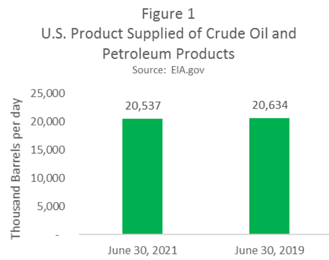
TortoiseEcofin QuickTake Podcast

September 7, 2021

Welcome to the TortoiseEcofin QuickTake podcast. Thank you for joining us as we provide timely updates on the market.

Hello. I am Tortoise Senior Portfolio Manager Rob Thummel with this week's TortoiseEcofin QuickTake podcast.

Despite a weak jobs report, the stock market delivered a small gain of 0.6% last week. The midstream sector represented by the Alerian Midstream Energy Index rose by 1%. Energy stocks benefited from some positive data points from OPEC and the Energy Information Administration ("EIA"). In one of its shortest meetings that I can remember (just under 30 minutes), OPEC plus agreed to proceed with its agreement to add 400,000 barrels a day of supply to the global oil market. OPEC plus highlighted that the current oil market is undersupplied by a little less than one million barrels per day. A surplus of oil is projected for 2022; however, estimates vary depending on the 2022 demand forecast for oil. U.S. oil demand continues to rise. The EIA released June data in its Petroleum Supply Monthly. As shown in Figure 1 below, U.S. product supplied of crude oil and petroleum products in June of 2021 was within a half of a percent of the June 2019 levels.



A quick update on the impact of Hurricane Ida as it relates to the energy sector. As of September 3rd, approximately 1.6 million barrels per day or 9% of refinery capacity remained idle. A similar volume of oil production in the Gulf of Mexico remained offline. Exxon's Baton Rouge facility, the fifth largest refinery in the U.S., was expected to restart soon supplied by oil released from the U.S. Strategic Petroleum Reserve.

Oil continues to be the largest global supply source representing 31% of the global energy supply mix according to the bp Statistical Review. So when many hear energy they think oil. However, we believe the energy sector is expanding with lots of other storylines that have nothing to do with oil.

Take a look at what is happening with natural gas. Natural gas prices rose again this week in the U.S. and internationally. Natural gas has become vital for the global economy representing 25% of the total energy supply in 2020. European natural gas and LNG prices are setting seasonal record highs. Higher prices are not likely a result in an increase in supply. Unfortunately, shifts to dirtier, more carbon intensive fuels like coal and fuel oil might be the result of this recent price spike.

In other commodity news from last week, some have called lithium the new oil. Lithium is a significant material needed for the development of electric vehicles. A Wall Street Journal story last week highlighted that lithium prices in August were more than double levels at the beginning of the year. In addition, the story indicated that most of the lithium processing necessary for end use is done outside of the U.S., primarily in China. U.S. auto manufacturers are looking to partner with more U.S. based lithium suppliers. However, new lithium mines often take several years to become operational so lithium supplies are likely to remain tight and prices will remain elevated.

To wrap up, in what seems to be becoming a weekly occurrence, there were two energy transition announcements from energy companies last week. First, Energy Transfer Partners signed a 15-year power purchase agreement for 120 megawatts of solar power. Second, Chevron announced another energy transition project. This time a 50:50 joint venture with food production company Bunge. The partnership will use low-carbon soybean oil supplied by Bunge as a renewable raw material for Chevron to manufacture renewable diesel and jet fuel. We believe biofuels like renewable diesel, jet fuel, and renewable natural gas will be part of the all-of-the-above solution to advance the pace of global decarbonization. In a release from the International Energy Agency ("IEA") last week, the IEA described the production of biogas from animal waste also known as renewable natural gas as the very epitome of sustainable energy. Capturing naturally occurring methane or natural gas from animal waste or landfills and using it for heat, power or as a transport fuel generates negative carbon emissions. We think that very few of the de-carbonization solutions can make the same claim.

Over the next several months, we expect the news flow of additional energy transition activities to continue as the energy management teams are listening to shareholders, embracing the change, and participating in the energy transition.

Those are the highlights from last week. Thanks for listening. We will talk to you next week.

Thank you for joining us. And stay tuned for our next episode. Have topics you want covered or other feedback to share? Write us at info@tortoiseecofin.com.

The **Alerian Midstream Energy Index®** is a broad-based composite of North American energy infrastructure. The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMNA) and on a total-return basis (AMNAX).