To remain part of the long-term global energy plan, natural gas needs to be accessible, reliable, abundant, affordable and acceptable, says incoming International Gas Union President David Carroll.

Along with the many promising developments in today’s natural gas industry comes a great responsibility to do it well. For David Carroll, the incoming president of the International Gas Union, that means building good infrastructure and using best practices to provide access to reliable, safe energy sources while leaving the lightest environmental footprint possible. Carroll talks to American Gas about how he hopes to foster communication and knowledge sharing among all industry partners as the IGU and its members tackle the opportunities and challenges ahead.

AG: The theme of the USA triennium is “Fueling the Future.” Talk to us about your areas of strategic importance, and of these, which are you most passionate about?
DC: First, let me say that we are honored and humbled to have been selected by the IGU membership to host the presidency of this prestigious organization. Beginning in June this year and culminating at the World Gas Conference in Washington, D.C., in June 2018, the USA team will work tirelessly to ensure that we have a positive, measurable impact on the global industry and its customers. As such, we’ve ascribed three strategic objectives that will guide our work and the efforts of roughly 1,000 gas industry colleagues across the globe:

Access—We’ll develop programs to aid the industry’s ability to access energy resources and promote timely build-out of the infrastructure required to produce, transport and deliver gas to existing and new markets.

Markets—Expanding global markets for natural gas is good for the industry and good for consumers. We’ll work to create new areas of demand for gas and to reduce barriers to commercial trade.

Social license—Our industry has a long history of safe and responsible gas production and transport. But increasing public scrutiny and concern—especially in unfamiliar territory—requires that we remain diligent in our efforts to continuously improve the way we do business.

All of these objectives are important to the industry and its many stakeholders. If you asked me to pick one, I’d choose social license. Why? New sources of supply and market developments often take some time to develop. Many initiatives are underway, and we want to build on those. But issues related to social license—ranging from reducing the environmental footprint of natural gas production to improving infrastructure integrity to more effective community engagement—are critically important and must be addressed now for our industry to continue to move forward.

AG: Advocacy will play a key role while you serve as president of IGU. Describe your most pressing goals and the role the natural gas industry can play worldwide in advocating for this resource.
DC: The IGU exists to promote the technical, economic and political interests of the international natural gas industry. It has grown dramatically from its origins more than 80 years ago as a European-based technical organization to an influential global organization today that prides itself on giving the gas industry a voice in deliberations on energy strategy, policies and programs.

Over the last several trienniums led by Malaysia and France, the membership of IGU has placed a higher priority on developing and communicating key industry messages to governments, NGOs and policymakers. The IGU website has recently been reconfigured as a “Global Gas Portal” and now provides easy access to important facts, figures and positions.

The USA presidency will continue to advocate for the industry and will work hard to ensure that the voice of gas is present, strong and heard at key global events. For example, COP21 will convene in Paris in November and December of this year with the intent of reaching an agreement among participating countries on how to mitigate and adapt to the effects on climate change. We will communicate appropriate
gas messaging to conference participants before, during and—most importantly—after COP21 to ensure that natural gas is included as part of the long-term solution to climate change concerns.

There are other important initiatives where timely and pertinent gas messaging can have a demonstrated impact, giving the gas industry a chance to contribute in a meaningful way to enlightened energy policy development and implementation. IGU has embarked on formal relationships with a number of influential organizations that are shaping energy policies worldwide, including the World Bank, the EU and the United Nations. It’s our intent to leverage these relationships to help us achieve our strategic objectives and expand the global voice of gas.

AG: Lower oil prices are making headlines. How do you see this trend affecting gas production and IGU’s mission to help people see natural gas as “the fuel of not just today, but tomorrow”?

DC: To remain part of the long-term global energy plan, gas needs to be accessible, reliable, abundant, affordable and acceptable. We in the industry know that it meets those tests, but we have to continue to demonstrate to customers and policymakers that gas is a solid long-term solution, even during periods of price swings.

A key objective for IGU is to transfer industry knowledge and best practices among its member countries around the world. Helping the global gas industry improve its cost structure and operating performance will keep it in a favorable position relative to competing fuels. We do this through working committees, regional seminars, large conferences and individual networking. Knowledge transfer remains an important part of the IGU value proposition to its membership.

AG: Do you think shale gas will continue to be a blossoming source of energy produced at a lower price or do you think interest will wane since the oil price is down?

DC: Unconventional natural gas from shale will be with us for a long time. It has grown dramatically over the last decade to now represent a majority of gas produced in the U.S. largely because it is more cost-effective to produce. The effects of improvements in drilling, completion technologies and operating practices are staggering, with costs per well and per unit of production falling continuously.

That said, we may well see a reduction in associated gas production as recently announced capital spending cuts slow down drilling in both liquid-rich and dry gas plays. The nature of shale production is that it can be ramped up and down more quickly in response to market conditions.

The consultancy ICF recently projected that even at $60 per barrel of oil, natural gas production will increase, because shale oil in the low-cost plays remains economic at that market price level. As long as U.S. gas

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demand remains strong—and that’s likely as power, industrial, transportation and export markets grow—shale gas will be needed and will be produced to satisfy that demand.

**AG:** Let’s talk about the tension between increasing demand for energy supplies and the impact of energy usage on the environment. How do you see natural gas as part of the answer to that tension?

