

# Pipeline & Gas Journal

*connecting you to the pipeline industry worldwide*

www.pgjonline.com • Vol. No. 243 • Number 3 • March 2016

## CORROSION PREVENTION & CONTROL

NACE IMPACT Report

SWRI's Risk Predictor

CO<sub>2</sub> Modeling

Computer Simulation

Pipe Coating

Oil Pipelines

Cybersecurity

Eco-Friendly Pipelines

CNG Decompression







# We Can Win This, John Davies Says

By Jeff Share, Editor



**J**ohn Davies, CEO and chairman of California-based Davies Public Affairs, warms to challenges, and that's good news for the beleaguered energy industry which needs an eloquent and forceful advocate who can speak to the public. Davies has been active throughout the U.S. as a speaker at numerous conferences over the last 30 years and now he has taken a special interest in the cause of the energy industry, which needs every bit of help it can get in trying to overcome often-hostile environments and secure permit approvals in a timely manner.

His efforts have included Dominion's Cove Point LNG project where he helped build significant public support to secure Maryland and FERC approvals despite being opposed by numerous local and national non-governmental organizations (NGOs). He is assisting NRG re-permit power plants in southern California beach cities that need to be torn down and rebuilt to meet the state's new water use regulations. There is significant public opposition toward the proposal to rebuild the power plants.

**P&GJ:** Why is the energy industry, including pipelines, losing the battle on the PR front?

**Davies:** You always win if you avoid a fight. Yet you always lose if you refuse to engage when a battle is underway. The energy industry has been under attack for over a decade. Every form of energy (even wind and solar) is depicted by opponents as unnecessary and immoral.

Opponents seek to eliminate fossil fuels by positioning them as nothing short of evil. Combine that with the fact that environmental activism has become a billion-dollar industry dependent on fundraising, and it's easy to see why the energy industry faces a formidable challenge.

As ENGOs (environmental non-governmental organizations) compete for visibility, membership and funding, their staff wakes up every morning looking for a means to strike fear into the hearts and minds of their donors and the public. The best way to attract attention and raise money is to attack energy projects as evil. The problem is made worse with a media that either lack any understanding of the industry or shares the ENGO activist worldview.

In this context, a fear to engage or inability to relate on the part of the energy industry is catastrophic. To win, we must relate. And relationships are inherently emotional: the human brain is hard-wired to make decisions based on both the rational side and the emotional side. Anti-fossil fuel activists understand and utilize quick trigger emotions – fear, anger and frustration – to their advantage.

Project proponents tend to hope that facts alone will motivate support, but economic arguments never trump emotion. As a result, projects fall into the trap of being reactionary and only responding to the latest attack – usually with a dry recitation of facts. Until we can shape a thoughtful, honest human case we will lose the battle.

**P&GJ:** In this era of social media and instant communications, how does one respond successfully to negative messaging, NIMBY and what is referred to as NOPE (Nowhere On Planet Earth)?

**Davies:** This era of instant communications offers opportunities as well as dangers. A chief danger is that the public achieves tipping points of opposition faster. For example, a recent research interview concerning an LNG project: "I worry that too much of the LNG (sic) thing will kill people in our community."

Another about natural gas told us: "I hear it's bad now because it has been fracked – I don't know what it means but it sounds dangerous."

First impressions are made quickly and last a long time. Likewise, we can't and don't want to counter every attack they make as that only plays into their agenda. Instead we need others to do so for us. We need to uncover, motivate, educate, and activate natural and likely supporters to tell our story and change perceptions. To find friends we need our own unique and compelling story, communicated effectively with simple and powerful visuals; an emotional argument backed up with facts.

**P&GJ:** Where is the core of the opposition coming from? Well-financed environmental lobbies pushing renewables or NIMBYs fearing loss of property values and safety?

**Davies:** NIMBYism is an understandable human trait that stems from a healthy impulse to protect our homes, families and communities. Often, some good can come from the underpinnings of these sentiments, and working with rational neighbors can help shape a better project.

