

**To:** Ellis, Joe [REDACTED]@bp.com]; Miner, Robert [REDACTED]@bp.com]; Streett, Mary [REDACTED]@bp.com]; Walker, Ryan [REDACTED]@bp.com]; Swink, Suzanne [REDACTED]@bp.com]; Matthews, Jason [REDACTED]@bp.com];  
**Cc:** Nolan, James [REDACTED]@bp.com]; van Hoogstraten, David Jan [REDACTED]@bp.com]; Brien, Michael [REDACTED]@bp.com]  
**From:** Stout, Robert/[O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=[REDACTED]  
**Sent:** Wed 14/12/2016 12:58:53 PM (UTC)  
**Subject:** Fwd: Morning Energy, presented by ExxonMobil: Freshman Zinke picked for Interior post — Battle over Tillerson nomination taking shape — Sierra Club targets senators in anti-Pruitt push

## Redacted - First Amendment

Thanks,  
Bob

Sent from my iPhone

Begin forwarded message:

**From:** POLITICO Pro Energy [REDACTED]@politicopro.com>  
**Date:** December 14, 2016 at 4:47:13 AM CST  
**To:** <[REDACTED]@bp.com>  
**Subject:** Morning Energy, presented by ExxonMobil: Freshman Zinke picked for Interior post — Battle over Tillerson nomination taking shape — Sierra Club targets senators in anti-Pruitt push  
**Reply-To:** POLITICO subscriptions <[REDACTED]@politicoemail.com>

By Anthony Adragna | 12/14/2016 05:45 AM EDT

*With help from Brianna Gurciullo and Esther Whieldon*

**BIG PROMOTION FOR MONTANA'S ZINKE:** Plucking a freshman congressman from seeming obscurity, President-elect Donald Trump selected as his Interior secretary nominee Montana Rep. Ryan Zinke — a Republican known for bucking his party occasionally on conservation and public land issues. Zinke has previously opposed efforts by House Natural Resources Chairman Rob Bishop (R-Utah) to transfer public lands back to the states, supported a Democratic amendment to permanently authorize the Land and Water Conservation Fund and even resigned as a delegate to the RNC this summer because the party platform included language calling for the sale of public lands. The ex-Navy Seal commander has called for a "prudent" approach to climate change that doesn't harm the coal industry, though questions the scientific consensus that human activity is primarily driving the problem.

**He was only freshman:** Despite his differences with more conservative Republicans, Zinke is hardly seen as a friend to most in the environmental community, boasting a lifetime score of just three percent from the League of Conservation Voters. He's likely to pursue reversals on a host of Obama administration actions that would include ending limits on offshore drilling, lifting Interior's freeze on new coal leases and abandoning federal fracking regulations. Zinke might also try to unravel the department's recently finished five-year road map for offshore oil and gas drilling, though that process might take years.

**Reactions trickle in:** The environmental community was split in its reaction to the pick. Some groups hit Zinke over what they said were inconsistent public land positions and his support of new energy development. "Zinke must reassure the American people that he will stand up to members of his own party and never tolerate any attempts to hand over the ownership or management of American lands to state or private hands," Jennifer Rokala, executive director of the Center for Western Priorities, said in a statement. Some sportsmen's groups appeared more cautiously optimistic. "We're gratified that the Trump administration

is listening to our concerns and showing a willingness to act in the best interests of the American people and our irreplaceable public lands legacy," Backcountry Hunters & Anglers president Land Tawney said in a statement. And the National Wildlife Federation was upbeat about the pick: "President-elect Trump is signaling that he intends to keep his promises to America's hunters, anglers, and outdoor enthusiasts," Collin O'Mara, the group's president, said in a statement.

**McMorris Rodgers loses out:** Zinke's selection came as a bit of a surprise given multiple reports pegged No. 4 House Republican Cathy McMorris Rodgers (R-Wash.) as the favorite for the job. But Kenneth P. Vogel, Maggie Severns and Rachael Bade report multiple top Trump aides weren't sold on the Washington Republican and encouraged Trump to broaden his search. McMorris Rodgers wrote that she was "energized more than ever to continue leading in Congress" in a Tuesday evening Facebook post.

**WELCOME TO WEDNESDAY!** I'm your host Anthony Adragna, and congrats to Karen Richardson for identifying Quincy Jones as the celebrity who has pushed for the establishment of a secretary of Culture. For today: Which major river infamously caught fire in the late 1960s in what many consider the spark for the environmental movement? Send your tips, energy gossip and comments to [aadragna@politico.com](mailto:aadragna@politico.com), or follow us on Twitter [@AnthonyAdragna](#), [@Morning\\_Energy](#), and [@POLITICOPro](#).

**TAKING STOCK OF TILLERSON:** His four-decade career Exxon Mobil defies easy categorization, but Rex Tillerson's secretary of State confirmation process is shaping up to be a showcase of various competing caricatures: a ruthless oil baron, a stooge of the Russian government and a moderate who harbors secret designs to slash greenhouse gas emissions. As Pro's Andrew Restuccia reports, the fossil fuel chief has previously dismissed doomsday scenarios about global warming and his company faces allegations it suppressed decades-old internal research about the threat of climate change. But Tillerson has also backed a carbon tax, applauded world nations for approving a global agreement to tackle global warming and pushed to rethink the oil lobby's approach to climate policy. People who have closely followed Tillerson's career say nearly everything he did as Exxon CEO stemmed from a relentless desire to boost his company.

**Untangling his finances:** Becoming secretary of State will require Tillerson to sell his company shares and put his assets in a blind trust, but he'll probably always face questions about whether his actions favor the fossil fuel giant, POLITICO's Isaac Arnsdorf reports. And the sheer scale of the company's foreign interests — with a presence in more than 50 countries on six continents, including many that have sensitive relationships with the United States, such as Russia, Iraq, Turkey and China — will make his confirmation particularly complicated. Comparing Trump to Tillerson, one energy industry consultant said: "You can describe his conflicts in the most lurid way and it wouldn't come close to being the CEO of Exxon Mobil."

**Europe uneasy over pick:** Senior European leaders are puzzled and worried about President-elect Donald Trump, but they're also decidedly confused by his pick of Tillerson, POLITICO Europe's David M. Herszenhorn reports. "Personal relations to the Russian president are neither a bad thing per se, nor an indicator of quality," Jürgen Hardt, the German government's coordinator for transatlantic cooperation, said Tuesday. "Just like the American public, we now expect that past loyalties to his former employer won't play a role in his new occupation." Senior U.K. government sources said Tuesday they were exploring what Tillerson has said in the past "and what it all means." "We need to look and decide what is rhetoric and what will end up as policy," one British official said.

**Spin zone:** Trump's team is spinning Tillerson's close personal ties with Russian President Vladimir Putin as an "invaluable" plus diplomatically, according to talking points obtained by POLITICO's Seung Min Kim. "President Putin knows Mr. Tillerson means what he says," read the talking points. And despite his personal relationship with Putin, Tillerson "will easily challenge Russia and other countries when necessary." They also note Tillerson once spent about two-thirds of his time in Russia over a two-year period.

**How Trump settled on him:** Simultaneously haphazard and deliberative, Trump's process for picking the Exxon Mobil CEO relied more on instincts than anything else, POLITICO's Shane Goldmacher, Josh Dawsey and Matthew Nussbaum report. "He's like a judge who listens to input from everybody and then issues his verdict. And then there's no discussion, no dissent," said one senior transition aide. That's what happened in Tillerson's case. "He liked the outsized, Texan, can-do swagger," another aide added.

**\*\* A message from ExxonMobil:** Greenhouse gas emissions are falling in America in large part due to the use of natural gas to generate electricity. By embracing the lower carbon fuel, power plants cut emissions by more than 6 percent in 2015. Credit natural gas for falling emissions, rising economy \*\*

**NATIONAL LABS MEET TRUMP TEAM:** Directors of the Energy Department's network of national laboratories today sit down as a group with Trump's transition team for the first time, amid high tensions about how the incoming administration may approach their work, Pro's Darius Dixon reports. But lab directors are planning to shift how they talk about their work to emphasize its importance to American greatness — touting it as research that helps create jobs here at home and puts the U.S. ahead of competitors like China — while toning down their focus on international climate cooperation and efforts to limit the number of nuclear weapons around the globe.

