



November 13, 2020

University of Pittsburgh
Board of Trustees
Ad-Hoc Committee on Fossil Fuels
159 Cathedral of Learning
4200 Fifth Avenue
Pittsburgh, PA 15260

Dear Ad-Hoc Committee on Fossil Fuels:

The Marcellus Shale Coalition (MSC) was formed in 2008 and is comprised of approximately 100 producing, midstream, transmission and supply chain members who are fully committed to working with local, county, state and federal government officials and regulators to facilitate the safe development of natural gas resources in the Marcellus, Utica and related geological formations. Our members represent many of the largest and most active companies in natural gas production, gathering, processing and transmission in the country, as well as the professional services firms, suppliers and contractors who partner with the industry.

The MSC appreciates the invitation of the Ad-Hoc Committee on Fossil Fuels (Committee) to comment on *“options on whether, to what extent, and via what methods the University, in its Endowment, should consider divestment from fossil fuels in existing and/or future investments.”*

The MSC strongly encourages the Committee to recommend to the Board of Trustees (Board) that the University not divest in any investment merely because it contains fossil fuel assets, including natural gas. We offer the following facts to help inform the Committee’s deliberations and recommendation.

Natural Gas Saves Lives & Reduces Energy Poverty

Our member companies and their employees take great pride in their work. They are committed to bettering their communities, this Commonwealth and the country as a whole. After all, we live and raise our families in the same communities in which we work.

Over the past twelve years, Pennsylvania has catapulted to the second largest natural gas producing state in the nation. Whereas Pennsylvania once only produced 25% of the natural gas which it consumed, it now produces 20% of the nation’s natural gas. This historic production increase has drastically reduced our dependence on foreign energy (where fossil fuels are often developed without the environmental standards common in the United States). It also has led to massive decreases in consumer energy costs, with electricity prices down nearly 40% since 2008 and natural gas energy costs down 70% or more in some Pennsylvania public utility service

territories¹. This translates into annual savings of thousands of dollars for the average residential customer, and exponentially more for businesses, non-profits and educational facilities, including the University of Pittsburgh.

Consider that one out of every three electrons powering our grid now comes from natural gas, this base fuel becomes absolutely necessary to safely and reliably power our homes, businesses and educational institutions. Indeed, it is natural gas that helps ensure our region's power remains uninterrupted, in stark contrast to, for example, California's approach to rely on renewable power which in part led to the disastrous blackouts this past summer.

Further, many consumers do not understand the significant role that natural gas and its associated liquids play in the production of nearly all the products we use each and every day. Beyond the irreplaceable electronics that our businesses, educational institutions and society at large have come to depend upon are many other necessary products, such as clothing, hygiene items, and everyday consumer goods which are made directly from natural gas liquids.

More recently, the COVID-19 pandemic has highlighted the importance of critical health care goods and products necessary to treat those who are ill, as well as effectively safeguard citizens from becoming ill. Masks, hand sanitizer, bottle dispensaries, soap, disinfectant, gloves, diagnostic tests, plexiglass barriers, syringes, and nearly every pharmaceutical is manufactured from natural gas and oil feedstock.

Citizens are able to use savings from lower energy costs to afford other critical necessities, access health care services, and provide greater educational opportunities for their families. The National Bureau of Economic Research released a working paper which suggests that upwards of 11,000 lives² across the United States were saved annually due to lower natural gas prices.

Likewise, we are fortunate to have several world-class health centers – including UPMC – to serve the citizens of our region, particularly in the midst of the pandemic. These health care centers could not do their job, or care for their patients, without access to reliable power or all the life saving and sustaining products that are produced from oil and natural gas. In short, natural gas development elevates citizens from poverty and literally save lives.

Natural Gas: Cleaner Air, Lower Emissions

While more work remains to be done, air quality in western Pennsylvania and indeed throughout the Commonwealth is exponentially cleaner today than it was even a decade ago. Much of this progress is directly attributable to the increased use of natural gas for electric generation.

Consider, for example, that since 2005³ sulfur oxides (SOx) emissions from power generation in Pennsylvania are down 93%, while nitrogen oxide (NOx) emissions are down 81%. Meanwhile,

¹ PA Public Utility Commission – Purchased Gas Costs

² Marcellus Shale Coalition Blog: *U.S. Energy Abundance Saves Thousands of Lives Annually*
<https://marcelluscoalition.org/2019/03/energy-abundance-saves-thousands-of-lives-annually/> March 29, 2019

³ PA Department of Environmental Protection – Air Emission Report (Power BI) 2005-2018



greenhouse gas emissions from power generation in Pennsylvania are down 39% since 2005⁴, surpassing the goals of the Paris Climate Agreement. SO_x and NO_x are both precursors to particulate matter, and these historic reductions in emissions has resulted in cleaner air, fewer respiratory ailments, reduced hospitalizations and related costs, and fewer deaths attributable to air pollution.

Institute of Politics Shale Gas Roundtable

In 2011, the University's Institute of Politics (Institute) convened a Shale Gas Roundtable comprised of 26 individuals representing academia, industry, public health, environmental advocacy, government regulators and others tasked with building consensus on a series of recommendations to ensure that shale gas is developed safely and responsibly.⁵

This roundtable met for over two years and engaged in a series of often intense yet constructive and respectful dialogue on meeting the charge set out by the University's Institute. This group recognized that shale gas development would be occurring in the region for decades to come, and the activity had invited both opportunity and questions for local citizens. In many ways, the convening of the roundtable represented the epitome of a public university's mission: to be responsive to the community in which it operated, and to offer constructive input based on facts and reason, divorced from emotion.

The roundtable's recommendations have aided both consideration of state laws and regulations which have strengthened industry standards and performance as well as raised confidence among many that economic opportunities could be seized while still protecting and enhancing our shared environment.

This roundtable endeavor was a success. Pursuing divestment without any coherent rationale, on the other hand, undermines not only the efforts of those who participated in the roundtable, but the credibility of the University itself as a convenor of diverse thought, science, and fact-based work.

Adherence to the Mission of the University of Pittsburgh

Within the University of Pittsburgh's mission is the charge to "*engage in research, artistic, and scholarly activities that advance learning through the extension of the frontiers of knowledge and creative endeavor.*" The purpose of the University's Endowments is to further this mission of the University. If, for whatever reason, members of the University community have concern over certain activities invested in by the Endowments, they ought to be part of the search for solutions rather than simply walking away and alienating so many in the region that this University serves.

⁴ U.S. Energy Information Administration – State Carbon Dioxide Emissions Data 2005-2017

⁵ Shale Gas Roundtable Releases Final Report: <http://www.news.pitt.edu/news/shale-gas-roundtable-releases-final-report> August 15, 2013

Regardless of the University's ultimate decision in this particular matter, fossil fuels will continue to be developed and utilized. The University has the opportunity to mobilize its vast resources and expertise to ensure this activity continues to be done safely and responsibly. That – and not divestment – is the appropriate path of pursuit for a University which has cultivated such a rich and well-deserved reputation for academic, research and intellectual excellence.

Conclusion

On behalf of the members of the MSC, their employees and families, and countless alumni of the University of Pittsburgh who work within this industry, thank you for your consideration of these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Spigelmyer', is positioned above the printed name.

David J. Spigelmyer
President