However, the baby-boomer generation has taken NIMBYism to the next level where their opposition to projects is not based on real community concerns like property values, but is predicated on an activist political agenda that seeks to end fossil fuels. This is exacerbated by large global environmental NGOs whose very existence relies on stirring controversy. Now, more likely than not, when you see local neighbors acting as activists, it is because they have well-trained ENGO activists whispering in their ears.

**P&GJ:** Was Keystone XL doomed because of President Obama's determination to leave an environmental legacy?

**Davies:** Yes. President Obama was torn between two important coalitions, the unions who are a key to win elections and the environmentalists who share Obama's values and are key to defining the legacy he seeks. This decision emboldened the environmentalists to continue the fight. Leading

**Q&A:** Executive Profile...continued on page 94





**Q&A:** Executive Profile...continued from page 112

climate change activist Bill McKibben of 350.org wrote:

"Keystone XL is just the beginning, because this fight has helped inspire resistance to a thousand other projects. Everywhere you look, people are shutting down fracking wells, stopping coal export facilities, and challenging new pipelines."

**P&GJ:** Following up that question, the divisiveness between those for and against oil and gas infrastructure seems to be worse than ever, particularly where Big Oil is concerned. Their answer seems to be info ads on TV and sending out expensive PR people. Is this an effective approach?

**Davies:** It's good to learn from one's own mistakes, but easier to learn from others' mistakes. We can learn something from what the coal industry did to accelerate its failure, from the "clean coal" campaign that was just silly and tone deaf, to a total inability to connect about anything other than jobs and revenue. Many oil and gas projects are being guided into the same blunder of only talking about economics. Fear and emotion will always trump economics.

Whatever the medium — TV, online, mail, or door-to-door — communication needs to start with an authentic ethical case. Our steps to do that quickly are to first acknowledge that every project will have impacts (and what you will do to mitigate them). Failing to acknowledge impacts diminishes our credibility. Next, we contrast the impact of going forward with the impacts of not going forward. Once we embrace and prove the emotional reasons to go forward, we can talk about economics and build active support.

Motivating and activating supporters in massive numbers is what will move elected officials. Without vocal citizen champions, all the money in the world won't get anyone to the finish line.

**P&GJ:** Is it a problem of not showing enough passion, not getting out in front of the project before it becomes a problem, or not sending out the right people to represent your company?

**Davies:** It is a problem of passion. We need local supporters to have the same strength of conviction in supporting a project as activists have in their opposition. And that means making an authentic ethical case. Keystone eventually developed great messages, messages with passion, yet it was too late. It was after the opponents had defined the debate as the risk of Keystone on our environment not being worth the jobs. Keystone was too late with a real mes-

sage. And the media following the ENGOs leadership never allowed them to change the message.

**P&GJ:** Do you think the industry, particularly Big Oil, lacks a diversification that might be more appealing to the public?

**Davies:** I think you have a point. For me, message is the core for any effort, yet a messenger can easily overwhelm and destroy a good message — so goes the old saying: "Who you are speaks so loud, I cannot hear what you are saying."

We need more women, especially younger women, speaking out about oil and gas because women are seen as protectors, not just breadwinners.

**P&GJ:** You've commented on the importance of being passionate about your message. How can this make a difference?

**Davies:** Humans are passionate and emotional; that is how we make decisions and that is how we are motivated to join a cause. By sharing passion we create connections with the public and tap an important part of their brain that will not only help get them on our side, but help them choose to stand up vocally in support of the project.

**P&GJ:** There was little, if any, groundswell of support for Keystone; what might TransCanada have done differently to win the hearts and minds of the public before it became a hot-button political issue?

**Davies:** Over time, there was a groundswell and public opinion polls through a number of states that pointed to support. Again, Keystone was too late, not only getting to a motivating message, but also reaching out. They needed to get out first with an authentic motivating story about the impacts contrasted to the benefits, not just to a few workers, but to the entire country.

