



February 9, 2022

Senator Jeanette K. White, Chair  
Senate Committee on Government Operations  
State House 115 State St  
Montpelier, VT 05633

**Re: S.251 – An act relating to divestment of State pension funds from fossil fuel companies**

Dear Chairman White and Members of the Committee:

Thank you for the opportunity to offer comments in opposition to S.251 on behalf of the American Petroleum Institute (“API”). API represents all segments of America’s natural gas and oil industry, which supports more than 11 million U.S. jobs. Our nearly 600 members produce, process, and distribute the majority of the nation’s energy. API members participate in API Energy Excellence,<sup>1</sup> through which they commit to a systematic approach to safeguard our employees, environment and the communities in which they operate. Formed in 1919 as a standards-setting organization, API has developed more than 700 standards to enhance operational and environmental safety, efficiency, and sustainability. API believes that the Pension Investment Commission should continue to work with industries like our own who are working to reduce emissions and to create the cutting-edge technology to solve the problems 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 these fronts, our industry has and will continue to be a valuable partner.

The Natural Gas & Oil Industry is Part of the Climate Solution

As described in our Climate Action Framework,<sup>2</sup> 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 (GHG) emissions reductions while ensuring affordable and reliable energy to meet growing global needs.

Natural Gas & Oil Will Continue to be a Vital Part of 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 heating commercial and industrial spaces, apartment buildings and homes. The [U.S. EIA’s 2021 Annual Energy Outlook](#) forecasts that, in all reference cases, 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 electricity demands for decades to come. The industry’s goal is to meet these energy needs while continuing to lower overall emissions. We have achieved some success in doing this already as, from 2005 to 2019, the U.S. economy grew by 28 percent while CO<sub>2</sub> 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

<sup>1</sup> <https://www.api.org/oil-and-natural-gas/api-energy-excellence>.

<sup>2</sup> <https://www.api.org/climate>.



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>3</sup>

#### Natural Gas & 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 U.S. the world leader in deploying CCUS technology, with a dozen commercial-scale operating facilities.<sup>4</sup> Further, the industry, both at an individual firm level and collectively, has venture funding in low carbon solutions<sup>5</sup> and investments in renewables and other newer energies such as hydrogen. Norway's Government Pension Fund analysts predict that 90 percent of renewable energy investments world-wide between now and 2030 will come from "integrated oil firms."<sup>6</sup> This nexus between fossil fuel and renewable developments has caused many investors to decide *not* to divest holdings from those companies, arguing that major oil firms have the scale and technological ability to shift toward renewable energy.<sup>7</sup>

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

Natural gas and oil power our global economy, which is why the largest investors<sup>8</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>9</sup> for member companies to use to voluntarily disclose their GHG emissions data in a more consistent and clear manner.

#### Conclusion

We share in the goal of reducing GHG 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 to reduce emissions while supporting the needs and demands of consumers into the future.

Thank you for this opportunity to provide these comments.

Respectfully,

Michael S. Giaimo  
Director, Northeast Region

<sup>3</sup> <https://www.eenews.net/energywire/2019/06/25/stories/1060650999>.

<sup>4</sup> <https://co2re.co/FacilityData>.

<sup>5</sup> For example, OGCI Climate Investments Low Carbon Solutions at <https://www.ogci.com/climate-investments/>.

<sup>6</sup> [Norway's Massive Sovereign Wealth Fund Is Not Divesting Its Energy Shareholdings \(forbes.com\)](https://www.forbes.com).

<sup>7</sup> <https://www.reuters.com/article/us-norway-swf-oil/norway-sovereign-wealth-fund-to-divest-oil-explorers-keep-refiners-idUSKBN1WG4R9>.

<sup>8</sup> None of the [world's 20 largest investors](#), per assets under management (AUM), have [divested](#) of oil and natural gas.

<sup>9</sup> <https://www.api.org/news-policy-and-issues/sustainability/ghg-reporting>.