

BUSINESS JOURNAL

OP-ED

Natural gas is now, renewables the future

BY MICHAEL GONZALEZ

A few weeks ago, Texans experienced one of the coldest and longest-lasting cold snaps in the past several decades. The crisis this storm created, layered with the crisis associated with the ongoing COVID-19 pandemic, became known by some as “snow-vid,” and left many in our community without power for several days. According to ERCOT reports, more than 180 state power plants were unable to withstand the wintry conditions. Additionally, even when power was restored millions remained without safe drinking water for many days as treatment plants and water pumps that were affected by the loss of power returned to service.

There has been much written about the many errors committed by the Electrical Reliability Council of Texas, or ERCOT, as well as the Texas Public Utilities Commission in the days since power was successfully restored. The reliability of our electrical grid looks to certainly be a significant issue to be debated and acted upon during the upcoming state legislative session in Austin.

When considering all of the research available, I believe that the answer is clear, albeit somewhat unpopular with those who would like to expedite the adoption of the greenest available energy sources – natural gas is the best choice for energy production today.

For comparison, ERCOT reports that during normal conditions, natural gas-fired power plants provide 51% of the state's power, wind generates 25%, coal produces 13%, nuclear generates nearly 5%, solar is at nearly 4%, and all others account for nearly 2%.

Bright future for renewables

The future is bright for renewables. As they are able to increase their production capacity, lower

costs associated with technology adoption and further refine their efficiency regarding the use of land and resources, renewables will continue to become even more attractive.

Texas looks to lead the way in renewables. According to a 2020 ERCOT report, wind power has been the fastest-growing source of energy for Texas' power grid. Wind energy has been doubling in the last few years since it represented just 11% of power generation, recently surpassing coal as the second-largest source of electrical power generation in the nation's most energy-rich state. In fact, according to the U.S. Energy Information Administration, Texas leads the nation in wind-powered electricity generation producing 30% of the total nationwide.

Solar energy shows signs of promise in the future as well, with Texas amongst the nation's best. Texas, according to the Solar Energy Industries Association, ranks fifth amongst all states in installed solar capacity. According to the same report, Texas also ranks second nationally for projected growth during the next five years.

Natural gas leads the way

Renewables such as solar and wind have a bright future however, natural gas is still paramount in

terms of energy generation in Texas and nationwide. According to the U.S. Energy Information Administration, Texas leads the nation in natural gas production, accounting for 25% of U.S. gross withdrawals in 2019. In terms of power generation, natural gas accounts for more than half of Texas' net generation of electricity in 2019. ERCOT reports that approximately 57% of the available on-peak summer and winter capability is from gas-fired generation.

Energy experts agree that natural gas is the best choice for energy generation currently. A recent report from the Baker Institute for Public Policy Center for Energy Studies at Rice University reports that until long-duration battery storage is available, grid operators should continue to rely on natural gas. Chanan Singh, a grid reliability expert and electrical and computer engineering professor at Texas A&M University recently wrote that “without storage, there is no way that we can have that high level of generation from wind and solar.”

The effects of “snow-vid,” from electrical power generation reliability to economic implications, will be something that we will have to wrestle with and solve over the next few months. In my review of the available data, I have found that natural gas is currently the most economically viable and most reliable energy source for electrical power generation while also being comparatively clean. While cleaner and fast-growing, renewables continue to have obstacles that prevent their implementation when power generation matters most. Again, natural gas is now, but renewables are the future – how far into the future remains to be seen.

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BUSINESS NEWS



Laredo Morning Times file

MileOne International Business Assistance Center is located at 1312 Houston Street.

MileOne numbers signal economic recovery for small business

COURTESY OF MILEONE

The MileOne International Business Assistance Center has served as a starting point for small business and innovation since first opening its doors in 2017. Their business incubator and co-working programs boasted steady growth in new business starts and membership year over year. Like many other businesses throughout the city, however, the economic impacts of the COVID-19 pandemic dealt a serious blow to their operations.