**TRUMP TEAM WON'T RULE OUT AXING DOE:** Hours after selecting former Texas Gov. Rick Perry to lead the Energy Department, a senior Trump aide twice refused to rule out abolishing the agency during a TV appearance. "We haven't made any comments or plans as far as specific agencies," spokesman Jason Miller said on MSNBC. Were Trump's administration to pursue killing off the agency, (as Perry infamously forgot he wanted to do) they'd need cooperation from both chambers of Congress — a heavy lift in the Senate.

**MAIL CALL! CANTWELL ASKS MONIZ FOR ALL TRANSITION DOCS:** Top Senate Energy and Natural Resources Democrat Maria Cantwell asked Energy Secretary Ernest Moniz to share all correspondence between the agency and Trump's transition in light of the "troubling" and "disconcerting" questionnaire that asked for specific names of employees who worked on climate change matters. "These unprecedented questions suggest the incoming administration may be preparing to take arbitrary action against civil servants and government contractors simply because they worked, at the request of the Obama administration, on issues pertaining to climate change, the nuclear weapons complex and innovation policies, particularly related to clean energy technologies," the Washington Democrat wrote in a Tuesday letter.

**GREEN GROUP TARGETS TEN IN PRUITT FIGHT:** The Sierra Club is launching a five-figure, online ad campaign in hopes of convincing seven Republican and three moderate Democratic senators not to support Scott Pruitt's nomination to lead EPA due to his climate science skepticism, Pro's Alex Guillén reports. The ads will air in states represented by Republicans Pat Toomey, Lindsey Graham, Susan Collins, Lamar Alexander, Dean Heller, Jeff Flake and Rob Portman, as well as Democrats Joe Manchin, Heidi Heitkamp and Joe Donnelly. "No fossil fuel ally or climate denier is fit to head the U.S. Environmental Protection Agency," said Sierra Club Legislative Director Melinda Pierce.

**REGIONAL WESTERN POWER PUSH GETS COMPLICATED:** Trump's electoral victory has complicated California Gov. Jerry Brown's effort to integrate California's largest power grid with other states in the region, POLITICO California's David Siders reports. Both Idaho Gov. Butch Otter and Utah Gov. Gary Herbert, who separately met in private with Brown, said they were open to considering a regional grid, but they had significant concerns about governance and ratepayer impacts, among other issues. More on the complicated dynamic here.

**SENATORS PRESS NEW FINANCIAL ASSURANCE RULES:** Twelve Republican senators, including Energy and Natural Resources Chairman Lisa Murkowski, asked Interior Secretary Sally Jewell to suspend new financial assurance policies for oil and gas infrastructure on the Outer Continental Shelf. "We believe this will unduly burden lessees and operators who are already covering decommissioning obligations," they wrote in a letter obtained by ME.

**BLM GREENLIGHTS TWO MAJOR WESTERN POWER LINES:** The Bureau of Land Management on Tuesday approved two long-distance transmission lines to get renewable power from remote areas to population centers in the West, Pro's Esther Whieldon reports. BLM gave the thumbs up to Anschutz Corp.'s \$3 billion TransWest Express Project, which spans more than 730 miles from Wyoming to southern Nevada. The project was among seven the Obama administration in 2011 selected for fast-tracking with help from a Rapid Response Transmission Team. And the agency approved PacifiCorp's Energy Gateway South 500-kilovolt line that will send electricity over 400 miles from southeastern Wyoming to a station in Utah.

After the decisions were released, Alex Daue, assistant director for energy and climate at The Wilderness Society, said BLM could have done more to reduce the projects' impact on wildlife. "The silver lining is that BLM is requiring protection and restoration of wildlands and wildlife habitat to offset impacts. This demonstrates on-the-ground progress in implementing the agency's guidelines for addressing the effects of energy development on our public lands," Daue said.

**JEWELL TO SPEAK IN SAN FRANCISCO:** Jewell will keynote the American Geophysical Union's fall meeting in San Francisco today, focusing on the "continued need for transparent, independent and sound science to guide policy" in the Trump administration, according to an advisory. Her remarks, which begin at 3:30 p.m. EST, can be streamed [here](#).

**SPOTTED:** Sen. [Joe Manchin](#) and Energy Secretary Ernest Moniz warmly shaking hands and speaking briefly at the White House as President Barack Obama signed the 21st Century Cures Act into law, according to a pool report. Manchin, of course, came up short in his bid to replace Moniz at DOE in the incoming Trump administration.

**SPR SELLOFF STARTING SOON:** DOE [announced](#) Tuesday it would begin selling off crude oil from the Strategic Petroleum Reserve as soon as January. Congress included a provision in short-term government funding legislation permitting the sale of up to \$375.4 million in crude oil in order to "fund operational improvements necessary to ensure the long-term integrity of SPR infrastructure assets." The stockpile contains some 695 million barrels of emergency crude oil in underground salt caverns at four storage sites in Texas and Louisiana.

**TAKE A GLANCE! ENERGY SECURITY STRONG:** The U.S. Chamber Institute for 21st Century Energy today released [an index](#) showing national energy security is at its strongest point in two decades. "It is not a coincidence that American energy security has shown vast improvements at the same time that America's innovative energy industry was able to ramp up oil and gas production," Karen Harbert, the group's president, said in a statement.

**RFS REPEAL, EXPANDED NUCLEAR URGED:** The Manhattan Institute is out with its latest [transition memo](#) for the Trump administration on energy policy. The document recommends expanding and enhancing the national nuclear fleet through some taxpayer subsidies, repealing the Renewable Fuel Standard and doing away with tax credits for electric vehicles.

**OBAMA DEFENDS FEDERAL WORKERS:** Amid weeks of reports of impending deep cuts to federal agencies and fears of a DOE "[witch hunt](#)," Obama on Tuesday released a [pick-me-up video](#) to the nation's federal employees. "It's when our politics feels most divisive that we're the most in need of people like you. It's times like now when we need people who show the rest of the country what it means when we say we are all Americans first," Obama said. "So keep doing it. Your work has never been more important." Some believe vast numbers of federal employees may bail once Trump takes office.

**BURNING UP:** The Arctic had its warmest annual air temperatures since 1900 and the lowest recorded winter ice levels during the satellite era (since 1979), according to NOAA's 2016 [Arctic Report Card](#). "Rarely have we seen the Arctic show a clearer, stronger or more pronounced signal of persistent warming and its cascading effects on the environment than this year," Jeremy Mathis, director of NOAA's Arctic Research Program, said in a statement.

**MANUFACTURERS AIR ENVIRONMENTAL PRIORITIES:** The National Association of Manufacturers today released [a blueprint](#) for its preferred environmental priorities in the Trump administration. Top goals are avoiding regulations that benefit one fuel source over another, support research and development of technologies with lower greenhouse gas emissions and performing a "comprehensive update" of federal environmental statutes.

**CARMAKERS STAFF UP:** The Alliance of Automobile Manufacturers hired two former House Transportation staffers, now founding partners at B+S Strategies, to lobby on legislation and regulations that could affect carmakers "in the context of CAFE (fuel efficiency) and greenhouse gas standards," according to a disclosure [report](#). The lobbyists are Chris Bertram, former panel staff director, and Beth Spivey, former

director of outreach and coalitions.

**MOVER, SHAKER:** Golden Globe Award winner and three-time Academy Award nominated actress Michelle Pfeiffer has joined the board of the Environmental Working Group, the organization announced today.

## QUICK HITS

- Exxon Mobil could tap huge Arctic assets if US-Russian relations thaw. [CNBC](#).
- Obama's Mad Dash to Protect the Environment. [Outside](#).
- North Dakota daily oil production rebounds above 1M barrels. [Bismarck Tribune](#).
- MSHA's Main concerned about changes to mine safety strategy under Trump. [Charleston Gazette-Mail](#).
- West Coast states to fight climate change even if Trump does not. [Reuters](#).
- With Tillerson Tapped for Cabinet, Darren Woods Likely to Lead Exxon. [Wall Street Journal](#).

