

*Climate and Natural Gas: The Opportunity*

Remarks by the Honorable Timothy E. Wirth  
Colorado Oil and Gas Association  
Rocky Mountain Natural Gas Strategy Conference  
Denver, Colorado  
July 8, 2009

Thank you. I am pleased to be with you, and to share with you ideas and common purpose, as we have shared together for most of the last 30 years.

When I was a young Congressman, Fred Julander and Tom Vessels wandered into my office to introduce me to the industry; subsequently we worked together for the years I was in the House and Senate. Through changes in the Public Utilities Holding Company Act and other regulatory statutes, we built the coalitions necessary for natural gas to expand its market base. We eliminated statutory and regulatory barriers and various price controls, advanced transmission opportunities, and even were able to get some provisions concerning natural gas as a transport fuel enacted into law. My car was even fueled with compressed natural gas, courtesy of Colorado Interstate and the Public Service Company.

Working with this industry was one of the most satisfying aspects of my political career, and I was proud and grateful for your advice and support.

In 1992, I decided that 20 years of elected politics was enough, and headed in some new directions. For five years, I worked for the Clinton-Gore Administration, with broad responsibilities for some of the most difficult areas of our nation's foreign policy: counter-narcotics, human rights, population and refugees, the environment and climate change – what Tom Congdon once described as “the portfolio of impossible problems.”

When Ted Turner made his billion-dollar gift to help the United Nations and work on global problems, I left the government and have been running his global philanthropy ever since, focused in particular on children's health, population, and climate change.

I cite this brief history because it has led me into deep involvement with the science, technology, diplomacy, and politics of climate change and global warming. The critical climate issue brings us together today – it is time once again to work together – to share ideas and common purpose, as we have over the years, and to identify the remarkable opportunities which this industry now has to stabilize, to prosper, and to grow.

Let me summarize my message: The time has come for the natural gas industry to get organized, take the gloves off, and get thoroughly engaged in helping our country advance rapidly toward a low-carbon economy. You will help yourselves, leave a legacy for your grandchildren, and play a major role in saving the world. But you have to ask for the order.

You have huge supply, you have low demand; good government policy will go a long way to putting a sound base under the industry. You can help form that policy, or you can stay in the wilderness.

Let me expand:

- Even as we are anxious about our sagging economy, alarmed by rising health care costs, staggered by the nation's debt, and fearful of nuclear proliferation and chaos in the Middle East, none of these issues changes the enveloping reality of our climate.
- Serious concern about global climate disruption remains the nearly unanimous view of the world's scientific communities, including our own National Academy of Science and the American Association for the Advancement of Science.
- The evidence of global warming since the Industrial Revolution began is undeniable – a trend not disproved by year-to-year variations.
- The central issue is the atmospheric concentration of carbon dioxide; earth's atmosphere, the thin layer that allows life to exist on earth, has become a little thicker and a little warmer, acting as a kind of greenhouse.
- Climate disruption is already beginning to overwhelm the globe's capacity to adjust – reduced crop yields in Sub-Saharan Africa, greater flooding in Bangladesh, probable permanent drought in Australia.
- Scientists are now warning of possible “tipping points”: the rapid disintegration of ice sheets, the sudden release of methane from warming permafrost in the North – tipping points that could turn a challenge into a catastrophe for our children, grandchildren, and the future of life as we know it on earth.
- Is this scientific perspective perfect, absolutely 100% certain, guaranteed? Of course not – nothing in life is.
  - Neither is it a certainty that Iranians are trying to build a nuclear weapon;
  - Or that food crops in India will lose their nutritional value as it gets warmer – or that drought will propel more people North across our borders.

But the realistic possibility of disaster recommends a very serious response.

We know that carbon is the central issue – we are using the atmosphere as a mammoth garbage dump. Each of us in the United States is responsible for about 20 tons per year – and most of our carbon waste stays in the atmosphere for 100 years or longer.

Even as we better understand the science, our emissions are growing much faster than predicted, the concentrations in the atmosphere are getting denser, and the time horizon in which we can effectively act is getting shorter.

This is where you come in. I would argue with anyone at any time that this industry has more to gain, and a greater contribution to make, than any other industry in America or, for that matter, in the world.

You can be the winners from climate action – and the more aggressively you act, the more you will gain. And the more the world will benefit.

Our economy is largely dependent on fossil fuels – coal, oil and natural gas – and will be so for many years to come. But we have to slowly and steadily reduce this dependency; to stabilize the atmosphere, we have to reduce our carbon output by at least 90% by the year 2050. Instead of 20 tons, we will have to reduce our carbon emissions to about 2 tons per person.

