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Sent: Wed 30/03/2016 2:14:19 PM (UTC)
Subject: RE: Alert: BOE Report: Trump Finds Common Ground With Cruz in Opposition to Carbon Tax

Redacted - First Amendment

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From: Swink, Suzanne
Sent: Wednesday, March 30, 2016 9:39 AM
To: Streett, Mary; Stout, Robert
Cc: Chen, Matthew; van Hoogstraten, David Jan; Nolan, James; Brien, Michael P; Kolenda, Sally
Subject: FW: Alert: BOE Report: Trump Finds Common Ground With Cruz in Opposition to Carbon Tax

Just FYI

Trump Finds Common Ground With Cruz in Opposition to Carbon Tax

March 30, 2016 6:36 AM Bloomberg 0 Comments

Donald Trump and Ted Cruz oppose a carbon tax, putting them in league with the Republican National Committee on the issue but at odds with some oil companies and economists who view a levy on those heat-trapping emissions as an effective way to combat climate change.

The top two Republican presidential candidates' positions on that and other environmental issues were detailed in their responses to a survey by the American Energy Alliance, a free-market, fossil-fuel advocacy group that shared the results with Bloomberg.

The circus-like atmosphere of the 2016 campaign has so far overshadowed substantive debate over energy and environmental issues, including the future of oil and gas development and how the U.S. should tackle climate change. Completed questionnaires were not returned by John Kasich, the Republican governor of Ohio, or Democratic candidates Hillary Clinton and Bernie Sanders, a senator from Vermont.

The survey responses provide the deepest details yet on where Trump stands on energy subsidies, biofuel mandates and the management of federal lands. Unlike Cruz, a senator from Texas who has cast votes on environmental regulation and introduced legislation to expand oil and gas drilling, Trump has been viewed as a "wild card" on energy issues because he lacks a track record that could foreshadow his approach if elected.

'Useful Insight'

BPA_HCOR_00162521

The answers provide “useful insight into how some of the candidates will handle the most pressing energy issues if elected,” said American Energy Alliance President Thomas Pyle. Although Cruz has more of a track record on these issues, Trump’s responses “give us a sense of the way he is thinking about these things,” said Pyle, whose group has received funding from billionaire industrialists Charles and David Koch.

Cruz has made no secret of his skepticism of climate change and previously signaled that he opposes taxing the carbon dioxide emissions blamed by scientists for rising global temperatures. The biggest surprise, Pyle said, was Trump’s flat rejection of a carbon tax, a position that runs contrary to the views of BP Plc, Royal Dutch Shell Plc, Statoil ASA and other companies, which favor the policy as a predictable way of tackling greenhouse gas emissions.

“The carbon tax is a legitimate threat, because there are companies that have basically been building it into their books as a liability,” Pyle said. “They’re all sort of individually picking a number, and I think some of them would love there to be a uniform number that’s lower than they price.”

Regulatory ‘Overreach’

Both Trump and Cruz took aim at regulatory “overreach” by President Barack Obama’s administration on environmental issues, including the Clean Power Plan that slashes carbon dioxide emissions from power plants. Each promises, if elected, to review the administration’s conclusion that carbon dioxide endangers public health and welfare.

The two candidates also said they opposed the administration’s decision to use the social cost of carbon — an estimate of the potential costs of rising seas, intense storms and other climate change effects — to justify regulations that can impose high initial costs on energy companies and manufacturers. But Cruz went a step further by disputing the science of climate change, volunteering in a survey response that “the observed temperature evidence does not support the claims that carbon dioxide is dangerous.”

Ethanol Requirements

There were stark differences in Cruz and Trump’s approach to the Renewable Fuel Standard, an 11-year-old mandate that requires refiners to blend steadily escalating amounts of ethanol and next-generation biofuels into gasoline.

Cruz maintained the position he staked out while campaigning through Iowa cornfields that the program should be phased out over five years then repealed, rather than leaving biofuel quotas to the Environmental Protection Agency’s discretion after 2022 as ordained by current law. “I support ending all energy subsidies and mandates,” Cruz said.

Trump said Congress shouldn’t repeal the biofuel mandates. “Until this nation sets its sights on total energy independence, we must support all energy sources,” the billionaire said in a survey response. “If we can truly achieve energy independence, then there would be no need for subsidies or any other form of mandate or market interference.”

Federal Lands

There were subtle distinctions in the two candidates' approach to management of public lands, where federal regulators oversee oil and gas development. The Obama administration recently halted new coal leasing on federal lands, and environmental activists have lobbied Clinton and Sanders to thwart new oil and gas development there. Some Republicans, meanwhile, want to see the U.S. pare its land holdings.

Cruz said the federal government should divest most of its current land holdings, while Trump suggested the first step should not be a widespread sale but rather "establishing a shared governance structure with the states."

Trump cast "overregulation" as a major business cost with an outsize effect on smaller companies. "Large companies have the wherewithal to mitigate these burdens, but smaller companies do not," he said.

The candidates also disparaged energy subsidies, such as tax incentives for wind and solar power, with Trump saying they distort markets and Cruz saying all energy sources should compete on an even playing field.

It wasn't clear from the survey responses whether their skepticism would extend to tax deductions used by oil and gas companies, including an accelerated depreciation of some drilling costs. Cruz previously has likened those breaks to ordinary business deductions used widely by other sectors.

From: Bloomberg Government [mailto:████████@bkgov.com]

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March 30, 2016 09:35AM ET | BOE Report

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BP Congress Alert

Relevance: HIGH

Keywords: "BP", "congress" OR "congressional" OR "congressman" OR "congresswoman"

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