## HAPPENING WEDNESDAY

9:00 a.m. — EPA [meeting](#) changes to the New Chemicals Review Program, The Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Avenue Northwest, Polaris Room

10 a.m. — World Resources Institute holds [press call](#) with Republican and Democratic U.S. mayors on need for federal action to address climate-impacts.

## THAT'S ALL FOR ME!

**\*\* A message from ExxonMobil:** Energy is fundamental to modern life. It is critical to driving economic prosperity -- in small communities across the country and in nations around the world. We will need a range of solutions to meet growing energy demand while reducing emissions to address the risk of climate change. Visit the Energy Factor to learn more about some of the bold ideas and next-generation technologies we're working on to meet the challenge: [EnergyFactor.com](#) \*\*

*To view online:*

<https://www.politicopro.com/tipsheets/morning-energy/2016/12/freshman-zinke-picked-for-interior-post-020552>

## Stories from POLITICO Pro

### **Trump selects Zinke as interior secretary** [Back](#)

By Kenneth P. Vogel, Maggie Severns and Rachael Bade | 12/13/2016 06:05 PM EDT

President-elect Donald Trump has offered the interior secretary position to Montana's freshman Rep. Ryan Zinke, an ex-Navy Seal commander, according to two transition officials and someone familiar with the offer.

The sources said Zinke has yet to accept and has given no indication as to which way he is leaning. But Zinke is also being discussed by prominent Washington Republicans as a possible 2018 candidate for the Montana Senate seat now held by Democrat Sen. Jon Tester.

Zinke's office declined to comment, and Trump's transition team did not immediately respond to a request for comment.

Zinke was an early Trump supporter. The Big Sky state Republican threw his weight behind the controversial nominee-turned-commander-in-chief in late May and stuck by him despite numerous Democratic attacks for doing so. He also campaigned with him, and his wife, Lola, is a member of the transition team dealing with

veterans issues.

The offer comes just days after multiple news outlets reported that No. 4 House Republican Cathy McMorris Rodgers (R-Wash.) was the favorite to win the position. But multiple top Trump aides weren't sold on the Washington Republican and encouraged Trump to broaden his search.

She, Zinke and Rep. Raul Labrador (R-Idaho) all interviewed for the job Monday.

The Trump team called Zinke last Thursday, and asked him to come in for the interview. He was traveling by plane on Tuesday evening, but is expected to accept Trump's offer when he lands.

Zinke, who was first elected to the House in 2014, has been considered a likely challenger to Tester in Montana ever since then. The Republican has built up statewide name recognition while winning two races in Montana's sole House district. And the last two House members from the state both ran for Senate: Republicans Steve Daines, who won in 2014, and Denny Rehberg, who lost to Tester in 2012.

Tester is widely considered one of the most vulnerable Democratic senators up for reelection in 2018. The two-term Democrat helped boost Zinke's 2016 House challenger, Denise Juneau, helping her fundraise and lending her staff during the campaign in the hope of knocking Zinke out of the House.

But Zinke won reelection with 56 percent of the vote — the same share that Trump got in Montana. Several weeks later, Zinke told the Associated Press that he was considering challenging Tester.

Out of all the Republicans on the Hill, Zinke has one of the strongest track records on conservation and public land issues — and he's even voted against his own party at times. He voted against the GOP's fiscal 2016 budget because it sold public lands, and even resigned as a delegate to the RNC this summer because the party platform included language calling for the sale of public lands.

Zinke has also opposed efforts by House Natural Resources Chairman Rob Bishop (R-Utah) to transfer land and other GOP measures to hand over millions of acres of public land from the U.S. Forest Service to the state.

He's also partnered with Democrats on conservation issues: In October 2015 he was the only Republican to support a Democratic amendment to permanently authorize the so-called Land and Water Conservation Fund. He's also received praise from conservation groups, including the Rocky Mountain Elk Foundation, Teddy Roosevelt Conservancy Partnership, Friends of the East Rosebud and the Outdoor Industry Association.

As secretary, Zinke would oversee about one-fifth of the nation's land, including national parks, wildlife refuges, tribal lands and areas ripe for drilling, mining, wind and solar development, and oil and gas pipelines. Zinke's targets could include ending limits on offshore drilling, lifting Interior's freeze on new coal leases and abandoning federal fracking regulations, such as a rule that a judge struck down in June.

Zinke could also help Trump unravel the department's recently finished five-year road map for offshore oil and gas drilling, which took two areas in the Arctic out of contention, although doing so could take several years.

On climate change, Zinke has called for a "prudent" approach to the issue that does not do too much damage to the coal industry. Montana is the sixth-largest coal producing state in the nation, according to the Energy Information Administration.

"You know, if you go up to Glacier Park and you have your lunch on one of the glaciers, you will see the glacier recede while you eat lunch. So you know I have seen the change in my lifetime," Zinke told the Bozeman Daily Chronicle last year, although he questioned the extent to which carbon emissions were to blame.

"So something's going on, and so I think you need to be prudent. It doesn't mean I think you need to be destructive on fossil fuels, but I think you need to be prudent and you need to invest in all-the-above energy," he added. Zinke touted natural gas as the "easiest path forward," but also boasted that Montana coal was

cleaner than varieties mined in other countries and promoted coal exports.

*John Bresnahan, Jake Sherman and Esther Whieldon contributed to this story.*

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*John Bresnahan, Jake Sherman and Esther Whieldon contributed to this story.*

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### **Tillerson's record at Exxon shows a tough pragmatist** [Back](#)

By Andrew Restuccia | 12/13/2016 07:18 PM EDT

Exxon Mobil CEO Rex Tillerson has pressed for greater use of fossil fuels. He's called climate change an "[engineering problem](#)," and dismissed doomsday scenarios about global warming. And his company faces allegations it suppressed decades-old internal research about the threat of climate change.

He has also backed a carbon tax, applauded world nations for approving a global agreement to tackle global warming and pushed to [rethink](#) the oil lobby's approach to climate policy.

Tillerson's four-decade-long record at Exxon Mobil defies easy categorization. But his nomination as secretary of State is emerging as something of a Rorschach test, with many in Washington projecting their own interpretations onto his lengthy career at the oil giant.

His confirmation hearing is shaping up to be a showcase of those competing caricatures — Tillerson as a ruthless oil baron, as a stooge of the Russian government and as a moderate who harbors secret designs to slash greenhouse gas emissions.

Perhaps the only fact beyond dispute is since assuming the top job at the world's largest publicly traded oil company, he has been a tough and calculating pragmatist, negotiating directly with Russian President Vladimir Putin to gain access to oil in the Arctic and assuming sometimes contradictory positions on global warming to advance the interests of a company that has endured intense scrutiny from industry analysts and environmental groups since the infamous 1989 Exxon Valdez oil spill in Alaska.

People who have closely followed Tillerson's career say nearly everything he did as Exxon CEO stemmed from a relentless desire to boost his company.

"You have to remember, whether it's Tillerson, or the guy before him, or the guy that's going to replace him in a couple months, they are graduates of the same academy," said Fadel Gheit, an analyst at the investment firm Oppenheimer & Co. who has tracked Exxon for decades. "They do things the Exxon way."

"Their No. 1 objective is to reward their shareholders, to do whatever they can do within the law to create value for the shareholders," he said.

Tillerson raised eyebrows in 2009 when, during [a speech](#) at the Woodrow Wilson International Center for Scholars, he came out in favor of a tax on carbon emissions, arguing it's a better alternative to the cap-and-trade system that was gaining traction in Congress at the time. A carbon tax would levy a fee on greenhouse gas emissions across the U.S. economy. It's been praised by many economists as a simpler approach to reducing emissions.

"As a businessman it is hard to speak favorably about any new tax," he said at the time. "But a carbon tax strikes me as a more direct, a more transparent and a more effective approach."

Exxon has [pointed to](#) its support for a carbon tax to counter the allegations — bolstered by recent investigative stories and fraud investigations by two state attorneys general — that it misled the public and its investors about the threat of climate change.

