NGSA Says CFTC Should Ensure Capital Investment Policies Don’t Suppress Environmental Innovation

(Washington, D.C.) – On behalf of the Natural Gas Supply Association (NGSA), today NGSA senior vice president Jenny Fordham cautioned an advisory committee to the Commodity Futures Trading Commission (CFTC) that capital investment policies that override the market and limit technologies and approaches to achieving a clean energy future could have the unintended consequence of stalling energy innovation.

Read Fordham’s full testimony to the CFTC’s Energy and Environmental Matters Advisory Committee here at www.ngsa.org. Excerpts appear below:

“Addressing climate change is a complex, global challenge that we all share.”

“A diversity of paths is key to attaining our world’s environmental objectives. Policies surrounding capital investments are falling victim to ‘conforming bias.’”

“Investment decisions once based on a variety of competing market factors are instead increasingly limited to a prescribed list of acceptable technologies, a narrow time window and the single perceived environmental externality of carbon emissions.”

“These actions [by development banks and credit rating agencies among others], especially when viewed alongside the growing trends of state laws and regulations, share a common theme – a narrow focus on carbon emissions with a prescription for those investments that are to be deemed suitable.”

“Rules that stipulate and limit investment limit the market’s ability to innovate.”

“The CFTC has a role to play. Systemic financial risk is mitigated when commodity markets are diverse and regulatory frameworks ensure that all eggs are not in a single basket. The [third] risk of climate change is the missed innovation stemming from capital policies that override the market and narrowly conform investment.”

The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. Founded in 1965, NGSA focuses on producer-marketer issues related to the downstream natural gas industry, especially the efficient and cost-effective transportation and delivery of natural gas enabled by competitive markets. NGSA is dedicated to achieving a cleaner energy future through strong partnerships with renewables and supporting innovative technologies and market solutions that reduce emissions. Visit www.ngsa.org to learn more.

Markets Matter: Representing America’s Major Producers and Suppliers of Natural Gas Since 1965