

Briefing topic: Politico carbon-pricing interview - August 24, 2021 10:00 a.m. EDT

Participants: Mary Streett and Politico sustainability reporter Lorraine Woellert

Narrative (*what you want the audience to remember*):

- A key pillar of our new ambition is to advocate for policies that support net zero, including carbon pricing.
- We're not just talking about carbon pricing - we're actively advocating for the policy and achieving positive results.
- WA's carbon pricing program is an example of this success and a blueprint for other states
- Coalition-building in WA provides a road map for how to get carbon pricing passed

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Background:

Lorraine Woellert, a longtime DC reporter who works at Politico, reached out to bp earlier this summer to see if bp would be interested in talking about its efforts in Washington state. Woellert focuses largely on sustainability and ESG but also dabbles in climate policy. She has covered carbon pricing before and **now wants to dive deeper into what happened in Washington state and how it could be a blueprint for states and the federal government.** Her story will focus on the following areas:

- Why isn't carbon pricing part of more serious policy discussions (federal), especially considering a great many businesses and central bankers, along with some enviros, support it?
- Also, what does the WA example tell us about the future of carbon pricing, particularly whether and how it can be done?
- And are some companies and trade groups all talk and no action on carbon pricing?

Lorraine, who previously worked at Bloomberg, Businessweek and Washington Times is fair, knowledgeable and will ask the tough questions.

Interesting fact: In 2008, Lorraine embedded with the presidential campaigns of Hillary Clinton and John McCain.

Briefing review: Josh and Christina led the briefing with revisions from JP and Meg. Phil, Isabel and Tom Wolfe have added to and reviewed the brief. Joe and John Phillipe have blessed.

Why does BP support carbon pricing - and how can carbon pricing be good for business?

- It's the most efficient way to reduce GHG emissions.
- It provides the right incentives for everyone - energy producers and consumers alike - to play their part in reducing emissions
- From a business perspective, it **levels the playing field**, so our efforts to reduce our emissions don't put us at a competitive disadvantage.
- It promotes innovation from large companies, medium size businesses and small start-ups and entrepreneurs - innovation that will be necessary to meet the goals of the Paris Accords. If you build it, and it reduces carbon, people will come and buy it.
- ~~And greening companies that reduce their emissions below the cap can sell credits on the market, bringing in revenue~~
- Also, advocating for net zero **fits with our ambition and sustainability frame**
 - **Helping the world reach net zero** is part of our ambition
 - **Caring for the planet** is part of our sustainability frame - carbon pricing is good for the planet because it incentivizes emissions reductions

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Commented [BM1]: Good bullet added by Tom Wolf

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Why is carbon pricing so difficult to pass?

- Climate policy is a big, complex issue with lots of viewpoints
- Getting to common solutions is difficult, but that shouldn't dissuade us
- Persistence against these pushbacks will help us succeed

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Why did BP shift its stance on carbon pricing in Washington?

- That's a common misconception. We haven't shifted our stance - we've supported carbon pricing for decades.
- In 2016 there was a ballot initiative in Washington state for a statewide carbon tax that was economy wide and revenue neutral. We did not oppose that initiative.

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- The confusion stems from our opposition to a carbon-pricing ballot initiative in 2018 (I-1631).
- We opposed that initiative because:
 - it wasn't economy-wide
 - it exempted some of the state's largest emitters
- While opposing that initiative, we committed to supporting an economy-wide carbon price. We kept our promise with full-throated backing for the cap-and-invest legislation that passed this year.

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What made carbon pricing successful in WA this time around?

- The stars aligned this time:
 - We had well-designed legislation
 - We had the will of the legislature and governor to get this done
 - We had a proliferation of businesses announcing new net zero ambitions
 - ⊖ LISTENED TO PEOPLE WITH CONCERNS
- Experience and wisdom of legislative and executive leaders - they found a way to thread the needle so the bill would have enough support to pass.
- Coalition-building was also critical -- environmental justice groups and environmental groups worked with businesses to find common ground and something we can support together.

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What did BP do to advocate for carbon pricing in Washington state?

- Engaging with the governor's office, legislators, supporters, detractors and groups on the fence
- Testifying several times in favor of the bill
- Reviewed and provided input to legislative text based on our global experience
- supported the larger Clean and Prosperous Washington coalition so it could place digital and print ads to showcase momentum and support for the Climate Commitment Act (CCA).

What coalition was BP involved with?

- We worked with Clean and Prosperous Washington - business leaders working in conjunction with environmental, labor, social justice and equity advocates.
- The coalition grew to include dozens of groups such as:
 - **Environmental:** Environmental Defense Fund, The Nature Conservancy

- **Business:** bp, Shell, Microsoft, REI
- **Environmental Justice:** Eight Native American groups, The Black Collective, The WA Black Lives Matter Alliance

What sort of opposition did you come up against from the left?

- Climate policy is a big, complex issue with lots of viewpoints from all political perspectives
- Developing good policy means you need to listen to and consider those diverse perspectives.
- By working with legislators and through a diverse coalition of organizations and companies, the CCA tries to address those concerns (e.g. revenue for EJ community projects and price caps so wild price swings don't disenfranchise consumers).

Is carbon pricing a regressive tax, meaning its costs could be a heavier burden on certain communities?

- One way to address that is for government to give some of the revenue back to communities that need it most - we don't have a position on that, but it's an option.
- That's what Washington state did - its program will give some of the revenue back to communities that need it most.
- At the end of the day, we see the cost as incentive for businesses and consumers alike to move toward lower-carbon energy

Should government directly intervene to reduce emissions through policies such as mandates and clean-energy standards (EV mandates and CES)?