But Tillerson's critics are deeply skeptical of his motivations, noting that the oil company has expended little energy lobbying for carbon tax legislation in Congress despite its support for the policy — and they reject the notion that Tillerson could be moderate voice on environmental issues in an otherwise far-right Cabinet.

"Mostly, that's a load of crap. He's worked for Exxon Mobil for 40 years," said Tiernan Sittenfeld, the senior vice president for government affairs at the League of Conservation Voters. "It's just such a low bar to say he's a moderate because he's not an outright climate denier. It's 2016, we've just come off some of the most extreme weather because of climate change ever. It's not some far-off notion."

Exxon, meanwhile, has pushed back strongly on allegations that it suppressed internal research about climate change, and it has launched an aggressive defense in court against New York Attorney General Eric Schneiderman and Massachusetts Attorney General Maura Healey's fraud investigations.

Pressed about climate change at the company's annual meeting earlier this year, Tillerson said, "We are not ignoring the risk that is out there."

But he also dismissed activists who have called for keeping fossil fuels in the ground, arguing that approach is unrealistic. The "world is going to have to continue using fossil fuels, whether they like it or not," he said.

Tillerson also has deep ties to Putin, having negotiated several billion-dollar deals in that country. The oil executive's relationship with Putin and other world leaders who have tense relationships with the United States are a necessary part of the job, Tillerson's allies say. Without them, he wouldn't be able to expand Exxon's presence in key oil-rich countries.

But several Senate Republicans have already raised concerns about Tillerson's connections to Putin against the backdrop of accusations that the Russians attempted to manipulate the U.S. election.

Trump's surprise decision to meet with former Vice President Al Gore, a prominent climate advocate, at Trump Tower and his recent comments to The New York Times that he has an "open mind" about the Paris global warming deal initially gave greens some mild hope the president-elect might be more malleable on this issue.

But Trump's decision to tap Tillerson, along with Scott Pruitt, who has railed against climate regulations, for EPA administrator and Rick Perry, who once advocated for eliminating the Energy Department, for Energy secretary quickly dashed those hopes.

"Rex Tillerson is a pioneer of the post-election Donald Trump climate change head fake, which is to say one thing and to do the complete opposite," Sierra Club Executive Director Michael Brune said in an interview.

He argued the notion that Trump could become more moderate on climate change is a "charade and people shouldn't buy it. We're living at a time of deception and misinformation and it's important not to believe people's tweets or press statements, but to watch what they do."

Democrats in Congress and their allies in environmental groups are moving quickly to do everything they can to undercut Tillerson's nomination.

"We are having many, many conversations with as many people as we can get an audience with," Natural Resources Defense Council President Rhea Suh told POLITICO.

While they have no plans to upend Tillerson's nomination over his past statements in support of a carbon tax and the Paris climate deal, conservatives aren't happy about them either.

"I think it's definitely cause for concern," said Phil Kerpen, president of free-market group, American Commitment. "I'd like to see him address it and recant his previous views and bring himself in line with the views of the president-elect and conservatives' views."

"There absolutely is a concern there," added another official from a prominent D.C. conservative group, who asked for anonymity to speak freely about the nomination. "Conservatives are going to be concerned about anybody who has made statements about action on climate."

Advocates of a carbon tax say they're holding out hope that the the policy could win more support under a Trump presidency.

Jerry Taylor, president of the libertarian think tank, the Niskanen Center, and a vocal carbon tax backer, said Republicans might feel compelled to consider a carbon tax as part of a deal to kill EPA regulations, adding that revenue from the tax could help pay for Trump's other policy priorities like an infrastructure package. Without legislation like a carbon tax, a future Democratic president could likely reinstate much of President Barack Obama's climate agenda.

"I'm not predicting that that's inevitable, but it's a conversation that I'm hearing from Republicans on the Hill," he said.

Tillerson himself has at times shown flashes of frustration amid the constant attacks from environmentalists, even suggesting Exxon's critics are ignorant of the complexities of the oil industry.

"Ours is an industry that is built on technology, it's built on science, it's built on engineering. And because we have a society that, by and large, is illiterate in these areas — science, math and engineering — what we do is a mystery to them and they find it scary," he said during a 2012 speech. "And because of that, it creates easy opportunities for opponents of development, activist organizations, to manufacture fear."

Under his leadership, though, Exxon also pledged to stop funding groups that deny climate change. In the years since, activists have alleged that Exxon has continued to fund such groups. The Guardian, for example, last year underscored Exxon's contributions to Republican lawmakers who are skeptical of the scientific consensus on climate change, as well as the American Legislative Exchange Council, which has promoted model legislation that is critical of climate regulations.

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### **Threatened oil industry rethinks climate stance** [Back](#)

By Andrew Restuccia and Elana Schor | 07/11/2016 12:27 PM EDT

Facing the increasing likelihood of a Hillary Clinton presidency, growing attacks from liberals and its own divides over a potential carbon tax, the oil industry is rethinking its political strategy on climate change.

The American Petroleum Institute is making quiet efforts to revamp its climate messaging, creating a task force that could revisit the industry's long-held opposition to taxing greenhouse gas emissions. Many in the

politically powerful industry believe that such a levy could be on the table if Clinton wins in November, especially if Democrats retake the Senate. The Democratic party's Sunday endorsement of a carbon price in its platform promises to fuel that speculation further.

The API task force — which POLITICO [first reported](#) last month — comes as the industry faces a fierce campaign by climate activist groups who want federal regulators to block additional drilling and keep fossil fuels in the ground. That includes an escalating effort to target ExxonMobil, the nation's biggest oil company, which faces investigations by attorneys general in three states and the U.S. Virgin Islands over its public statements on climate change.

Also weighing on Big Oil is a two-year collapse in global prices, the Obama administration's environmental regulations and the international climate agreement that the U.S. negotiated last year in Paris — further signs of how much political ground has shifted under the industry's feet since the days of "drill, baby, drill" less than a decade ago.

"The political environment has shifted so dramatically with Paris, with the 'keep it in the ground' campaign having controlled the conversation, with a president making climate change policy part of his legacy," one oil industry official said. "So it makes sense for API to be reviewing its approach to climate."

Clinton has promised to build on President Barack Obama's climate agenda, in contrast to Donald Trump's pledges to repeal the administration's climate regulations and repudiate the Paris deal. Over the weekend, Clinton's campaign reached a deal with Sanders backers and environmentalists to add language to the Democratic platform calling for establishing a price on carbon, although the word "tax" was conspicuously left out.

Clinton energy adviser Trevor Houser distanced the Democratic nominee-in-waiting from the platform's carbon-pricing language, however, telling the Associated Press that taxing carbon is "not her plan."

The petroleum group is kicking off its review by convening a task force to consider updating its message on climate change, which four industry sources say is expected to take a broad look at the debate. Its creation stemmed from discussions among API's executive committee members at a meeting last month, according to one source.

"We're at the point in the election cycle where people are speaking in very broad strokes here," said Bruce Thompson, president of another industry group called the American Exploration & Production Council, who was not a party to the task force's creation. "Before we're for or against or anything like that, we'd want to know what we're talking about."

Thompson declined to take a firm position on a carbon tax before any concrete proposals emerge.

The industry's harshest critics are unconvinced that oil companies will embrace a change of heart. "Considering that they've so far taken out one ice cap and much of the world's coral, I guess a task force would be in order," said climate activist Bill McKibben, who led the successful campaign to kill the Keystone XL oil pipeline and served as one of Sanders' representatives on the Democratic National Committee's platform-writing panel.

Tiernan Sittenfeld, senior vice president at the League of Conservation Voters, called the action "more evidence that the politics of climate change have shifted and that proponents of addressing climate change are clearly winning." But she said the industry needs to do more than talk about climate change.

"It remains to be seen if this task force prompts badly needed changes in how API spends money on lobbying and elections," she said.

API spokesman Eric Wohlschlegel declined to confirm the plans for the task force. "We assess all of our priority issues on a regular basis," he said in an email.