From March through September 2020, their membership fell over 30%, resulting in thousands of dollars in lost revenue and a community struggling to adjust to the “new normal” facing the entire globe.

When the pandemic began, like most businesses, they figured it would be a few weeks until things returned to normal. Then the shutdown happened.

“We were in shock, not sure how we would be able to continue to provide services to our members,” said MileOne Program Director Cesar G. Hernandez. “Once the

dust settled, we had lost a good portion of our memberships, but we found ways to provide a safe and welcoming workspace for those who remained.”

At that moment, they faced an existential problem: attempt to rebuild or reimagine their entire model. Hernandez recalls the moment he and his team decided on the latter.

“From one day to the next, we dropped everything and shifted our resources towards providing free services to the small business community as a whole,” he said. “We knew our member services would bounce back at some point, but we realized that if we didn’t do something, many small businesses in the community wouldn’t.”

That prediction would prove true.

From that point early in the pandemic, MileOne promoted webinars, workshops, and virtual networking events for the community, providing valuable resources and learning opportunities for over 2,000 small business owners and entrepreneurs on topics such as e-

commerce, health and safety, emergency funding, and more.

Starting in October 2020, the rebuilding project began, and their success could serve as an indicator of larger economic recovery for small businesses in the region. Since the rebuilding efforts began, they have added 25 members to their entrepreneurial community, including 10 new businesses into their business incubator program and three businesses into their launchpad incubator program with two more in the application process for the limited program slots.

“It’s really a testament to the value of MileOne in the community,” Hernandez said. “We’re now finding a balance between both approaches. As a small team, we have our work cut out for us, but we’re now more prepared than ever to continue making a difference in the economic landscape of the region.”

MileOne webinars and free support services can be accessed through their website, mileoneinc.com, or by visiting their facilities downtown.

BUSINESS NEWS

Livestreaming, still niche, grows as a tool for retailers

By Jackie Snow

Matt Granite had been working for years as a consumer journalist filming segments that were syndicated on American television stations and sharing additional videos on his YouTube channel, The Deal Guy.

In 2017, his style of home-spun showmanship caught the attention of Amazon, and the company began flying him to New York every few months to record videos that would often run on its website around shopping events like back-to-school or Prime Day. He started experimenting with remote shows in 2019, so when the coronavirus pandemic hit he was somewhat ready to turn the basement of his home in Toronto into a studio.

“The only silver lining to the pandemic is that creators like myself were ready to connect to shoppers in their homes,” he said.

He now streams daily on Amazon Live, sometimes multiple times a day, covering everything from kitchen gadgets to snowblowers. Under each video is a carousel display of the products he’s discussing. When a viewer clicks that item and buys it, Granite gets a cut, with commissions varying from 10% for luxury and beauty products to 1% for Amazon Fresh items. While Granite’s YouTube channel still brings in more

revenue through ad rolls and sponsorships, he said the revenue and audience numbers for his Amazon Live videos had grown over the past year.

Granite is part of another method that Amazon employs to allow customers to bypass actual stores: live, interactive video shopping, pioneered decades ago by the likes of Home Shopping Network and QVC and now increasingly common online.

This type of shopping, called e-commerce livestreaming, lets brand representatives, store owners, influencers – and really just about anyone – stand in front of a smartphone and start a conversation with viewers who tune in. Amazon Style Code Live began in 2016 with livestreams the company filmed with hired talent, covering beauty and style products. Amazon Live followed in 2017, covering a wider variety of products.

Starting in 2019, the number of livestreams increased as brands that sold on the platform were invited to broadcast through an app called Amazon Live Creator. Last July, those who were accepted into Amazon’s Influencer program also got access. Now dozens of streams can be live at any given time. They show people doing things like conducting workout classes, cooking demonstrations and makeup tutorials or just speaking to the

camera.

