# TortoiseEcofin QuickTake Podcast

November 29, 2021

**Welcome to the TortoiseEcofin QuickTake podcast. I'm Brian Kessens, senior portfolio manager and managing director. Thank you for joining us as we provide timely updates on the market.**

As we Americans awakened to full stomachs last Friday morning, the world awoke to the threat of another COVID variant. Fears of new travel restrictions and lower economic activity led the market to open its own Black Friday sale. Crude oil fell $10 and US equity indices slipped over 2%. Yet energy stocks held in relatively well, finishing the week both higher and ahead of all the broader market indices, with the S&P Energy Select Index finishing stronger by 1.6%, the Alerian Midstream Energy Index up 0.4%, while the S&P 500 ended down 2.2%. Lost in the headlines, natural gas prices finished the week higher by 7.5%.

In the last two podcasts, James and Rob discussed the potential crude oil release from the Strategic Petroleum Reserve as the Biden Administration looks to reduce gasoline prices. Last week we got confirmation on Tuesday when it was announced the US and its Asian partners would coordinate a crude oil release from strategic reserves. Specifically, the US is releasing 50 million barrels in two tranches. The first 32 million barrels will be released now and then returned at a later date. 18 million barrels will be released separately. With other countries, the total release amounts to 65 to 70 million barrels, or far less than one day's global demand. For oil markets, the announcement served as a buy the news event, with oil actually finishing Tuesday higher by 2%. OPEC+, believing the oil market adequately supplied, threatened to revisit their monthly increase at the next meeting in a sign of retaliation. The new COVID variant may make that decision even easier.

Moving to company news, Cheniere Energy announced a new binding 20-year LNG contract, this time with Foran Energy Group, a Chinese gas company. Given China's growing appetite for LNG and the competitive prices offered in the US market, the announcement is no surprise. Additionally, Cheniere produced the first LNG at the sixth liquefaction facility at Sabine Pass, Louisiana. The facility was completed one year ahead of schedule and brings more LNG to a market desperate for more supplies. Cheniere's competitive position just continues to strengthen.

Pembina Pipeline unexpectedly announced that CEO Mick Dilger is stepping down to pursue other opportunities. The board named CFO Scott Burrows interim CEO and promoted Cameron Goldade to interim CFO. Presumably we think the board and CEO differed on the future direction of the company and determined to amicably part ways. Remember that Pembina bid for InterPipeline earlier this year before bowing out to Brookfield's more aggressive offer. We think Pembina's management bench is deep and do not expect any strategic or operational changes. We would not be surprised if interim CEO Scott Burrows eventually becomes the full-time chief. In conjunction with the announcement the company reiterated 2021 EBITDA guidance.

Add Keyera to the list of companies with emission reduction targets. The company noted it reduced Scope 1 and 2 emissions by 25% between 2017 and 2020 mostly through carbon sequestration at six gathering and processing facilities and securing renewable energy to power 10% of its needs. Now Keyera aims to reduce emissions a further 25% by 2025 through decarbonization of existing assets and new projects under construction. Further, the company has a 2035 target to reduce emissions by 50%. This will be achieved by optimizing existing assets, sourcing more renewable power, and increasing carbon capture, utilization and sequestration services to customers. We applaud Keyera's efforts toward betterment.

This week TC Energy will hold its annual investor day on Wednesday. With its $22 billion backlog, we're focused on project announcement updates and progress on cleaner energy applications and technologies like hydrogen and CO2 transport. In addition, OPEC+ will hold its monthly meeting on Thursday. As discussed, odds for production growth of less than 400 mbpd have increased with the coordinated oil release from the SPRs and the concern for lower demand following new travel restrictions to mitigate the spread of the latest COVID variant.

We hope you all enjoyed the Thanksgiving holiday last week. We are grateful to you for listening weekly to our thoughts and for your continued trust in us. We appreciate it! Thank you!

**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.**

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**Midstream = 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 basas (AMNA) and on a total-return basis (AMNAX).

**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.

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