Some in the industry see the task force as the brainchild of Exxon, a powerful API member that is fighting allegations from climate activists that it misled the public and its investors about decades of internal research

that documented the threat of climate change. An Exxon spokesman did not respond to a request for comment for this story.

Exxon is also an outlier among U.S.-based oil companies in supporting at least the concept of taxing fossil fuels' carbon emissions in return for easing other regulations on the industry. European-based oil majors BP and Shell also back a carbon tax as preferable to the litany of new rules Obama has slapped on drillers and refiners. But Chevron and the politically active Koch Industries vehemently oppose the idea.

Sen. Chuck Schumer (D-N.Y.), the Senate Democratic leader-in-waiting, has said his party could pursue a carbon tax if Clinton wins the White House. But Clinton hasn't publicly embraced the suggestion, and her appointees to the DNC platform committee voted down an earlier, more direct carbon tax proposal by Sanders backers.

One source told POLITICO the task force is an attempt to preempt further discord within the industry over the best approach to addressing global warming — and to avoid a repeat of public split that erupted a year ago when API pushed to end to the prohibition on U.S. crude oil exports. Congress ultimately lifted that 40-year-old ban, but not before oil producers who wanted to sell their oil abroad butted heads with small oil refiners who feared that exports would increase their prices.

According to a third industry source, the task force will give companies an opportunity to develop a unified defense against the legal attacks on Exxon. While a carbon tax is likely to play into the discussions, this source said he doubted that the divided membership would come to a consensus on the issue. Other industry officials similarly doubted that the task force will yield a dramatic shift in the industry's approach to climate change.

House Republicans have attempted to head off the carbon tax discussion before it begins. Last month, the House approved a non-binding resolution, largely along party lines, underscoring its opposition to the policy. Exxon took no position on that vote.

If the industry ever supports a carbon tax, it would probably be predicated on the elimination of a series of climate change-related regulations from the Environmental Protection Agency or the Interior Department. Exactly which regulations to target — and whether Democrats can be persuaded to eliminate them — would be one likely topic for the task force.

The split among API's members over how and whether to tackle climate change opened in 2009, when Exxon CEO Rex Tillerson first endorsed a carbon tax as "a more transparent and a more effective" means to cut greenhouse gases than the cap-and-trade bill that Obama supported. But that bill died, and Obama spent the bulk of his first term pursuing an "all-of-the-above" energy policy that included support for offshore drilling and much praise for the U.S. natural gas boom.

But Obama's second-term hawkishness on climate change has deepened the oil industry's schism, particularly after six major European oil companies last year urged U.N. climate negotiators in Paris to push "governments across the world" for a price on carbon. Four of the six are members of API, through their U.S. subsidiaries.

API President Jack Gerard has acknowledged that the industry has conflicting opinions over how to talk about and make policy on climate, telling reporters last year that there are "different views within our industry as to how that should be addressed." The group's lack of a black-or-white position on a carbon tax is not without precedent. API also has stayed neutral on whether to increase the gasoline tax to pay for infrastructure projects, as Gerard told reporters last year.

Last month's symbolic House vote to condemn the idea of a carbon tax, however, pulled those tensions into the open.

API told Bloomberg that it would take no position on the House proposal, echoing Exxon's stance. The group told POLITICO that it's "had a long history opposing carbon taxes," declining to address whether its position had changed.

Exxon has repeatedly touted its support for a carbon tax in a bid to counter attacks from Democrats and environmentalists over allegations that it misled the public about its internal climate research. The company scored a victory last month when the Virgin Islands' top law enforcement official withdrew a broad subpoena against the oil giant, but state AGs continue to circle the company.

Activists said their campaign against the industry will continue regardless of any tweaks API may make to its messaging.

"Talk is cheap and it'll take a lot more action for this to look like anything other than a desperate charade," Sierra Club Executive Director Michael Brune said.

*A version of this story was published on POLITICO Pro on June 28.*

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## **Tillerson adds to Trump's ethics headaches** [Back](#)

By Isaac Arnsdorf | 12/13/2016 05:39 PM EDT

To become secretary of state, Rex Tillerson will have to do what Donald Trump has so far refused to: give up his stake in the company that has been his life's work.

Unlike the president, the secretary of state is subject to federal ethics laws that for Tillerson will probably mean selling his ExxonMobil shares and putting his assets in a blind trust, ethics lawyers said.

And while Tillerson will also have to recuse himself from matters directly involving Exxon, he will probably always face questions about whether his actions favor the company he used to lead, making his confirmation particularly complicated, because the scale of Exxon's foreign entanglements dwarfs Trump's own. Exxon has a presence in more than 50 countries on six continents, including many that have sensitive relationships with the United States, such as Russia, Iraq, Turkey and China.

Comparing Trump to Tillerson, one energy industry consultant said: "You can describe his conflicts in the most lurid way and it wouldn't come close to being the CEO of ExxonMobil."

Tillerson is one of seven Cabinet nominees who come with sprawling portfolios that will need to be unwound. The White House counsel will have to coordinate with the nominees to determine what measures they take to eliminate conflicts of interest or else face questions about why their approaches varied, said Matt Sanderson, a political law attorney at Caplin & Drysdale.

"This is as complicated as it gets," Sanderson said. "This is a unique situation in that you have multiple whales here."

Hanging over them all is Trump's own reluctance to address his own conflicts of interest. He abruptly delayed plans this week to reveal how he will remove himself from his business's operations, saying only that his adult sons would run the company and he would not complete any "new deals" during his presidency.

Trump has some legal leeway because the main federal conflicts-of-interest law exempts the president. But Tillerson will have to work out an arrangement with the Office of Government Ethics affecting his roughly \$228 million worth of Exxon stock and his pension benefits.

The simplest approach is for Tillerson to put all his assets in a blind trust and instruct the manager to sell his Exxon stake over time so that Tillerson wouldn't know how much he owned, according to Craig Engle, a political law attorney at Arent Fox. Hank Paulson, who left the top job at Goldman Sachs to become President George W. Bush's Treasury secretary, sold an estimated \$500 million of the bank's stock and set up a blind trust.

"He can put the matter to rest by putting his assets in a blind trust and then representing the United States,"

Engle, a Republican, said of Tillerson. "He will be exposed to complaints of conflicts of interest regardless of what he does, and that's unfortunate."

Tillerson's pension payments, even if the amounts are fixed, still meet the definition of a financial conflict, Sanderson said. Tillerson could negotiate with Exxon to cash out in advance or suspend the payments while in office.

For stock options, Tillerson's lawyers and the ethics office could find a way to let Tillerson keep his stock options, perhaps by having the trust manager execute them as soon as they vest and donating any profits above Monday's share price, Sanderson said.

Vice President Dick Cheney, who was CEO of Halliburton, bought an insurance policy that flattened out his deferred payments from the energy company, removing any potential upside for him based on the company's performance. Even so, political opponents attacked him for benefiting the company with contracts in Iraq after the 2003 invasion.

Divesting isn't the only option. Penny Pritzker, the billionaire who is President Barack Obama's commerce secretary, agreed when she took the job in 2013 to sell hundreds of stocks and investment funds, resign from more than a hundred companies, and quit her positions with Hyatt and Wrigley. She did not sell her stake in those companies (her family founded Hyatt) and she continued to receive deferred compensation from Wrigley, but she recused herself from matters involving the companies.

But Exxon is bigger than Hyatt, and State is bigger than Commerce. Exxon routinely cautions investors that its business is sensitive to governments and politics around the world, including sanctions, unstable or unreliable legal systems, taxes, price controls, environmental regulations, security and expropriation.

Democratic senators — and even some Republicans — are already promising to use Tillerson's confirmation hearings to probe his financial conflicts and Russian ties.

"The next secretary of state must be someone who views the world with moral clarity, is free of potential conflicts of interest, has a clear sense of America's interests, and will be a forceful advocate for America's foreign policy goals to the president, within the administration, and on the world stage," Sen. Marco Rubio (R-Fla.) said in a statement.

If Tillerson doesn't divest, his conflicts would include negotiating global climate-change agreements, according to Norm Eisen and Richard Painter, the former ethics lawyers to Presidents Obama and George W. Bush who now lead the watchdog group Citizens for Responsibility and Ethics in Washington.