That is a mighty challenge, and will require all the technologies in our current portfolio:

- Energy efficiency;
- Fuel switching;
- Renewable fuels – wind, solar, biomass;
- Nuclear and efficient hydro;
- Alternative fuels for our transportation system; and a battery of new technologies not yet invented.

Washington has made a start on this challenge – the House of Representatives passed the Waxman-Markey bill, and the legislation now moves to the Senate.

The House bill is certainly the most far reaching and important energy legislation ever passed – in more than 1200 pages, it includes a staggering array of energy policies, tax incentives, regulatory requirements and national standards:

- The coal industry, fighting hard for its future, came away with the most impressive array of permits and give-backs, a tribute to intensive coal and utility industry pressure and lobbying.
- The utility industry largely dictated the terms of the cap-and-trade system, and the Edison Electric Institute endorsed the bill.
- The agricultural industry also counted its votes carefully, resulting in potentially significant benefits for farmers, their communities, and their industrial partners.
- Likewise, the solar and wind industries, riding a strong wave of public sentiment, set the stage for growing commitments to renewable energy – even though their goals were watered down significantly by the united front of the electric utilities.
- The auto industry got additional incentives for innovation and was otherwise untouched, having been covered in related regulatory actions and agreements on greater efficiency.

Every industry was deeply engaged – except one. Yours. The natural gas industry – the industry with the most to gain and the most to offer, was largely not at the bargaining table:

- The national commitment to move toward a low-carbon economy should be an affirmation of the lowest carbon fossil fuel, natural gas. But the legislation is silent.
- The security imperative of reducing our dependency on imported oil should include natural gas vehicles; but again, no provisions for the Pickens Plan or any alternative.

- The rapidly growing energy research and development budget should provide assistance for refurbishing scores of peaker simple-cycle turbines for greater efficiency. Not mentioned.
- The governance of regional power systems should include independent power producers and a growing commitment to low-carbon dispatch.
- Natural gas will play a critical role in keeping the grid stable as we increase the share of power produced by intermittent renewables like wind and solar. The legislation is silent on these opportunities as well.

All of these policy measures should have been in the House legislation; almost none of them was even proposed. A senior Committee staffer told me that “no coherent argument came together, the industry seemed atomized.”

The natural gas industry missed the biggest national commitment to generate a host of new energy jobs, to move toward a low-carbon economy, to sharply grow the industry, and become a major player in the future of energy policy.

What happened? There are probably a variety of explanations – none dispositive, but all interesting:

- Too many in Congress still believe that natural gas is a scarce commodity and don’t understand the dramatic new discoveries by the industry.
- Even though it is significantly less carbon-intensive, and is cleaner on many other measures, the natural gas industry remains wrapped together with coal and oil.
- The public may not be aware of the domestic nature of the industry, largely separated from disputes about drilling offshore or on the public lands.
- And the natural gas industry remains a target for broad misinformation about its reliability as a generating fuel or safety as a transportation fuel.

No doubt the House legislation was a missed opportunity – but as one of the Committee members told me, while the hour is late, this can be recouped in the Senate.

- The industry has to decide on its two or three biggest legislative priorities: fuel switching? Transportation alliance with renewables?
- It must work to get its regulatory house in order, from FERC to Treasury to the Department of Energy.
- A cadre of Senate champions must be recruited to carry the banner for cleaner fuels and this domestic industry – not just traditional supporters but additional states with new discoveries of unconventional gas have significant interests that must be heard.
- The global narrative must be written – as new gas supplies are found around the world, these should be targets for selling American technology while reducing the power of some of the world’s most odious governments.

The stakes are too big for you to be absent:

- The United States has huge supplies of a low-carbon domestic fuel. Producers have identified the resources with state-of-the-art geoscience, and have effectively mastered the art of extracting it efficiently.
- The science tells us that we must move toward a low-carbon economy with urgency and resolve. Natural gas produces a third to a half fewer greenhouse gas emissions than coal and is an essential partner with the rapidly growing renewable industry. No fuel can compete with natural gas as a bridge to our future.
- The industry needs a market that will ask for the gas on a steady, growing basis. And it needs a set of government policies that help facilitate this market, without getting in their way.

This is a big task, but meeting it should be fun, rewarding and successful. I remember when you pulled yourselves out of the shambles of pipeline regulation and price restrictions, and from that chaos the industry took a major step forward.

Now it is time to move to another level – you have the base and the resource to be aggressive and adventurous – but only if you decide to become a mature, organized and effective industry.

The hour is late, and so far the record isn't very encouraging. But you have so much to offer – and so much to gain – the possibilities and opportunities are breathtaking. But the only way you will get the order is to ask for it.

Thank you.