Responsibly Sourced Gas (RSG)
What Is It and Why Does It Matter?
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Collect, manage, operationalize and benefit from environmental performance data

INDEPENDENT. EMPIRICAL. AFFORDABLE. ACTIONABLE.
What is Responsibly Sourced Gas

**Responsibly Sourced Gas (RSG)** – Geologic natural gas that has undergone third party certification (and regular monitoring) to verify that it has been produced in a way that meets the highest standards of responsibility with respect to air, water, land and community.

**Why RSG Matters** - RSG is the most rigorous and cost-effective way to achieve ESG and climate goals.
What We’ll Cover

Background

Current Market Status

Challenges, Opportunities and Future
About IES: Certified Environmental Data Platform for Oil & Gas

- **The market leader** for differentiating oil & gas production through independent, certified environmental data

- **B-Corp**, accountable to double bottom line of profit and social good
  - Largest investor is Carl Ferenbach, Chairman of Environmental Defense Fund (EDF)

- **Created** Responsibly Sourced Gas (RSG) market with TrustWell™ certification
  - First RSG transaction in 2018
  - 90%+ of global RSG transactions to date
  - TrustWell allowed by 2 state PUCs and being reviewed by 6 others
  - Significant growth in other markets as well (e.g. LNG)

- IES is holding company that includes IES (TrustWell, RSG, certifications) and Project Canary (data collection, monitoring)
What We Do: One-stop, gold standard for those who want to lead on ESG

Collect
- 400+ TrustWell engineering data points / facility
- 51M+ emissions data points monthly
- 209 events in last 30 days
- >15 unique emission sources

Manage
- Organize, map and score
- Metrics and analysis
- Benchmarking and retention

Operationalize
- Certification
- Empower operations
- Prioritize actions
- Support reporting (boards, investors)

Benefit
- Improve operations
- Meet ESG commitments
- Achieve de-carbonization goals
- Reduce interest costs, and more…
TrustWell™ Outputs: What is delivered with TrustWell RSG certification

Rating and Verified Attributes + Ratings Certification + Detailed Report and Analytics
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Lay of the Land: Market Color, Accelerating Momentum (~3rd Inning)

- **11 Transaction since Sept 2018**
  - 10 transactions for certified gas in US (all TrustWell™)
  - 1 in Canada (group called Equitable Origins)
  - 100% completed US RSG deals certified under Trustwell™

- **Regulatory pathways opening.. Utility commissions**
  - 2 states have allowed certified gas (both involving TrustWell™)
  - 4 more have proposals being reviewed (heavily citing TrustWell™)

- **“Typical” agreement**
  - 1-3 year term
  - Minimal impact to households….few cents / household/month
  - 15-25% of annual utility requirement
  - Require TrustWell certificates at Gold or Platinum level
  - Continuous Air Emissions Data (trend towards monitoring, measurement, etc.)
Lay of the Land: Today’s RSG Market

Supply and demand both growing; but demand (buyers) will dictate trajectory

**Supply**
(Upstream Producers)

- 20+ producers working with IES, ~5-10 producers in TrustWell Program
- 4,000+ producing wells
- Selectively adding more
- Strong desire and interest

**Demand**
(Downstream Buyers)

- Began in Northeast, now expanding well beyond
- ~15 buyers at some stage of buying or investigating
- Expect growth in this side will dictate the trajectory of market
- Expanding interest from LNG and other buyer groups
Lay of the Land: Market Landscape

Growing ecosystem of players and robustness
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Challenges and Opportunities

- **Greenwashing**
  - New entrants, risk reduction in scope and robustness certification and loss of market
  - Solution: Maintain a high, credible bar
    - Breadth (air, water, land, community)
    - Robustness (depth, measurement, monitoring)
    - Independence

- **Process integrity**
  - Risks of double counting, misrepresentations, etc.
  - Solution: Transparency, ground-truthing, high integrity registries

- **Scaling beyond the physical**
  - Challenge of growing market reliant on physical infrastructure (e.g. tracing gas with transport)
  - Solution: Midstream participation / certification, and derivative (e.g. credit trading) markets
Future: Where are things heading?

- RSG Price Index
- Monitoring, measurement & quantification
- Tip-to-tip RSG
- Net-Zero RSG
- LNG
- RSG Rate Cases
- Resilient Energy Systems vs. Political Dogma
Conclusion

Thank You

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