"It may be that the appearance of conflict and the need for repeated recusals is so profound that the Senate concludes he cannot do the job," Eisen and Painter said in a statement.

Tillerson could go beyond legal requirements and soothe concerns by recusing himself from any energy policy and delegating those responsibilities to a deputy, Sanderson said.

"If you were to give a gold star for trying to avoid conflicts, it would be divestment plus this extra measure to assure the American public their interests are being pursued and not the interests of certain energy firms," Sanderson said.

*Darren Samuelsohn contributed to this report.*

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**Trump team issues Tillerson talking points to Hill GOP** Back

By Seung Min Kim | 12/13/2016 04:38 PM EDT

Rex Tillerson, the ExxonMobil CEO who is Donald Trump's choice for secretary of state, has already come under scrutiny from Senate Republicans concerned about his personal ties to Russian President Vladimir

Putin. But the Trump transition team is spinning that relationship as a plus.

In talking points sent to the Capitol Tuesday, the Trump transition advises GOP senators to push back on criticisms that Tillerson is too cozy with the Kremlin by saying the State nominee will be able to work closely with Russia on shared interests, such as battling the Islamic State, because of his existing relationships.

"Mr. Tillerson's experience with Russia and the Russian president will prove to be invaluable. President Putin knows Mr. Tillerson means what he says," read the talking points, obtained by POLITICO. And despite his personal relationship with Putin, Tillerson "will easily challenge Russia and other countries when necessary."

As the nation's chief diplomat, Tillerson will "be a forceful advocate for America's interests," just as he is a "forceful advocate for the interests of" ExxonMobil in his current job. And Tillerson had a powerful backer from the outset: Robert Gates, the Pentagon chief under Presidents Barack Obama and George W. Bush, "initially" recommended Tillerson to Trump, according to the talking points. (Gates's consulting firm represents ExxonMobil.)

"He has been able to tell President Putin 'no,' but has also been able to work with him," reads another line in the talking points, which also says that Tillerson once spent about two-thirds of his time in Russia over a two-year period. "That's because of the longstanding relationship. People know he's sincere, and his word is solid."

The full talking points for Tillerson from the transition team are linked [here](#). The Republican National Committee sent similar messaging point to the Hill earlier Tuesday.

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### **Why Trump picked Tillerson** [Back](#)

By Shane Goldmacher, Josh Dawsey and Matthew Nussbaum | 12/13/2016 03:51 PM EDT

Rudy Giuliani professed his desires out loud. Mitt Romney wooed the president-elect over frog legs at a three-star Michelin restaurant in Manhattan. Retired Gen. David Petraeus pleaded his case on national television. Senate Foreign Relations Chairman [Bob Corker](#), among a host of others, traipsed through the camera-filled lobby of Trump Tower.

ExxonMobil CEO Rex Tillerson came in the back door (twice). He left as the nominee to be America's top diplomat.

Donald Trump's decision-making process for secretary of State — the cabinet post that he and his advisers felt was the most important one — played out much as his campaign had. It was messy. There were rival factions. Loyalty was paramount, until it wasn't. Trump chaffed at the constraints of tradition. There were accusations of worry-worthy friendliness with Russia.

And all the drama unfolded on live TV — complete with a last-minute plot twist and a candidate no one initially saw coming.

"The Tillerson thing, I'm sort of in a fog about," Giuliani told POLITICO on Tuesday. "I wasn't really involved deeply in the process when that came along. I don't know a lot about him. I knew about four or five of the others."

Now the suspense continues with the next act being a confirmation battle on Capitol Hill. But the selection process itself — it was Trump's second-highest-profile decision after selecting Mike Pence as his running mate this summer — is instructive for a president-elect who has never before held political office.

Simultaneously haphazard and deliberative, Trump had lots of inputs but the final output rested ultimately with a man who has said for decades he is guided more by his instincts than anything else.

"He's like a judge who listens to input from everybody and then issues his verdict. And then there's no discussion, no dissent," said one senior transition aide.

That's what happened with Tillerson.

When Trump and Tillerson met in Trump Tower on Dec. 6, "they hit it off" immediately, as one transition official put it — two men who have made billion-dollar deals and boast the bona fides of having run multinational companies.

"He's totally the Trump M.O. Strong guy," this official said. "... As soon as he met him, he told people that Tillerson is the kind of guy that walks in a room and commands respect. Liked Romney. Liked Rudy. But Tillerson was a stronger guy. He liked his strength."

Added another adviser, "He liked the outsized, Texan, can-do swagger."

Tillerson would be the presumptive pick within days and the official one within a week.

But it had been a long process to get there. Within days of the election, Giuliani was publicly pining for the job and has since confirmed that he turned down two other cabinet posts. Quickly, stories surfaced about Giuliani's out-of-office international business dealings and speechmaking.

"I told them to vet me, and nothing came out that showed any conflict, any irregularity," Giuliani recalled. "That part of the process, where people speculated we had done improper things, bothered me a lot. That really annoyed me."

Giuliani had been Trump's most steadfast supporter in the darkest hours of the campaign, going on the Sunday shows to defend Trump after a 2005 tape emerged of him bragging about grabbing women unwantedly by the genitals and getting away with it because he was a star.

But the business dealings — and Trump's reported unhappiness of Giuliani's public dismissal of any post other than State — opened the door to other possibilities.

"He felt some loyalty issues over Rudy and it was painful," said one person close to Trump who spoke with him during the search process.

On Nov. 19, ten days after Trump won the election, Romney traveled to Trump's golf course in Bedminster, N.J., for a meeting that, by all accounts, went extremely well. Trump's team might have initially liked the symbolism of Romney paying homage to a president-elect whom he had opposed all the way through the election, but after the meeting, Romney quickly vaulted into serious consideration.

"He's really, really good at storylines, at pushing storylines," said the person close to Trump. "Romney was like Omarosa coming back in the second season of 'The Apprentice.' This was a fun thing to discuss."

Inside the campaign, two competing factions developed. Romney was the preferred pick of Reince Priebus, Trump's incoming chief of staff, as well as Vice President-elect Mike Pence, according to transition officials. But those from Trump's campaign itself — led publicly by former campaign manager Kellyanne Conway and privately by Steve Bannon — were in the anyone-but-Romney camp.

Dissent bubbled up by Thanksgiving, as Newt Gingrich and Mike Huckabee, two early Trump backers, went public in opposition. Then Conway said in television interviews that Sunday that selecting Romney would lead Trump's supporters to "feel betrayed."

"It's just breathtaking in scope and intensity the type of messages I have received from all over the country," Conway said of the opposition to Romney. While Conway said she was speaking on behalf of Trump's voters, she was also voicing the internal concerns of some of the Trump's own staff.

Trump felt trapped, according to transition officials and others, as he set up meetings with Petraeus, Corker and Romney again in the last week of November. It was then that Giuliani says he withdrew from the

sweepstakes — albeit in secret.

"I would have taken the State job if it were nice and easy and I was the only candidate and it all happened very smoothly. I didn't want it strongly enough to be in competition for it," Giuliani said.

He submitted a letter of withdrawal dated Nov. 29 — the same day Trump and Romney dined together in New York. The letter didn't go public until last Friday.

"They were telling people that I was in the running and I allowed them to do that so they could have some cover. They didn't want to be rushed into making the choice," Giuliani said, adding that the only people that he knew were aware of the letter were Trump, Priebus, Bannon and Trump's influential son-in-law, Jared Kushner.

Romney, meanwhile, was doing everything he could, effusively praising Trump after their Jean Georges dinner as "enlightening" and "engaging." "He did something I tried to do and was unsuccessful in," Romney told reporters that night.

The next day, on Nov. 30, Condoleezza Rice met with Pence in Washington, as the former secretary of State — who only a month before the election had called for Trump to drop out — was emerging a surprise influencer.