- bp believes that an economy wide price on carbon is the more efficient way to reduce greenhouse gas emissions.
- However, there are lots of policy options, including CES, that governments can use to get to net zero.
- **On EV's:** Decarbonizing transport requires a mix of actions and policies, and the pace and form of that decarbonization will vary regionally.
- **bp's presence in the EV space:**

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- We aim to have more than **70,000 EV charge points by 2030** - a nearly 10-fold increase from 2019
- **In the UK**, we have **bp pulse** - one of the UK's largest charging networks, with more than 7,000 charge points.
- **In Germany**, we plan to install 500 charge points by end of year
- **In China**, we formed a **joint venture with DiDi** to build EV charging infrastructure.
- **In India**, bp and Reliance teamed up to form the **Jio-bp brand** of fuel stations, which **we hope will offer EV charging along with fuel**.

How did you get skeptical environmentalists and environmental-justice groups on board?

- We focus on finding common ground, building broad coalitions and finding solutions that address people's concerns.
- Washington's legislation addressed concerns about communities hit hardest by pollution by requiring about 18% of revenue from the cap-and-trade program go toward helping those communities.

What is BP doing to promote carbon pricing at the federal level?

- We've lobbied on the Hill and submitted comments to committees, but the reality is that most of the action on carbon pricing is taking place at the state and regional level.
- We're actively advocating for carbon pricing to be in the **budget reconciliation bill**.
- This year, we did some lobbying on the Save our Future Act, a carbon-pricing bill from Sens. Whitehouse and Schatz.
- We've been working with the CEO Climate Dialogue and Climate Leadership Council to encourage adoption of a national carbon pricing program.
 - Dave Lawler, as part of the CEO Climate Dialogue, has met with Senators Durbin, Wyden and Whitehouse to promote carbon pricing.
- We've supported carbon pricing in comments to FERC, the House Select Committee on Climate Crisis and the House Energy and Commerce Committee.

Does BP support a methane fee?

The only methane-fee legislation is Sen. Whitehouse's Methane Emissions Reduction Act. We haven't taken a position on that - we're still analyzing the legislation and its potential impacts.

Why isn't carbon pricing happening at the federal level?

- We've lobbied on the Hill and submitted comments to committees, but the reality is that most of the action on carbon pricing is taking place at the state and regional level.
- Off the record:
 - Some activity is taking place through the CEO Climate Dialogue and Climate Leadership Council, but it's not as far along as efforts we're seeing in certain states and regions - WA and the East Coast, specifically.
 - President Biden and Democratic leaders are not pushing a carbon price
 - States and regions have become the test ground for this activity

What does well-designed carbon pricing look like?

- We have nine principles that we can share
- A few of the principles are:
 - It can be **either a tax or a cap-and-trade** system
 - It should be **economy-wide** - it shouldn't exempt any emitters
 - The **pricing should ramp up gradually** before accelerating and levelling off.
 - Ideally it should be a **single policy** - replace and working in a complimentary fashion with any existing regulations that overlap or duplicate the carbon price. (understand politics involved so not hard and fast)

What is BP's stance on the Biden administration's climate plans

- bp shares the Biden administration's **net zero ambition**. They've set a goal of achieving net zero by 2050 or sooner, which is our ambition too.
- We also support the **US rejoining the Paris Agreement**.
- **In terms of the infrastructure plan**, we think it presents an enormous opportunity for government to make investments that will advance net zero while incentivizing companies and society to play their roles.
- We see a lot of proposals there that would **create jobs, support a growing economy** and of course **reduce emissions**. This includes:
 - Transitioning our energy system to modernize the grid

- Enabling the growth of renewable energy
- Incentivizing electric vehicles
- Fostering innovative technologies such as carbon capture and hydrogen

Does BP support increasing corporate income taxes to pay for infrastructure plans?

- We share the US's net zero ambition and recognize that the energy transition is going to require investment from governments as well as companies.
- That may result in some increased taxing.
- Governments are in the best place to determine how they are going to fund their investments.
- As negotiations continue about infrastructure, tax and climate policy proposals, we look forward to working with the Biden administration and Congress to provide information helpful to the process.
- We hope the reconciliation bill will include carbon pricing.

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Do you support the repeal of fossil fuel subsidies?

- Again, we recognize that the energy transition is going to require investment from governments and companies.
- Governments are in the best place to determine how they are going to fund their investments - and that may result in some increased taxes.

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What is BP doing about carbon pricing in other states and regions?

- We've been publicly advocating for TCI and RGGI since early 2020, beginning with a series of op-eds by then-bp America CEO Susan Dio
- These regional initiatives address emissions in the East Coast transportation and power sectors
- For TCI (Transportation & Climate Initiative), we have:
 - helped stand up a business coalition called the Coalition for a Better Business environment
 - Don't want to talk about this --conducted paid messaging in a number of states

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- testified in support of legislation in Connecticut and Rhode Island
 - made common cause with a number of environmental groups.
- **For RGGI (Regional Greenhouse Gas Initiative)**, our efforts lately have focused heavily on PA, which is taking steps to join
 - we have engaged directly with legislators, environmental groups and business groups to generate support
 - we've also participated in policy forums

Commented [SM8]: Don't know what this means – are there ENGO's we are working with? If so – we should say "working with ENGO's" and then be able to list some – CERES? EDF?

How has your new CEO shifted BP's stance on carbon policy?

- We've long supported carbon pricing, but our focus became more intense after launching our net zero ambition under Bernard Looney. **We see everything through a net zero lens now.**
- **Our ambition** is to become a net zero company by 2050 or sooner, and to help the world get there too. Helping the world reach net zero requires advocacy.
- **We've ended our corporate-reputation advertising campaigns** and now focus resources on promoting policies that support net zero.