



April 10, 2024

House Committee on Government Operations and Military Affairs  
115 State Street  
Montpelier, Vermont 05633-5301

**In Re: S. 42, An act relating to divestment of State pension funds investments in the fossil fuel industry**

Dear Chair McCarthy, Vice Chair Birong, Ranking Member Higley, and Representatives on the Government Operations and Military Affairs Committee

The American Petroleum Institute (API) appreciates the opportunity to offer comments on S. 42. API represents all segments of America's natural gas and oil industry, which supports more than 11 million U.S. jobs.<sup>1</sup> API shares the state's goal of reducing greenhouse gas emissions across the economy, including those specifically from energy production, transportation, and use by society. To that end, API has laid out the [Climate Action Framework](#) that presents actions we are taking to accelerate technology and innovation, further mitigate emissions from operations, endorse a carbon pricing policy, advance lower carbon fuels, and drive consistent, comparable, and reliable climate reporting.<sup>2</sup>

API believes that the Vermont Pension Investment Commission should continue to work with industries like ours who are working to reduce emissions and to help create the cutting-edge technology to solve the challenges of our day. The pension system should continue its fiduciary duty of creating value for the employees who put their trust and livelihoods in its hands. On both of these fronts, our industry has and will continue to be a valuable partner.

**The Natural Gas and Oil Industry is Part of the Climate Solution**

As described in API's *Climate Action Framework*, the industry believes in a lower carbon future, and its engineers and scientists are partnering with experts across the world on advanced technologies like Carbon Capture, Utilization and Storage (CCUS), hydrogen and lower carbon intensity fuels. As policymakers consider climate actions, it is essential to implement cost-effective and achievable measures that drive greenhouse gas emissions reductions while helping ensure affordable and reliable energy to meet growing global needs.

**Natural Gas and Oil Will Continue to be a Vital Part of the Everyday Life**

Our modern society runs on natural gas and oil for power generation, transportation, and manufacturing. The country also relies on oil and natural gas for commercial and industrial uses, and as a means to cook and to heat buildings and homes.

The U.S. EIA's *2023 Annual Energy Outlook* forecasts that, the United States continues to be a globally significant producer of crude oil and refined liquids as well as domestic natural gas production to support domestic

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<sup>1</sup> Our over 600 members produce, process, and distribute the majority of the nation's energy. API members participate in API Energy Excellence, (see <https://www.api.org/oil-and-natural-gas/api-energy-excellence>), through which they commit to a systematic approach to safeguard our employees, environment and the communities in which they operate. API was formed in 1919 as a standards-setting organization and has developed more than 800 standards to enhance operational and environmental safety, efficiency, and sustainability.

<sup>2</sup> See [api-climate-action-framework.pdf](https://www.api.org/climate-action-framework.pdf) and <https://www.api.org/climate>.



electricity demands for decades to come.<sup>3</sup> The industry's goal is to meet these energy needs while continuing to lower overall emissions. We have achieved success in doing this already as, from 2005 to 2019, the U.S. economy grew by 28 percent while carbon dioxide emissions from energy consumption fell by 14 percent overall.

The rise in natural gas used for power generation is responsible for 61 percent of the cumulative reductions of carbon dioxide emissions in the U.S. power sector during this timeframe. In addition, we continue to work to lower emissions while providing materials for the thousands of everyday household products that are derived from oil and natural gas, including fertilizers, plastics, nylon in clothing, PVC in pipes, synthetic rubber used in tires and athletic shoes, and most inks and paints.<sup>4</sup>

### **Natural Gas and Oil Companies are Investing in New Technologies and Energies**

New technologies and lower carbon energy alternatives are a necessary part of a cleaner energy transition. Many of our member companies are investing in CCUS to mitigate emissions and are responsible for making the nation a world leader in deploying this technology, with a dozen commercial-scale operating facilities.<sup>5</sup> Further, the industry has venture funding in low carbon solutions<sup>6</sup> and investments in renewables and other newer energies such as hydrogen.

### **The Largest Investors are Working With our Industry**

Natural gas and oil power our global economy, which is why the vast majority of the largest investors<sup>7</sup> are not divesting but are focused on working with our industry to achieve ambitious climate goals together. API and our member companies continue to partner with the financial community on a diverse and broad set of energy solutions to achieve a lower-carbon future including increased private sector investment in innovative technologies and market-based government policies to further mitigate emissions. Additionally, natural gas and oil companies continue to work for more transparency in reporting climate-related financial risks and opportunities including unveiling a new climate reporting template<sup>8</sup> for member companies to use to voluntarily disclose their greenhouse gas emissions data in a more consistent and clear manner.

### **Conclusion: State Should Opt to Stay Invested and Work with Industry**

We share in the goal of reducing emissions across the broader economy and, specifically, those from energy production, transportation and use by society. On the issue of divestment, we see the choice to stay invested as the better course of action – working *with* companies in good faith on the shared goal of reducing emissions while supporting the needs and demands of consumers into the future.

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<sup>3</sup> The *2023 Annual Energy Outlook* specifically notes that “despite no significant change in domestic petroleum and other liquids consumption through 2040 ... we expect U.S. production to remain historically high as exports of finished products grow in response to growing international demand. Despite the shift toward renewable sources and batteries in electricity generation, domestic natural gas consumption remains relatively stable ... Natural gas production, however, in some cases continues to grow in response to international demand for liquefied natural gas, supported by associated natural gas produced along with crude oil. Given the combination of relatively little growth in domestic consumption and continued growth in production, we project that the United States will remain a net exporter of petroleum products and natural gas through 2050. See <https://www.eia.gov/outlooks/aeo/narrative/index.php#ExecutiveSummary>.

<sup>4</sup> See <https://www.eenews.net/energywire/2019/06/25/stories/1060650999>.

<sup>5</sup> See <https://co2re.co/FacilityData>.

<sup>6</sup> For example, OGCI Climate Investments Low Carbon Solutions at <https://www.ogci.com/climate-investments/>.

<sup>7</sup> The vast majority of the world's 20 largest investors, per assets under management, have not divested of oil and natural gas. See <https://divestmentdatabase.org/>.

<sup>8</sup> See <https://www.api.org/news-policy-and-issues/sustainability/ghg-reporting>.