Rice and former Defense Secretary Bob Gates, who met with Trump on Dec. 2 in New York, both recommended Tillerson be considered as secretary of State, sources said. (The person close to Trump, however, noted, "This guy was on the radar screen earlier than that.") Gates knew Tillerson not just as a business leader but because both had served as president of the Boy Scouts of America.

That weekend, Trump formally expanded the list again, setting up meetings with Tillerson, retired Adm. James Stavridis and former Ford CEO Alan Mulally. As one Trump official told POLITICO at the time, "There's got to be someone out there that can dazzle and wow. I just don't think we've found that person."

It happened Tuesday with Tillerson, as the wheels were soon set in motion for his selection.

A top political concern — especially amid accusations that Russia hacked the emails of a top Hillary Clinton aide and the Democratic Party to help Trump — was the ExxonMobil CEO's close ties to Russian President Vladimir Putin. As the final line of Tillerson's official biography on the ExxonMobil website reads, "In 2013, he was awarded the Order of Friendship by Vladimir Putin, president of the Russian Federation."

And as Tillerson joined the short list and then became the front-runner last weekend, even Republicans were raising questions about his relationship to Russia. "I don't know what Mr. Tillerson's relationship with Vladimir Putin was," influential Sen. John McCain said Saturday on Fox News. "But I'll tell you it is a matter of concern to me."

Trump — never one to be dictated by his detractors — pushed ahead quickly. By Monday, it was a done deal. The formal announcement came Tuesday.

Gates and Rice, who have counted Tillerson's company among their clients, were among the first and most prominent voices in the GOP foreign policy establishment to praise Tillerson when he was picked.

"Everyone knows this is going to be our toughest confirmation but I don't think Trump was going to change his mind at the end of the day," said a transition official.

Later on Tuesday, Trump made a surprise visit to the lobby of his Manhattan skyscraper. There, he stood side-by-side with another visitor. It was Kanye West.

Tillerson was still nowhere to be seen.

*Annie Karni, Eliana Johnson, Josh Gerstein and Jake Sherman contributed to this report.*

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## DOE's national labs prepare for Trump [Back](#)

By Darius Dixon | 12/13/2016 05:59 PM EDT

Directors of the Energy Department's network of national laboratories are still wondering how President-elect Donald Trump will change their mission, but they know they will have to find a new way to talk about it.

No longer will the emphasis be on international cooperation to fight climate change and limit the number of nuclear weapons around the globe. Instead, lab directors are pitching their work as vital to American greatness — research that helps create jobs here at home and puts the U.S. ahead of competitors like China.

Tensions are running high across DOE with the Trump transition already on the lookout for employees whose work seems out of step with Trump's views and that of former Texas Gov. Rick Perry, the real estate mogul's pick for Energy secretary, who has said he wants to eliminate DOE.

The lab directors will get their first taste of life with Trump Wednesday, when they are scheduled to sit down as a group with the transition team for the first time.

Shifts in White House energy priorities are nothing new to the 17 labs that carry out DOE's mission, which are sprawled across the country. But Trump threatens to upend their mission unlike anyone else who ran for the GOP nomination, given his doubts about both climate change science and nuclear nonproliferation that are so fundamental to the labs' work.

"We're collectively concerned about what it means for the lab portfolios," said Jill Hruby, the director of Sandia national lab, in an interview last month. "There's climate research directly, and then there's all the things that we're doing that support it like renewable energy, nuclear energy, all sorts of things."

Trump's DOE transition team is led by the conservative American Energy Alliance President Tom Pyle, so all of the agency's work on climate change and renewable energy will be under scrutiny — and possibly on the chopping block. AEA, which has also deployed an economist to the DOE transition, has made broad attacks on vehicle efficiency programs, wind-friendly tax credits and biofuels.

While the six sitting lab directors POLITICO interviewed all made clear it is not their place to dictate policy to the new administration, they all stressed how vital the labs are to DOE's overall mission. Experts from the labs were deployed to help fix the 2010 Gulf of Mexico oil spill, analyze the monthslong natural gas leak in California a year ago, and develop the Yucca Mountain nuclear waste project.

Lab directors and their employees also have a keen interest in how things shake out: dramatic spending cuts often result in layoffs at the labs, which are mostly staffed by contractors who don't have the civil service job protections in place at DOE headquarters in Washington. And policy shifts risk upending international collaborations that can be years in the making.

Last week, the Trump transition team caused a stir when it sent a 74-point questionnaire to the agency that requested the names of employees and contractors who worked on President Barack Obama's climate initiatives. That same list of questions also asked the labs to list what professional associations lab staff belong to.

All but one of the labs is run by contractors like Battelle or Lockheed Martin, and their directors' tenure aren't tied to whoever is sitting in the Oval Office. Lab directors also have a seat at the meetings between DOE and the landing teams to explain their mission and make their pitch for what they'd like to hold onto. All 17 lab directors, who will be in Washington Wednesday, are slated to sit down with Pyle and possibly other members of Trump's agency landing team. Since the labs touch just about everything the agency does, no one on the transition has been specifically tasked with overseeing all of them.

Other aspects of the labs' organization also may help insulate them from the changing political winds.

One advantage is the labs' decentralized makeup, which means there are dozens of lawmakers with a stake in the thousands of high-paying jobs they provide. The national labs have a major presence in 14 states, so nearly a third of the Senate has one back home. The two energy and water appropriations cardinals, Sen. Lamar Alexander (R-Tenn.) and Rep. Mike Simpson (R-Idaho), both have labs in their states and are strong defenders of DOE research programs.

"If [relations] are really bad," said Bud Albright, a former energy undersecretary under George W. Bush, "they certainly could frustrate a secretary by back-channeling to the Hill, and triggering oversight hearings and just being like a swarm of hungry mosquitoes eating at you all the time."

But lab directors are hoping to be able to work with Trump, even if they have to change how they describe their work. The president-elect's DOE teams should expect to get an earful about jobs, jobs, jobs.

"The question in my mind is really around whether this administration can get behind clean energy and climate as a potential job-creator," Hruby said. "It'd be more compelling for them in that context based on what we know [from the campaign], than climate itself."

Idaho national lab director Mark Peters said his lab's work on nuclear energy would likely be discussed in more expansive terms than its carbon-free profile.

"You're seeing bipartisan support for [nuclear energy] because of climate, but also because of national security and competitiveness," Peters said. "So, perhaps the narrative becomes a little bit more broad."

Peter Littlewood, Argonne national lab's outgoing director, said he expects some labs will look to recalibrate their language with the transition. Argonne has a focus on high-speed computing and is upgrading their massive x-ray system, called the Advanced Photon Source, which scientists use to study a variety of materials.

"There are different ways to talk about that," he said. "I can talk about that from a purely science agenda, but I can also talk about it as a competitive agenda on the international scene, say, with China because China's investing massively in high-performance computing and also in synchrotrons. So, there's a level of emphasis in how you talk about the same thing."

The labs rely on the exchange of hundreds, if not thousands, of their own scientists to work abroad, as well as foreign researchers who come to the U.S. from elsewhere, so Trump's America First rhetoric in the presidential race raised some questions about the free exchange of people, and multinational funding for facilities and projects. Some national labs have agreements in place to work with China, a favorite target of Trump.

On the campaign trail, Trump also said several eyebrow-raising things about nuclear weapons and nonproliferation, including suggesting that Japan could defend itself with nukes and questioning the value of NATO, an underpinning of U.S. nonproliferation policy.

"We work with countries all over the world to help secure nuclear materials and to implement agreements of various sorts," Sandia's Hruby said. "If the extreme conditions on the campaign trail of basically not helping anybody do anything outside of the United States [were to be implemented], that would have a big impact on our nuclear nonproliferation program."

Because the lab directors aren't tied to the White House occupant, President George W. Bush's second energy secretary, Sam Bodman, saw them as a way to bridge administrations, Oak Ridge national lab director Thom Mason said.

"He was looking at the transition coming up as President Bush neared the end of his second term knowing there would be an election," he added. "And he felt that it would be good for the labs to be in a position to help serve as a mechanism of continuity."

Energy Secretary Ernest Moniz has tried to improve coordination within the labs system, which may help avoid bureaucratic infighting over scarce resources.

