

# Tortoise QuickTake Energy Podcast



Sept. 30, 2019

**Welcome to the Tortoise QuickTake podcast. Thank you for joining us. Today, Tortoise provides a timely update on trending topics in the market.**

Hello I am Matt Sallee, energy portfolio manager at Tortoise. It was an exciting one in capital markets last week and the world forgot about Saudi Arabian oil after bullish data points from the country on their production and rumors of a potential cease-fire in the Yemen conflict. Instead, focus shifted further east to the Ukraine where it is alleged by a whistleblower that President Trump tried to use his office to persuade the country to investigate democratic rival Joe Biden. This development led Nancy Pelosi to launch an impeachment inquiry at which White House Intelligence Committee Chairman Adam Schiff read a parody of the transcript from the call in question, exaggerating the dialogue. This resulted in the President's call for Schiff to resign for attempting to defraud the American public. You can't make this stuff up.

Meanwhile a couple hundred miles up I-95, New York hosted the U.N. Climate Summit and the key highlights according to the group include:

- 77 countries committing to cutting greenhouse-gas emissions to net zero by 2050;
- 70 countries pledging to boost climate action plans by 2020;
- More than 100 business leaders aligning themselves with the goals of the international Paris climate agreement; and
- 12 countries vowing to help fund to developing countries adapt to climate change.
- The notable shortfall was China who made no meaningful commitments.

Related to this, it was a big week for developments in the global gas market tying into the keys themes we have been talking about in the *Teal Energy Deal*. If you have no idea what I'm talking about then today is your lucky day. I've included a link at the end of this transcript that will take you to a detailed explanation, but in summary the *Teal Energy Deal* is Tortoise's proposal to meet future growth in energy demand, while reducing energy poverty and combating CO<sub>2</sub> emissions by replacing coal generation with wind, solar and natural gas. We've been doing this in the U.S. for a while now and are the only major economy to significantly reduce CO<sub>2</sub> emissions over the last 10 years. Now, thanks to our domestic energy boom, the U.S. is exporting tons of low carbon energy to help the rest of the world replace coal and follow our blueprint. We are confident in the plan and several events last week support our position.

First LNG developer, Tellurian announced a memorandum of understanding with Petronet, the largest importer of LNG in India. Petronet was formed 20 years ago as JV of India's leading gas companies to build import terminals to support the country's growing demand for natural gas. India is one of the fastest growing gas and LPG markets in the world thanks to the government's desire to reduce pollution from coal power plants, transition from solid fuels such as coal and wood in home heating and cooking and eradicate energy poverty. In fact, in 2018 India announced plans to invest \$10 billion in gas infrastructure including 50% growth in LNG import capacity by 2023.

Next, Japan announced plans to invest an additional \$10 billion to encourage broader use of the fuel worldwide. Already the world's largest LNG importer with five decades of import history, Japan has now met its previous \$10 billion investment goal from 2017 with four large scale LNG projects and this latest commitment will further support gas replacing coal.

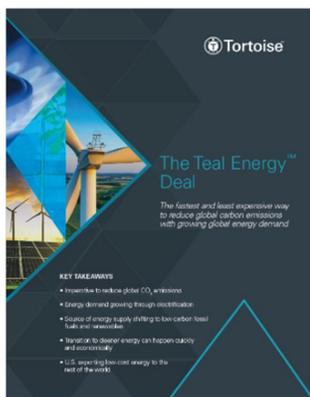
Here at home, Kinder Morgan announced its Gulf Coast Express gas pipeline was placed in service providing 2 bcf/d of access from the Permian basin to markets along the Gulf Coast and the interstate gas pipeline network with access to export markets.

Finally the Department of Energy reported that in July natural gas for power generation was up +4% year-over-year while coal for power generation dropped 13% year over year. This brings year-to-date growth in natural gas for power generation

to 6% versus last year, while year-to-date coal for power gen is off 13%. Obviously this information comes out on a delayed basis but is indicative of the trend in the market nonetheless.

Quickly in company news, Elliot has issued an open letter to Marathon Petroleum's board calling for the separation of the refining, Speedway retail and pipeline business into three distinct companies. This follows Elliot's engagement with the company three years ago calling for a similar plan. Call me crazy but I don't think spinning off 670 million MPLX units to its refining investors most of which are not natural MLP holders is a particularly good idea but what do I know.

Last but not least it wasn't a particularly pretty game but the Chiefs got out of Detroit with a "W" and Tortoise marking genius and resident Lions fan Jen Ashlock has agreed to wear a Chief's jersey to the office for the month of October. Go Chiefs!



Link to our *Teal Energy Deal* Campaign Page [HERE](#)

**Thank you for joining us. And stay tuned for our next cast. Have topics you want covered or other feedback to share? Write us at [info@tortoiseadvisors.com](mailto:info@tortoiseadvisors.com).**

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The **PCE inflation rate** is the Personal Consumption Expenditures Price Index. It measures price changes for household goods and services. Increases in the PCEPI warn of inflation while decreases indicate deflation.

**Broad Energy = The S&P Energy Select Sector® Index** is a capitalization-weighted index of S&P 500® Index companies in the energy sector involved in the development or production of energy products.

**Producers = Tortoise North American Oil & Gas Producers Index<sup>SM</sup>**

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