**P&GJ:** As the energy revolution began to unfold, it seemed that the opportunity to have a richness of resources would be a godsend. Instead, we've seen growing opposition to fracking, and increasing blame for climate change. Could we have foreseen this?

**Davies:** Yes, unfortunately it is something we did foresee. Many of the ENGOs we see fighting Keystone and other fossil fuel-related projects have a vested interest in opposing everything. It's how they make their living. Their fundraising and relevancy depend on pitched battles and ever-increasing rhetoric. Think about what would have happened to the ENGOs money if they said "Great, let's stop fighting because we have this abundant gas that is cleaner and will help wean us from coal and serve as a bridge to renewable future."

We are naive to think that this is just about reducing carbon emissions. Some in the natural gas industry need to take responsibility for this. It was massive funding from natural gas that helped fund the Sierra Club's "Beyond Coal Campaign." But without fail, once coal was in decline, Sierra Club turned the tables on its past corporate funders and started "Beyond Gas." The industry needs to realize that many of the NGOs out there will never sit down and work with us to find real environmental solutions.

**P&GJ:** How do you turn those issues to your favor?

**Davies:** We won't turn the ENGOs in our favor. But we can certainly win on these issues with the American people. Natural gas' role in cleaning up the environment and carbon reduction is strong and even the environmental benefits of domestic oil over foreign oil are positive messages for the industry that can help win the hearts and minds of citizens. We can't cede the environmental arguments to the NGOs. We wear the white hat in this arena. It's all about sharing our story and facts with the public.

**P&GJ:** Without divulging trade secrets, if you were advising a pipeline operator about to go into virgin territory, what would you suggest?

**Davies:** It's not much of a trade secret. Listen first. Uncover the community's unique hopes, dreams and fears. And ensure that when you listen you don't allow your own biases to shape what you hear. Each community is different and there is no one-size-fits-all message.

**P&GJ:** What's an example of a success story you are proud to have been involved in?

**Davies:** Earning approval for Dominion's 5.25-mtpa (million tons per annum) Cove Point LNG export terminal just an hour-and-a-half south of the nation's capital in Lusby, MD.

Dominion went quietly through the permitting process for 20 months while flying under the radar. Then the project became the focus of national environmental NGOs, 350.org, the Sierra Club and the Chesapeake Climate Action Network. ENGOs spread fear in the local community and sought to nationalize the fight with protests on the National Mall and a coordinated national media and digital activism campaign.

Our research discovered that local residents were both fond of the energy facility after four decades in their community (as an importer) and they also had a sense of pride that their community could be a leader in providing clean energy to Japan and India.





Leveraging that information, we knew the key to getting the project approved was illustrating how locals feel about the project in the regional and national media to calm fears and overcome the loud rhetoric of out-of-area activists. We focused on reshaping public perception by dominating public hearings on the project with key speakers and hundreds of supporters at nearly all events in the permitting process.

We generated 3,500 personalized letters to the governor, and over 100,000 comments to FERC. The icing on the cake was packing a mass rally on the grounds of the statehouse, clearly in view of the governor's mansion and office, on the day of the critical hearing on the subject before Gov. O'Malley and his Board of Public Works.

After the robust show of support, the project won approval of all state permits and federal approvals, making it just the fourth export facility of its kind to be approved in the U.S.

**P&GJ:** Why and when did you create your company?

**Davies:** I started Davies over 35 years ago. I was living in Santa Barbara, CA where we are still headquartered today.

As you may know, many consider Santa Barbara the home to modern NIMBYism. In fact, after an oil spill in 1969 off the Santa Barbara coast, the community was host to the first-ever "Earth Day," which was a catalyst for some from the antiwar and other campus movements to shift to a new stream of environmental activism.

When I came to Santa Barbara after working on various political campaigns I saw NIMBYism impacting businesses' ability to earn public approvals. We started with high-profile real estate projects in Santa Barbara, and we worked to support offshore oil.

