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From: Clanton, Brett [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=BRETT.CLANTON]
Sent: Tue 04/09/2018 1:40:42 PM (UTC)
Subject: RE: Axios Generate: Energy politics of midterms — How to revive nuclear power — Climate threats to energy infrastructure

Hi Mary –

Redacted - First Amendment

Best,

Brett Clanton

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Confidential

From: Streett, Mary
Sent: Tuesday, September 4, 2018 8:11 AM
To: Sidoti, Elizabeth [REDACTED]@bp.com>; Clanton, Brett [REDACTED]@bp.com>
Subject: Fwd: Axios Generate: Energy politics of midterms — How to revive nuclear power — Climate threats to energy infrastructure

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Sent from my iPhone
Begin forwarded message:

From: Amy Harder [REDACTED]@axios.com>
Date: September 4, 2018 at 8:28:12 AM EDT
To: [REDACTED]@gmail.com
Subject: Axios Generate: Energy politics of midterms — How to revive nuclear power — Climate threats to energy infrastructure

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Generate

By Amy Harder · Sep 04, 2018

Good morning from Seattle, Washington, where I'm here to report on the state's carbon tax initiative. Are you following that topic for this election cycle? What else? Let me know at amy@axios.com.

My latest [Harder Line column](#) looks at six electoral moves I'm watching during these midterms. I'll share that, and then Ben Geman will get you up to speed on some other news.

1 big thing: Midterm energy and climate stakes

Illustration: Rebecca Zisser/Axios

The midterm elections are important because they will go a long way in shaping both state-level policies and Washington's future appetite to consider legislation in this area. Here are six electoral moves on my radar, with a deeper look at each in the Axios stream [here](#).

Moderate Republicans: Climate change is just beginning to re-emerge as an issue some congressional Republicans talk about publicly.

If that leads to defeat for the small handful of moderate, politically vulnerable Republicans who do it — particularly Rep. Carlos Curbelo of Florida — it sets back any prospect for bipartisan climate policy.

Greens' trickiest test: Environmental groups are prioritizing helping Democrats win back the House, but Curbelo's race presents a tough call:

- Environmental Defense Fund is supporting him, per election

filings.

- The League of Conservation Voters is likely to sit out the race, according to people familiar with its position.
- NextGen America is supporting Curbelo's Democrat opponent.

Colorado fracking: After two failed efforts to get the initiative on the ballot, Coloradans are set to vote on a proposal that would significantly increase the buffer zone from most new oil and gas drilling.

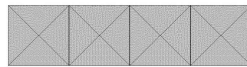
If it passes, expect it to re-energize efforts to ban fracking elsewhere — and raise big issues for Colorado-based oil companies.

Washington carbon tax: After voting down a carbon tax ballot initiative two years ago, Washington state voters have another chance — and the outcome will reverberate nationally.

California gas tax repeal: This ballot initiative would repeal a recent gasoline tax hike that raised the fuel tax by 12 cents a gallon. Conservative interests and anti-tax advocates are hoping it also rallies conservatives to get out and vote in some close House district races Democrats are hoping to flip.

Southwest renewable energy standards: Two ballot initiatives bankrolled by Tom Steyer's NextGen America would increase the percentage of renewable electricity mandated in Arizona and Nevada.

Stay tuned for deeper dives on some of these topics in the coming weeks.



2. Holiday buzz: fracking's shaky foundation

A provocative opinion piece in the New York Times made waves over the long weekend. Financial journalist Bethany McLean argues that the U.S. fracking boom rests on a shaky, debt-laden foundation that may be unsustainable.

The bottom line: McLean, who helped uncover the Enron scandal and co-authored the book "The Smartest Guys in the Room," covers a lot of ground.

Key points are that low interest rates have provided relatively easy

access to debt financing and that markets are valuing shale producers based on their acreage, not on a proven ability to make money. McLean writes in NYT:

It's all a bit reminiscent of the dot-com bubble of the late 1990s, when internet companies were valued on the number of eyeballs they attracted, not on the profits they were likely to make. As long as investors were willing to believe that profits were coming, it all worked — until it didn't.

Why it matters: Advancements in fracking and horizontal drilling over the last decade have sent U.S. oil and natural gas production surging to record levels, which is increasingly making the U.S. a player in export markets too.

Yes, but: The piece got some weekend pushback from some analysts who argued that it overstates the case, or is at least out of date.

Jason Bordoff, head of a Columbia University energy think tank, responded with [this Twitter thread](#) on Monday evening. His points include...

The investment in most shale production is making money now. Shale companies responsible for most production are generating free cash flow. Even if they weren't, that doesn't tell us shale will [go] bust.



3. Go deeper: U.S. elections and energy

Let's dip back into election politics for a moment with Eurasia Group CEO Robert Johnston, who writes in an [Expert Voices piece](#)...

What's happening now: A key historic pattern that has traditionally shaped dynamics around U.S. energy policy and elections has all but disappeared heading into this year's midterms.

- Robust U.S. shale gas and shale-oil production have greatly diminished voter concerns about energy availability and affordability — although a gasoline price spike could quickly rekindle them.

Why it matters: At the same time as voter focus on energy has declined, the two major parties have also developed a deeply polarized

gap on climate policy, with only 18% of Republicans concerned a “great deal” about global warming compared to 66% of Democrats.

- These two factors together mean that the energy policy dynamic has now shifted firmly.
- It's moved from congressional production of complex and broad energy legislation — such as the comprehensive “something for everyone” bills in 2005 and 2007 — to an increasingly complex, unpredictable and partisan dance between the executive branch, regulators, states and courts.

The bottom line: This means that while the midterms won't have a huge impact on the U.S. energy policy outlook, it will be at stake in 2020.

- A change in Congress (particularly if limited to a Democratic House takeover) is unlikely to alter the pro-fossil fuel and energy-dominant direction set by the Trump administration, since the constraints on Trump come much more from courts and regulators than from Congress.
- The 2020 election will therefore be much more decisive.



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4. Electric vehicle lightning round

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