**DC:** All energy production, transport and use put a burden on the environment, and natural gas is no exception. So it’s incumbent on our industry to innovate and evolve in a never-ending effort to reduce the environmental footprint across the industry value chain.

We’ve had a strong record of performance in reducing carbon emissions, but opportunities for improvement remain. For example, in shale gas production, data suggest that a considerable amount of gas remains unrecovered in the source rock, so better understanding of geology, fracture mechanics and processing conditions can help liberate more of the gas in a given well. It’s a productivity play that can reduce unit costs, but also serves to reduce environmental impact per unit of gas. The same can be said for capturing methane along the value chain.

And finally, let’s not forget the efficiency of natural gas equipment, appliances and processes. Energy saved through efficiency improvements is quite obviously good for the environment. Gas utilities have invested consistently in more energy-efficient technologies to great effect over the years.

**AG:** You have had a special interest in liquefied natural gas, serving as chairman of the steering committee for LNG17. How do you see LNG positioned to change/improve the face of energy production?

**DC:** LNG is an important and growing element of the global natural gas industry. About 10 percent of today’s global trade in gas is in liquefied form, and it’s been growing faster than gas as a whole in recent years.

With several new LNG export facilities coming on line in the near future, the United States will soon evolve from a net gas importer to a net exporter. This seismic shift has drawn tremendous interest—not to mention investments—from around the world. It seems inevitable that LNG exports from the U.S. to Asia and Europe will soon complement growing pipeline exports to Canada and Mexico, in amounts that could eventually reach 10-20 percent of overall U.S. demand. This would be welcome news to U.S. producers looking for attractive markets for their products.

It’s important to acknowledge, however, that the global LNG market is competitive, with new export facilities under construction in Australia, East Africa and Russia. Market conditions will ultimately dictate the competitiveness and attractiveness of U.S. LNG, but I suspect that we’ll emerge as a significant, long-term supplier to the world.

The International Conference and Exhibition on Liquefied Natural Gas held in Houston in April 2013 was a big success, bringing together thousands of producers, buyers, technologists, policymakers and thought leaders from both inside and outside the gas industry. The next edition of this series, LNG18, will take place in Perth, Australia, in 2016. With most of the industry’s new capacity coming on in Australia over the next several years, this promises to be a timely and valuable conference, and I hope to see many of you there.

**AG:** How is natural gas helping make a cleaner environment as it replaces other energy sources such as coal?

**DC:** Through its proposed actions to implement the president’s Climate Action Plan, the U.S. Environmental Protection Agency has set the stage for significant shifts in our nation’s electric generation fleet. Indeed, many large electricity producers are already installing new gas-generating capacity to replace older, inefficient coal plants. Fortunately, the abundance and affordability of U.S. natural gas has eased the economic pain of such conversions. With the advent of the shale gas revolution, we no longer have to choose between affordable energy and a clean environment—we can have both.

Around the world, similar conversions are taking place. In major Chinese cities such as Beijing and Shanghai, there is a se-
rious “dash to gas” underway in an effort to improve air quality by dramatically reducing coal combustion. In Europe, the EU Commission recently released a new Energy Union Package that acknowledges the need for robust pipeline gas and LNG in Europe’s energy mix. This is welcome news in a region where aggressive renewable subsidies coupled with harsh economic realities have led to increased coal consumption and idled natural gas turbine capacity.

In short, the inherent qualities of natural gas position it well to be a long-term part of the global energy mix. To achieve this, the natural gas industry needs to remain committed to producing and delivering gas safely, efficiently and responsibly, and with our outstanding record of progress, we can continue to drive future reductions in the environmental footprint of natural gas.

AG: Trust in utility providers has been proven to breed loyalty among consumers even more so than consistent service. What role can the IGU play in helping members better communicate their message and ultimately strengthen bonds with those they serve?

DC: Trust and credibility among the gas industry and its many stakeholders are critical to future success. Trust is a result of consistently fulfilling commitments and meeting expectations, and gas utilities have earned this enviable position though their exemplary record of reliable and responsive service, transparency and stewardship.

IGU plays an important role, bringing together industry executives, operators and technologists in a variety of knowledge-sharing venues. We learn from each other, identify areas of common need and work together to educate the public about the benefits of natural gas, promote its use and advance the strategic interests of the industry.

Further consistency in gas industry operating practices, codes and standards as well as stakeholder engagement will be required as global trade increases and companies expand their reach around the world. IGU efforts and resources will be committed to facilitate the transfer of best practices, knowledge and technologies that can best serve customers and collectively earn their trust. ▶

DAVID CARROLL

• Joined Gas Technology Institute in 2001, serving as its president and CEO since 2006. Vice president of IGU and board member of National Fuel Gas Co. Assumes IGU presidency in June.
• Served as steering committee chairman of LNG 17 and president of the not-for-profit research funding organizations Operations Technology Development NFP and Utilization Technology Development NFP. Other board memberships included: Changing World Technologies Inc. and WestStart-CALSTART Inc.
• Held technical and management positions with Praxair Inc., Liquid Carbonic Industries and Air Products and Chemicals Inc.
• Earned a B.S. in chemical engineering from the University of Pittsburgh, a master’s degree in business administration from Lehigh University in Bethlehem, Pennsylvania, and has completed the Stanford Executive Program at Stanford University’s Graduate School of Business.

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