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S&P GLOBAL: API Chief Open To Working With Biden Administration On Methane Regulation

By: Maya Weber

<https://www.spglobal.com/platts/en/market-insights/latest-news/coal/011321-api-chief-open-to-working-with-biden-administration-on-methane-regulation>

The head of a top US oil and gas trade group said he was open to working with the Biden administration on new regulations on methane emissions, even as he renewed criticism of "command and control" type rules and promised opposition to limits on drilling on federal lands and waters.

American Petroleum Institute CEO Mike Sommers spoke Jan. 13 during a presentation on the group's annual State of American Energy report, which emphasized the industry's role in economic recovery and future energy independence.

The comments come as some have warned that emissions of methane, a potent greenhouse gas, and flaring, stand as a potential Achilles heel for a sector seeking to bolster exports into Western European and Asian markets.

Sommers said API supports cutting methane emissions both through "cost-effective policies" and through measurable industry action, and faces an incoming administration intent on pursuing regulation.

'Willing partner'

"I think what they'll find in discussions with us is that we're a willing partner to make sure that they get this right, because I do think this is a social license to operate issue that we're going to have to deal with, both in the United States and abroad," Sommers said.

The trade group wants to ensure such rules align with the Clean Air Act, he said, citing an aspect of its prior legal objection to Obama administration rules.

"We believe that this administration is going to want our industry at the table to make sure that they can put forward the most effective regulation possible in this space that can actually survive judicial scrutiny," he said.

API already has met with transition team on the topic, he said.

As for flaring, Sommers said API is expanding its Environmental Partnership, a coalition focused on improving environmental performance, to include a new flaring reporting program for its members. "We'll be able to measure over time how that flaring is reduced in our operations," he said.

Trade is another potential area of common ground with the new administration, Sommers said.

"It's no secret that the Trump administration was not for free and fair trade," he said, describing the industry as seeking to "export the environmental progress" that has occurred in the US, mostly from switching from coal to natural gas-fired generation.

Expecting LNG exports would continue to grow under current policy, he said API believes that is consistent with the Biden administration's environmental goals.

Battleground over federal lands

Sommers expected API would clash with the Biden administration if it pursues new limits on drilling on federal land and waters, calling proposals floated during the campaign an "import more oil" policy.

"I think API will use every tool at our disposal to fight that kind of proposal," including taking the administration to court if it believes such action was done illegally, he said.

He contended a ban on drilling on federal lands would be "widely rejected by the American people" because of increased costs to consumers. The Biden campaign backed a moratorium on new oil and gas leases on federal lands and water.

Sommers also hoped efforts to streamline infrastructure permitting, such as National Environmental Policy Act regulations, would endure after the current administration, along with progress made for the Keystone XL Pipeline.

Tensions on EVs

Sommers identified subsidies for a buildout of electric vehicle infrastructure as another possible battleground.

"We never asked the federal government to assist in the buildout of service stations throughout this country. We don't think it's right for there to be dollars from American taxpayers going to the buildout of EV infrastructure either," he said.

He expected API would build on existing coalitions, such as with trade unions supplying American refinery workforce, and potentially extend that to corn growers and ethanol producers to "fight the elimination of liquid fuels."

He called California's pledge to eliminate in-state sales of gasoline-fueled vehicles by 2035 "an extreme proposal" that would remove the most affordable and reliable transportation option.

He also cast talk of eliminating tax subsidies for fossil fuels as "galling," arguing that manufacturers in general are encouraged by tax law to recover their investment cost because the investments serve the public interest.

The events of Jan. 6 in which a violent group stormed the US Capitol while federal lawmakers were seeking to tally electoral college votes could play into future political donations by the powerful trade group. Sommers called the events "a strike at American democracy."

"What happened on Jan, 6 will be a factor in how we consider our political giving going forward," Sommers told reporters, while declining to name politicians who might be affected. "Our first rule is to support

candidates and members of Congress and senators that support the oil and gas industry, but just like other iterations of our past giving, other factors come into effect as well."

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