

Pine Brook's Howard Newman Defends 'Fracking for Export'

The co-founder of the New York private-equity firm believes the U.S. president-elect should look to use the nation's vast natural-gas supplies to reduce carbon emissions in coal-reliant markets

By Luis Garcia

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Howard Newman, co-founder of private-equity firm Pine Brook, believes the winner of Tuesday's presidential election should pursue a bigger role for the U.S. in the global fight against climate change and that the nation's abundant natural-gas supply can be a means to that end.



Mr. Newman spoke to WSJ Pro about some of the energy policies he'd like to see the next administration adopt. Energy is one of two industries New York-based Pine Brook focuses on, alongside financial services. The firm has backed many energy companies since Mr. Newman helped found the firm in 2006, including Admiral Permian Resources LLC, Brigham Resources and Phoenix Exploration.

Mr. Newman said the election debate over hydraulic fracturing or fracking—the technique that has enabled energy companies to unlock huge volumes of natural gas from previously impervious shale rock—missed the importance domestic gas can have in reducing global carbon emissions in China and other developing markets still largely reliant on coal. Responses have been edited for clarity.

WSJ Pro: How did you see the pre-election debate about energy policies, particularly related to fracking?

Mr. Newman: The election debate was very superficial, almost black and white. It's all fracking or no fracking at all. And fracking is a kind of sideshow here. A bigger problem is the absence of transportation alternatives. The key threat to the fracking states, strangely enough, is the inability to move their gas once they find it. The question [for the two

candidates] is: 'What's your attitude on building the transmission mechanism needed to move the gas?' That part of the debate hasn't been as prominent as the debate over fracking.

WSJ Pro: How would you advise leaders to address public opposition to the construction of gas pipelines?

Mr. Newman: I think my advice would be to recognize that there are no free lunches in this world. If you have a policy objective, that's going to have costs and benefits and they need to be balanced. The weighing of costs and benefits needs to be specifically addressed [as] we now have another set of policy objectives we have to consider, which is dealing with global carbon. If you introduce into your environmental assessment the fact that the gas being carried by the pipeline will [help] reduce carbon in the air, you might come up with a different assessment of the risks and rewards of those projects than we do today.

WSJ Pro: Why do you think the U.S. should adopt a more global approach to energy and carbon emissions?

Mr. Newman: How you are dealing with the carbon problem is really a global challenge and it really is about China's reliance on coal in many ways. Half of the world's emissions come from coal and half of those come from China. The reality is that the U.S. has made remarkable progress in reducing its carbon footprint largely by substituting natural gas for coal, and fracking is what drove that. Now you would want to replace China's coal with natural gas. I haven't seen a lot of focus on how to use the surplus [of natural gas] we've created to solve some of the [world's] carbon problems. It would be really nice for the world to get behind fracking for export, and then specifically for export used to displace coal. The U.S. has the opportunity here to think globally in a way which will benefit both its domestic constituencies and its global partners.