

2. ENERGY POLICY: Growing in power, natural gas attracts enemies

(02/15/2011)

Anne C. Mulkern, E&E reporter

Environmental groups want to extinguish the ardor many are feeling for natural gas.

As the fuel grows in market share and political power, several green groups have launched campaigns highlighting potential problems. They raise questions about everything from how natural gas is extracted to how much of a climate benefit it offers over competitors.

"Natural gas, especially newly available unconventional gas, has the potential to dramatically shift the energy landscape in the U.S.," said Matt Watson, senior energy policy manager at Environmental Defense Fund. "Done right, it could be an important part of de-carbonizing our economy as we ramp up on truly clean energy resources. Done wrong, it could further entrench us on the losing side of the climate equation and do very real damage."

The efforts build on the buzz of Oscar-nominated "Gasland," an anti-drilling documentary. The natural gas industry, which calls many aspects of that movie erroneous, argues that the concerns of environmental groups are misplaced.

"We are proud of the extraordinary role that natural gas can play in power generation, transportation and manufacturing to advance cleaner air and improve U.S. energy security," said Dan Whitten, spokesman for America's Natural Gas Alliance, the trade group for independent companies. "Our members are committed to the safe and responsible development of this resource."

Natural gas is surging in use, pushed by record low prices for the fuel.

In 2010, natural gas constituted 24 percent of power generation, from 13 percent in 1996, according to U.S. Energy Information Administration (EIA).

EIA projects that by 2024, natural gas will drop back slightly to 21 percent because of growth in renewable power and because the price of natural gas will start to rise, making coal more competitive.

But it could be buoyed by Congress. Some are talking about including the fuel in a clean energy standard, a requirement that utilities generate a portion of their power from less polluting sources.

President Obama in his State of the Union address said he wanted the country to use 80 percent clean power by 2035. In addition to renewable sources, the White House has mentioned meeting that goal with nuclear power, coal with carbon sequestration and some natural gas.

Groups like the Sierra Club have watched that growth and natural gas's growing clout, and decided that they needed to seek more federal oversight.

"It became very evident that this was a huge, looming problem and we needed to get it right," said Bruce Hamilton, director of the Sierra Club's Global Warming and Energy Program. "We don't just want to open the floodgates [and] at the same time not address the very, very serious impacts that natural gas has on the human and the natural environments."

The Sierra Club argues that drilling for the fuel can lead to groundwater contamination and problems with leaks into homes. Natural gas drillers, the green group said, enjoy exemptions from parts of several environmental rules.

The Environmental Defense Fund (EDF) contends that there are doubts about the widely held belief that natural gas emits half the greenhouse gases of coal.

The Natural Resources Defense Council, meanwhile, is filing lawsuits against developers it believes have violated federal law. NRDC also is lobbying for beefed-up regulation of the hydraulic fracturing technique used in some drilling.

On Thursday, the cause gets help from Hollywood. NRDC and Environmental Working Group will join "Gasland" director Josh Fox in lobbying lawmakers on the need for more drilling regulation. Mark Ruffalo, an Oscar-nominated actor, also will attend. Ruffalo lives in New York and Fox part-time in Pennsylvania in towns affected by shale gas development.

The natural gas industry said it has plenty of regulation.

"Natural gas is routinely produced safely in communities across the country," Whitten said. "This is due to the commitment of our industry to responsible development, and credit also is due to the vigilant oversight of state regulators.

"We continue to believe states are best suited to oversee natural gas production, including hydraulic fracturing," Whitten added. "The techniques and approaches vary depending on local geology, and states have the systems and expertise in place."

With Republicans controlling the House, several analysts predicted that arguments for more federal oversight of natural gas are likely to get a chilly reception.

"It will be dead on arrival," said Charles Ebinger, senior fellow at the Brookings Institution think tank. "There is such a perception, right or wrong, that shale gas is a game changer."

Environmental groups concede they face long odds in getting Congress to take a tougher look at natural gas development. They said they want to potentially create pressure now that eventually results in changes.

The Sierra Club also is working at the state level and wants to both build grass-roots support and push for more local regulation. EDF is teaming with Southwestern Energy Co. to create a set of drilling company best-practice standards that could be adopted by regulators.

"We want to try and make sure that natural gas when it is produced that it's done right," Hamilton said. "It's being portrayed by the industry and many people in government as a clean energy source. In fact, the way it is produced now is anything but clean."

Environmental groups also contend that more scientific data are needed so those making decisions have the facts.

Climate questions

EDF is examining natural gas's climate benefit, what data there are, where the gaps are and how information could be gathered to fill those gaps.

"We're trying to get a handle on what the difference may be between gas and coal from a climate perspective," said Watson with EDF.

When utilities make electricity with natural gas, resulting carbon dioxide emissions are about half the amount when coal is burned. But some argue that methane escapes during drilling for and transportation of natural gas.

Methane is a far more potent greenhouse gas than carbon, analysts said, and even a relatively small amount would negate the benefit.

