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May 31, 2022

Mr. Gary Gensler
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

RE: ***The Enhancement and Standardization of Climate-Related Disclosures
for Investors, File No. S7-10-22***

Dear Chairman Gensler:

The Securities and Exchange Commission (SEC) describes its disclosure rule as necessary to address investors' demands for transparency about climate change risks. However, SEC lacks the authority to promulgate this rule, which would elevate climate change over material financial considerations and distort SEC's mission of protecting ordinary investors and promoting efficiency, competition, and capital formation in the marketplace.

At National Fuel Corporation (NFC), we develop and produce natural gas in the State of Utah. We are concerned that this rule is particularly ill-timed, as it is designed to deny financing to oil and natural gas companies at a time when more production is needed to bring down record high energy prices. By contributing to an already onerous regulatory burden, it would depress American production and further increase inflationary pressures on energy--that ultimately ripple throughout the entire economy. Our company is working to increase production, but we struggle to obtain financing because of activism from the very organizations and (minority) investors that are promoting this rule.

We take particular issue with the suggestion on page 21362 that, "...an energy company might discuss how, due to actual or potential regulatory constraints, it intends to take advantage of climate-related opportunities by...reducing its medium and long-range fossil fuel exploration and production..."

The SEC rule appears to be encouraging oil and natural gas companies to voluntarily reduce production, revenue, and profits to meet voluntary greenhouse gas (GHG) reduction goals. Clearly, the SEC rule appears to exceed its capital formation mission in assuming an air quality role. The rule could not come at a worse time! As is abundantly clear, America needs to increase production of oil and natural gas to reduce prices for Americans and our allies in Europe and across the globe.

The SEC disclosure rule takes for granted that net-zero or low-carbon transition is the goal. While we in the oil and natural gas industry agree that lowering GHG emissions is necessary to address climate change, ***it is by no means true that America is agreed upon an agenda of net-zero if it is defined as the elimination of natural gas and oil.*** Activist groups have not been able to convince either the American people or many of their representatives in Congress to stop using our products before a viable alternative is found, as it would mean fundamentally altering their healthy, safe, and prosperous lifestyles.

It seems that the intent of the rule is to bring about a world where GHG emissions restrict growth of oil and natural gas companies because of a carbon “budget” they cannot exceed. SEC has neither the authority to regulate such a reduction of GHGs nor to assign carbon limitations to companies. Without Congress passing climate change legislation that codifies such policies, SEC cannot be used as a substitute to do so.

SEC claims that the main function of the rule is to provide standardized climate-related information so that investors can compare risks among companies. However, this rule requires information standardized in name only, especially regarding Scope 3 emissions. Because any one company’s Scope 3 emissions permeate among potentially many hundreds or even thousands of companies and millions of consumers, they are nearly impossible to accurately measure, calculate, or otherwise estimate. SEC would be requiring companies such as NFC to determine emissions data that are not available from our suppliers, who may--or may not—have SEC reporting obligations. The rule would incentivize SEC filers to favor large suppliers who have the wherewithal to calculate and provide their emissions data while disadvantaging small suppliers that cannot. The SEC disclosure rule fails to consider its impact on small businesses.

Further, SEC is proposing GHG reporting that goes even further than what is already required under Clean Air Act (CAA) regulation. SEC lacks the technical expertise of the Environmental Protection Agency (EPA), yet it is requiring vastly more emissions data than even the agency granted authority by Congress to regulate air quality seeks to request, but with none of the rigor nor technical guidance of the CAA. ***It appears that SEC is promoting its rule to provide standardized data without providing any means for reporters to acquire standardized data.***

Oil and natural gas companies that emit GHGs above the 25,000 million metric ton threshold set by EPA must already report their emissions under the GHG Reporting Program (GHGRP) §229.1504. Generally, public companies subject to SEC’s proposed rule are of a size that also report to the GHGRP. Rather than assuming EPA’s regulatory authority and duplicating its reporting program, SEC should simply require companies to report the same emissions numbers reported to EPA. For the oil and natural gas industry, that would be 40 CFR Part 98 Subpart W 98.230-98.232. ***SEC should not be requiring collection and reporting of Scope 1 emissions outside EPA’s GHGRP program.***

Financial markets have already been distorted by activist pressure, and Americans are paying high energy prices because of underinvestment over the past several years in the oil and natural gas sector. SEC should not further destabilize the situation; rather, it should withdraw this rule.

Thank you for the opportunity to comment.

Sincerely,

NATIONAL FUEL CORPORATION



Diane Thompson
Chair and CEO