



## Stanford Renas Discusses Oil and Gas ABS Market Growth With *GlobalCapital*

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Structured Finance and Securitization partner Stanford Renas was interviewed by *GlobalCapital* on emerging securitizations for oil and gas, despite interest in socially responsible investments (SRI). Stan noted that it is important to look at the "differing motivations" of investors when it comes to oil and gas asset-backed securities (ABS). He said, "You're going to have investors out there who are going to take a hard line on this industry and just say no to anything fossil fuel related. But you're also going to have a lot of investors that take a more pragmatic approach to this." Investors who value environmental, social and governance (ESG) principles are more likely to seek out residential and commercial solar, and property assessed clean energy (PACE) ABS. Large investors "are beholden to minimum yield targets" at the expense of ESG.

Stan indicated that sustainable options are available — through the use of "carbon capture technology" to mitigate a company's carbon footprint or other offset mechanisms such as renewable energy certificates (RECs). He added, "People say corporate investors are pulling back from the oil and gas industry for ESG reasons but some of the reasons are to do with returns [as well]. Generally speaking, these companies are having a difficult time. Ultimately, returns are going to be more important than anything, so when we say corporates are pulling away from oil and gas, my query is what portion of that is attributable to ESG and what portion of that is attributable to a lack of returns." ("[Oil and gas ABS market grows despite push for ESG](#)," January 16, 2020)

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### CONTACTS

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