Especially with talk of converting diesel-powered vehicle fleets to natural gas, Watson said, "that methane leakage issue is a very big deal."

News group ProPublica last month wrote a piece on the issue, using a report from U.S. EPA. In that EPA report, the agency's estimate of the amount of carbon emission equivalent that comes from natural gas due to methane gas escaping increased by 57 percent compared to its previous estimate. That document came as part of EPA's rule requiring the oil and gas industry to report greenhouse gas emissions, which took effect in January.

Environmental Defense Fund scientists now are reviewing literature and EPA's report and determining what additional information is needed.

EPA's rule requiring the oil and gas industry to report greenhouse gas emissions would help fill in some of the gaps, Watson said. The natural gas industry is challenging that rule ([Greenwire](#), Feb. 1).

"It's sort of maddening," Watson said. "The gas industry is out there saying, 'We're 50 percent cleaner than coal, but we don't want you to count, just trust us.'"

"It doesn't inspire a heck of a lot of confidence," he added.

ANGA disputes the significance of that ProPublica report on methane.

"Recent reports about greenhouse gas emissions from our industry have been disputed by the Environmental Protection Agency," Whitten said, "which itself said it had not seen any indication that the benefits of natural gas have been called into question."

Whitten referenced an EPA report in which the agency said that it "has not reviewed the analysis described in the [ProPublica] article in detail, but we have not seen any indication that the benefits of natural gas have been called into question. Available data demonstrate that switching from another fossil fuel to natural gas reduces emissions of carbon pollution and other harmful pollutants that threaten Americans' health."

EPA also noted that it has "not conducted an analysis of coal versus natural gas."

The natural gas trade group, Watson said, is "taking the EPA statement and putting quite a spin on it."

"EPA is making statements about the facts that are known today -- which is exactly what they should do," Watson said. "However, in the same document that's being referenced, EPA also points out that there's still a significant degree of uncertainty."

"Leakage rates are a lot higher than they need to be, and we're not getting nearly the climate benefit from gas that we could," Watson added. "Instead of trying to hide the ball, industry ought to acknowledge it has a problem and start working with regulators on cost-effective solutions."

EDF also is pushing for disclosure at the state and federal level of the fluids used in hydraulic fracturing.

Some natural gas companies will be releasing lists of the chemicals they use in hydraulic fracturing, Whitten said. ANGA, along with the Independent Petroleum Association of America and the American Exploration & Production Council, has said it supports a state-based registry system where drillers could list the contents of hydraulic fracturing fluids.

Disclosure in that system would be voluntary.

How clean is gas?

Sierra Club over the next few months will be increasing efforts on its campaign that argues natural gas drilling can be dirty and dangerous.

The group last summer launched its Natural Gas Reform Campaign on a part-time basis while it raised money to fund an expanded effort. Deborah Nardone, who previously worked for Trout Unlimited, started in January as senior campaign representative for natural gas.

"The ultimate goal for the campaign is really to figure out how to best protect our land, air, water and communities where natural gas extraction occurs," Nardone said, adding that "how we get there is going to be different state to state."

Sierra Club plans to fight for adequate resources for oversight and enforcement, Nardone said. As well, she said, significant wildlife habitats and sensitive wild land areas should be "off-limits" to drilling.

"We need to make it clear that if we can't protect the environment and we can't protect the communities, we can't be drilling for natural gas," Nardone said.

Whitten with ANGA said the industry's track record is good.

"Hydraulic fracturing should be done safely, and it is being done safely," Whitten said.

While at the Pennsylvania Council of Trout Unlimited, Nardone developed the group's Cold Water Conservation Corps, which trained citizen volunteers to collect water samples. Those were needed, Nardone said, to have a baseline in order to show any contamination by natural gas development.

Grass roots will be an important part of the Sierra Club campaign, she said. But Sierra Club members pushed for work on natural gas at the national level, she said, because they believe changes are needed in federal regulations.

"It's just a matter of creating the well-informed and vocal community that can talk about the issue," Nardone said. The Sierra Club has a Web page that tracks proposed regulation on hydraulic fracturing as well as studies that have been done.

"There's a need to talk about what truly is clean energy," Nardone said. "Given what we're seeing, natural gas is not a clean energy."

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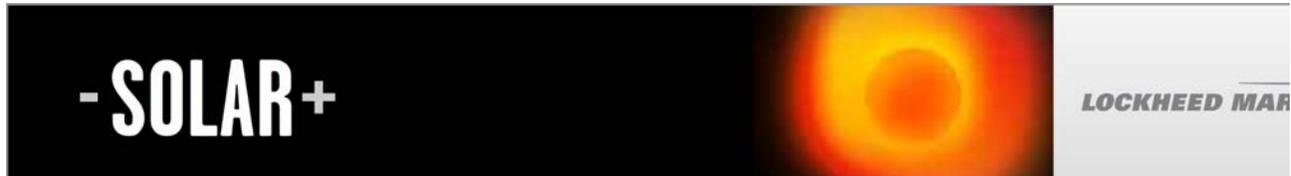
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