PART ONE

WHY OUR MESSAGES FAIL
They Fail to Travel
The Curse of Knowledge
The curse of knowledge is a cognitive bias that occurs when an individual unknowingly assumes that others have the background to understand.
Unfocused
Data Dump
The Power of Emotion
Emotions Impair Our Ability... To Think Clearly
What are some emotions people have about the natural gas industry?
The Science Behind Our Judgements
No one ever made a decision because of a number. They need a story.

–Daniel Kahneman
SYSTEM 1
Intuition & instinct

95%
Unconscious
Fast
Associative
Automatic pilot

SYSTEM 2
Rational thinking

5%
Takes effort
Slow
Logical
Lazy
Indecisive

Source: Daniel Kahneman
SYSTEM 1
Intuition & instinct

95%
Unconscious
Fast
Associative
Automatic pilot

SYSTEM 2
Rational thinking

5%
Takes effort
Slow
Logical
Lazy
Indecisive

Source: Daniel Kahneman
PART TWO

FOCUS ON AUDIENCES
YOU CAN MOVE
The Middle 50
Diffusion of Innovation Theory
Audience

Point of view

Structure

Benefits

Emotion + Story
Hurdles?
Experts?
Uninformed?
Assumptions?
Open minded?
SVP Compliance

Compliance Training
Audience

Leadership Team
Big Thinkers
High Integrity
Busy; low priority
Before

Compliance is important, and you need to be covered.

Let’s check the box and and we can make this whole thing end quickly
Leaders set the tone at the top.

For everything.
Try this as a starter...

In order to accomplish X

It’s critical to do Y
In order to ensure Millennials can compete in the global economy...

It’s critical that they have access to low cost, low carbon, US-sourced energy.
Nothing is more important that ensuring our future generations can compete on the world stage.
Audience
Point of view
Structure
Benefits
Emotion + Story
Situation
The state of the natural gas industry

Complication
The industry has enemies and a bad reputation

Resolution
We must do better; and be better at telling our story
The state of natural gas

- **Gas production is up.** As you can see from this slide, natural gas production in the U.S. is way up since 2005. But look at the increase since 2008 – 60% percent. It is being driven by production from right here in the Marcellus and Utica. According to the EIA, production out of those two formations was practically zero in 2008. Today it is at 30 billion cubic feet per day, and expected to grow another 7 Bcf/d by 2025 – well above projections from just five years ago.

- **Gas consumption has increased.** Gas consumption during this time has gone from about 60 Bcf/d to 82 Bcf/d, while marketed production has increased from 52 Bcf/d to about 90 Bcf/d.

- **Export market growing.** Production has grown so much that exports surpassed imports for the first time in 2017, as export facilities on the Gulf Coast ramped up. That gap is growing with Cove Point liquefaction facilities having entered service in April 2018.

- **Economics. Prices down.** Technologies were tapping more gas supply, and prices fell. Substantially so. Between the summer of 2008 and the summer of 2009, Henry Hub spot prices fell from about $13 per million BTU to about $3, where it generally remains today – making gas the fuel of choice for new build.

- **Gas for power has increased.** Natural gas now surpassed coal as the No. 1 fuel used in electric production.
Key Point 2: The Complication
The gas industry has enemies and a bad reputation.

- Although the natural gas industry is critical to both the environment and the economy, and because of this great success -- we are faced with a well-funded, sophisticated opponent that is very good at messaging. We have become the primary target of many in the environmental community. They want to kill our ability to expand, make our product uneconomical, basically, they do not want us to exist.

- Bloomberg

- Steyer

- Environmental groups have turned to gas, having defeated coal (you don’t have a lot to gain here by defending coal)—and that’s a misplaced target.

- **Public Policy.** Then the Congress, federal agencies and state legislatures began setting policy and passing laws that picked winners and losers in the energy sector.
Key Point 3: The Resolution
We must do better, and do better telling our story

SP1. We can make gas have a bigger impact on reducing carbon emissions
   - Reducing or eliminating gas venting during maintenance and inspection.

   - We can do this with through targeted replacement of higher-emitting equipment
     with lower-emitting equipment.

   - And we can do this by expanding leak-detection programs.

   - We can also do this by capturing methane from hog and dairy farms, landfills, food
     waste, and wastewater treatment, among other things, and reuse this in the
     distribution system.

   - **And, let’s not forget what role we can play in advancing renewables.** Until
     battery technology has been proved to work on a commercial scale, the best backup
     to intermittent sources are quick-start, natural gas-fired combustion turbines. Their
     operation can help reduce the fluctuations in the grid when the sun stops shining
     and the wind stops blowing.
Audience
Point of view
Structure
Benefits
Emotion + Story
Audience
Point of view
Structure
Benefits
Emotion + Story
STOP SMOKING
START REPAIRING

- In 1 week: your sense of taste and smell improves
- In 1 month: better blood flow is improving your skin
- In 3 months: your lung function has increased 30%
- In 5 days: most nicotine is out of your body
- In 12 months: your risk of heart disease has halved
- In 8 hours: excess carbon monoxide is out of your blood
- In 9 months: your risk of pregnancy complications is the same as a non-smoker
- In 1 year: a pack-a-day smoker will save over $4,000

EVERY CIGARETTE YOU DON'T SMOKE IS DOING YOU GOOD
Audience
Point of view
Structure
Benefits
Emotion + Story
THANK YOU!
John Galvin