/20

https://www.abralliance.org/wp-content/uploads/2020/04/Community-solar-A-ray-of-hope-in-the-gloom-EE-Greenwire_20200423.pdf

Community solar is a fast-growing sector that offers residences and businesses solar in the form of shares in a common solar farm, rather than inviting strangers to install solar panels on the roof. Could it thrive in an era of social distancing?