Soon we expanded to other industries and areas as we found similar issues throughout the country. We truly went national during the buildout of the wireless network where fear and rhetoric was running rampant and the industry was experiencing difficulties in dealing with the growing volume of fights they had on their hands. The lessons from that industry helped formulate many of the techniques we use today from research tools to supporter activations.

**P&GJ:** What do you feel is more important in winning public support, an in-depth

knowledge of the industry or an understanding of human behavior?

**Davies:** Understanding human behavior. While industry understanding is important, it can also be an impediment if you lose focus on the hope, dreams and fears of real people outside the industry. People don't have one set of decision-making tools for energy projects. To win public support, the industry must tap into complex human decision-making systems and behaviors.

**P&GJ:** What is the progression of steps you take when you sign on with a new client?

**Davies:** It always starts with research. We create a database of key thought leaders and citizens through public sources. Then we conduct our unique research tool called Focused Interviews™, which are open-ended, long-form guided conversations over the phone that can last from 45 minutes to over an hour. Our senior staff then reads and analyzes the interviews. Our work product from this process is a "Dangers, Opportunities and Strengths" analysis and six to eight key findings. **P&GJ**

## ADVERTISING SALES OFFICES

### SOUTHWEST & MIDWEST: Jim Donnelly

PO Box 851471,  
Richardson, TX 75085  
Ph.: (972) 437-9557,  
Fax: (972) 437-9558  
E-mail: jdonnelly@oildom.com

### NORTHEAST: Denis O'Malley

5 Hillandale Ave, Suite 101,  
Stamford, Ct. 06902  
Ph.: (203) 356-9694,  
Fax: (203) 356-9695  
E-mail: denis@nelsonmiller.com

### SOUTHEAST: Doug Fix

590 Hickory Flat Rd.  
Alpharetta, GA 30004  
Ph.: (770) 740-2078  
Fax: (770) 740-1889  
Cell: (770) 315-9033  
E-mail: dfix@bellsouth.net

### WEST COAST: Mike Lance, Kiefer Lance

890 Seamist Place #201,  
Ventura, CA 93003  
Ph.: (805) 620-0586, Cell: (661) 618-4067,  
E-mail: michael@mpl-media.com  
kiefer@mpl-media.com

### MID CENTRAL:

**Donna Harbacek**  
644 Hanging Branch Ridge,  
Cape Fair, MO 65624  
Ph.: (417) 559-3207,  
Fax: (708) 486-0525  
E-mail: donna@publishersresource.net

### UK, NETHERLANDS, NORTHERN BELGIUM, SCANDINAVIA: Jane Bailey

126 Queens Road,  
Tankerton, Whitstable, Kent,  
CT5 2JL UK  
Cell.: +44 (0) 750 347 1415,  
Ph.: +44 (0) 1227 266 605,  
E-mail: remieu@hotmail.com

### FRANCE, GERMANY, SOUTHERN BELGIUM, SPAIN, GREECE, PORTUGAL, NORTH AFRICA, SWITZERLAND, TURKEY, MIDDLE EAST: Catherine Watkins & Jim Watkins

30 rue Paul Vaillant Couturier  
78114 Magny-les-Hameaux  
Ph. +33 1 30 47 92 51,  
Fax +33 1 30 47 92 40  
E-mail: watkins@lyoninternational.com

### ITALY, EASTERN EUROPE:

**Fabio Potesta**  
Corte Lambruschini - Corso Buenos Aires  
8 - 5° piano, interno 9  
16129 Genova - Italy  
Ph.: 0039/010/5704948,  
Fax: 0039/010/5530088  
E-mail: info@mediapointsrl.it  
www.mediapointsrl.it

### CHINA:

**Mike Xu**  
14/F, Jinjiang Xiangyang Tower  
993 Nan Jing Road(W)  
Jing An District,  
Shanghai, 200041  
Cell: 13902475517  
Email: mikexu28@gmail.com

**P&GJ**  
connecting you to the  
pipeline industry worldwide