Most of the videos feature a host in a tidy space as a backdrop and are well lit, usually with a ring light. There are notable exceptions. One video pitched hot sauce while the host waited in a line of cars for a vaccine at Dodger Stadium. Another tried to sell a motorcycle carburetor in a mostly silent video.

“My personal goal is for Amazon Live to become a customer’s favorite way to shop,” Munira Rahemtulla, the director of Amazon Live, said in a statement. “It’s still early for us, and we have a lot to learn, but we’re excited to continue inventing on behalf of our creators and customers.”

Amazon isn’t the only company trying out this type of hawking on an American audience. Instagram allows some influencers to sell products on livestreams through Instagram Shopping. Facebook made similar moves for small businesses this year. TikTok livestreamed a shopping event with Walmart. And both Estée Lauder Cos. and L’Oreal Group have hosted streams for some of their beauty brands.

“Everybody is thinking about this,” said Mark Yuan, a co-founder of And Luxe, a livestream e-commerce consultancy company in New York. “But they are rushing to it because of the pandemic. Before they had a choice. Now they have no choice.”

Yuan and Zoe Zhang started And Luxe to help bring Western brands to China but have recently seen an increase in inquiries from Western companies trying to get into e-commerce livestreaming. So far, Yuan said, no American company had quite mastered it. According to him, success entails more than just adding a video to the typical e-commerce experience. Instead what is needed is a mix of content that isn’t tied to shopping but can attract new viewers, limited-time deals and even products exclusive to that livestream. That goes for all of the major tech companies trying to expand an audience.

“If they want to become an e-commerce livestream marketplace,” Yuan said, “they will have to change a lot.”

Although e-commerce livestreams are still a niche enterprise in the United States, they are big business in China, where they drive about 9% of the country’s \$63 billion online market. Kim Kardashian West went on a popular Chinese influencer’s stream and sold out her perfume stock within minutes after 13 million people tuned in. At least one Chinese college offers e-commerce livestreaming as a degree. Chinese retailers have also innovated during the pandemic lockdowns, with more streams focused on one-on-one consultations and store

walk-throughs.

The pandemic seems to be enticing more people to test out Amazon Live while they are stuck at home and looking for new ways to connect. Felicia Jones, an influencer in North Carolina focused on beauty and home décor, said Amazon reached out last year to ask her to join the Live program. She was getting out of the shower one day in November and planned to use a bunch of hair products she had gotten off Amazon when she decided to try out a stream for the first time. Figuring out the app took a few minutes, and she found herself talking to an audience that eventually reached 1,500 people. Now she tries to stream on Amazon regularly.

“If I don’t stream every day, I’m thinking about streaming every day,” Jones said.

According to the analytics Amazon sends her, Jones said, her livestream usually gets anywhere from 1,000 to 10,000 viewers, although concurrent viewers can top out in the hundreds. It’s successful enough that she has reached A-list, an internal status that gets her benefits like better video placement and more priority when it comes to support issues.

“It seems like every time you hop on,” she said, “it’s an opportunity.”

In 2021, the U.S. e-commerce livestreaming market could be worth up to \$11

billion, up from about \$6 billion in 2020, according to Coresight Research, a global advisory and research firm specializing in retail and technology.

The consumers are ready, but the retailers and tech issues are holding the industry back, said Deborah Weinswig, founder and chief executive of Coresight Research. A company that sells the right products with interesting content and easy-to-use payment and inventory tools could still break through and might overtake the Big Tech companies, including Amazon, in livestreaming revenue.

“There is going to be a unicorn livestreaming e-commerce company,” Weinswig said.

One well-positioned competitor is Quate Retail Group, the parent company of both QVC and Home Shopping Network, now HSN. It has branched out beyond broadcast and does livestreams on platforms like Facebook Live, Roku and YouTube TV. Although the platform may be different, the fundamentals of making a human connection haven’t changed, said Mike George, CEO of Quate.

“For them, it’s about livestreaming as a service,” he said of tech companies like Amazon. “That’s great in the moment, but it doesn’t build relationships. We’re just having the same conversation in new ways.”