Little-noticed structural changes — particularly in the form of special boards and committees — that Moniz implemented at DOE have been praised by the lab directors, who say they intend to emphasize their value to Trump's team. Moniz has enticed the labs to work together by streamlining directives they get from headquarters and loosening travel restrictions, among other reforms.

Republicans in Congress have repeatedly sought to make big cuts in the one-third of DOE's nearly \$30 billion budget devoted to so-called applied energy programs like energy efficiency and renewable energy — and Trump's team has signaled he will follow suit. And some labs have already complained about stagnant budgets.

"Let's be clear, the last few years have been very tight at the labs. Our budgets are not growing, we're doing more with less," Littlewood said. "Quite broadly across the lab system, everything has been quite stressed. So, it's not that there's a lot of cash in the bank to rely on to tide over a lean few years."

Still, the current directors hope they can maintain a united front.

"I do think that among this group of lab directors, we understand at some level, the system wins and loses together," Hruby said, echoing other lab directors. "But clearly, part of our job is to watch out for our own institutions. It's only a natural thing."

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### **Sierra Club anti-Pruitt campaign targets moderate senators** [Back](#)

By Alex Guillén | 12/13/2016 04:43 PM EDT

The Sierra Club today launched an online ad campaign targeting seven moderate Republicans and three moderate Democrats to vote against Scott Pruitt's nomination as EPA administrator.

The group is hoping to use Pruitt's climate science skepticism to win over enough votes to block President-elect Donald Trump's EPA nominee.

The five-figure online ad campaign will run for the next week in states represented by Republicans [Pat Toomey](#), [Lindsey Graham](#), [Susan Collins](#), [Lamar Alexander](#), [Dean Heller](#), [Jeff Flake](#) and [Rob Portman](#), as well as Democrats [Joe Manchin](#), [Joe Donnelly](#) and [Heidi Heitkamp](#). The Republicans have all shown past acceptance of climate change science, while the three Democrats are among the most conservative members of their caucus and represent coal-producing and -consuming states.

The ads say that Pruitt "protects polluters, not people," and urges the senators to "say no to #PollutingPruitt for EPA."

"No fossil fuel ally or climate denier is fit to head the U.S. Environmental Protection Agency," said Sierra Club Legislative Director Melinda Pierce. "We strongly urge Senators, who are elected to represent and protect the American people, to stand up for families across the nation and oppose this nomination."

Republicans will enjoy a 52-seat majority next year, so Pruitt's opponents would need to win over all Senate Democrats and at least three Republicans to block Pruitt's nomination.

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### **Trump complicates Jerry Brown plan to regionalize power grid** [Back](#)

By David Siders | 12/13/2016 06:18 PM EDT

CORONADO, Calif. — In the weeks since Donald Trump's election, Gov. Jerry Brown has promised to press forward with efforts to reduce greenhouse gas emissions, and on Tuesday he said the state is "taking whatever steps we can to find allies and partners" in that cause.

But in private meetings with Republican governors here Tuesday, Brown encountered some resistance to one major initiative — his effort to integrate California's largest power grid with other states in the region.

Following a discussion with Brown at the Hotel del Coronado, where Western governors are gathering this week, Idaho Gov. Butch Otter told POLITICO California that Brown was gauging interest in a regional grid. "How interested are you?" Otter said Brown asked.

Both Otter and Utah Gov. Gary Herbert, who met separately with Brown, said they were open to considering such an arrangement, but they had significant concerns about governance and ratepayer impacts, among other issues.

Brown urged California more than a year ago to explore a joint venture between California's Independent System Operator and the Portland, Ore.-based utility PacifiCorp., which operates in Wyoming, Utah, Idaho, Washington and Oregon. Sharing electricity across state lines, Brown and other proponents said, could help states manage variable energy loads while promoting renewable-energy markets in the West.

The proposal has been controversial since its inception, and Brown tabled the idea in August with plans to return to the Legislature next year. Environmentalists had raised concerns about partnering with states that rely heavily on coal, and the state's Democratic legislative leaders in February warned Brown not to "cede authority" to other states.

Those concerns were reciprocated by Wyoming Gov. Matt Mead.

"There's a lot of questions to be answered from Wyoming's perspective, including the governance," Mead told POLITICO. "That will be a complicated issue because there's no scenario that I'm willing to have Wyoming submit to the California Legislature, and I think Gov. Brown would say the same."

The election last month further complicated Brown's effort, given the uncertainty around Trump's energy policy and his promise to dismantle President Barack Obama's Clean Power Plan.

Mead, who was expecting to meet with Brown later Tuesday, said any agreement would have to wait "until we know what [Trump's] Department of Energy does and what president-elect Trump does ... I mean, we could all agree on something today and it could be off the table in two months."

Trump's victory has rattled California lawmakers who were already skeptical of grid regionalization. Some Democratic lawmakers fear opening California's electricity market to other states could invite federal intervention in the state's energy policy, including through the Federal Energy Regulatory Commission. Meanwhile, federal regulations that are likely to be relaxed in coal-dependent states could remove incentives for those states to participate in a regional grid.

Kathryn Phillips, director of Sierra Club California, said regulatory pressure on PacifiCorp. to reduce the use of coal is "going to go away." Former Assemblyman Mike Gatto, D-Los Angeles, a former chairman of the Assembly Utilities and Commerce Committee, called Trump a "wild card" and said "there are just too many question marks right now ... to jump in head first."

Boarding a flight to San Diego on Tuesday for the meeting of the Western Governors' Association, Brown acknowledged grid regionalization is "complicated because of the different policies" of the president-elect.

"Nothing's easier, nothing's easier," he said of the post-election landscape.

Brown said that Trump, who "talks about breaking down the state barriers for insurance," should favor regionalization of power markets, too. But the fourth-term Democrat acknowledged "some concern in the Senate" about the proposal and said he did not know if uncertainty about Trump would hold it up.

"We'll look at it," he said.

Carl Zichella, director of Western transmission at the Natural Resources Defense Council, said Tuesday that grid opponents' concerns about the Federal Energy Regulatory Commission interfering with California's

climate policies under Trump is overblown, saying the commission has not historically been a "place for policy meddling."

Even red states have renewable energy they want to market, Zichella said, citing Wyoming's wind energy as one example. Of California lawmakers fearful of federal intervention, he said a regional market would "help protect California from being singled out."

Still, Zichella acknowledged the political difficulty brought on by Trump's election.

"I think in the short term it's harder because there's uncertainty," he said.

In an indication of how far off any grid regionalization may still remain, Herbert, the governor of Utah, said after meeting with Brown that the California governor told him, "I don't have all the answers here."

Herbert said he responded, "I don't even have all the questions."

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## **BLM greenlights two massive Western transmission projects** [Back](#)

By Esther Whieldon | 12/13/2016 02:29 PM EDT

The Bureau of Land Management today approved two long-distance transmission lines to get renewable power from remote areas to population centers in the West.

BLM gave the thumbs up to Anschutz Corp.'s \$3 billion TransWest Express Project, which spans more than 730 miles from Wyoming to southern Nevada. The project was among seven the Obama administration in 2011 selected for fast-tracking with help from a Rapid Response Transmission Team. The project is slated to be completed by 2019.

And the agency approved PacifiCorp's Energy Gateway South 500-kilovolt line that will send electricity over 400 miles from southeastern Wyoming to a station in Utah. The project could be finished between 2020 and 2024, according to PacifiCorp's project webpage.

"These efforts strengthen our commitment to work with state and local communities to unlock the West's abundant renewable energy resources, create jobs and support development that makes sense for both the economy and the environment," Interior Secretary Sally Jewell said in a statement.

Some environmentalists were unhappy.

The projects could "unnecessarily destroy wilderness-quality lands in northwest Colorado and eastern Nevada, as well as greater sage-grouse habitat," Alex Daue, assistant director for energy and climate at the Wilderness Society, said in a statement. "Readily available alternative routes could have minimized or eliminated these impacts by following highways and designated utility corridors."

The group acknowledged that it could not yet know how much the BLM attempted to mitigate these impacts as the records of decision on the lines were not immediately available.

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