

RWD op-ed on Paris climate agreement

Over the past few months, I've spent a lot of time in Washington meeting with members of the new administration, including President Trump and Vice President Pence. I've been encouraged by their calls for increasing domestic energy production and reforming the federal regulatory system to help make that happen.

I'm the chief executive of BP, so of course you would expect me to say that. What you might not expect me to say is that our company also strongly supports the Paris climate change agreement and believes the United States should remain a party to it. Moreover, we believe that staying in the Paris agreement would help the President achieve his broader energy goals.

BP has a long history on these issues, and deep experience. Twenty years ago, our then CEO, John Browne, became the first major oil and gas executive to publicly recognize the emerging scientific consensus on climate change and commit to take action in response. We subsequently invested more than \$8 billion in low-carbon energies and contemplated a world "Beyond Petroleum." I myself ran our renewable energy business in the early 2000s.

We found out the hard way that private companies can't succeed in helping to address climate change without government help. For example, BP spent decades trying to build a profitable solar energy business — we actually had a solar panel factory just outside of Washington, D.C., in Frederick, Md. — but ultimately we had to shut it down. The lesson we learned is that, to make the world's energy mix sustainable, governments need to create market conditions in which low-carbon energies can compete domestically and on a global scale. They also need a framework for international climate cooperation.

That's where the Paris agreement comes in. Signed by nearly 200 countries and ratified by more than 140, it provides a flexible framework for collective action to reduce greenhouse gas emissions — countries choose what and how much they will do.

The flexibility of the agreement is crucial. As an American leading a London-based energy company with operations around the world, I appreciate that every country faces a unique set of climate-related challenges. The Paris agreement recognizes this, too. That's why it does not obligate governments to adopt any specific tax or regulatory policies and does not force countries to use any particular energy mix to reduce emissions.

As America's largest energy investor over the past decade, BP wants the U.S. energy renaissance to continue. We also want the world to make meaningful progress on climate change. By staying in the Paris agreement, President Trump can help realize both objectives, while affirming that America remains a true leader on issues of global importance.

Right now, Paris represents an aspirational goal and a series of voluntary pledges towards it. In the years ahead, participants will iron out many of the key details. As these discussions move forward, America will benefit from having its most highly skilled negotiators — including the President himself — working with foreign leaders to ensure that the agreement is balanced, transparent and verifiable. The current version may not be perfect, but you can't improve it without a seat at the table.

That's why, prior to the 2015 Paris conference, BP helped organize the Oil and Gas Climate Initiative (OGCI), a consortium of ten companies — representing more than 20 percent of global oil and gas production — that has given us a voice in the process. (In 2016, OGCI announced a \$1 billion investment in low-carbon technologies.) It's also why BP has joined with a number of iconic American companies outside the energy sector — including Apple, Google and Walmart — to advocate continued U.S. participation in the Paris agreement.

Continued U.S. participation would provide greater clarity about the direction of climate policy, which would help companies make long-term investment decisions. In addition, it would help expand international markets for low-carbon technologies, which already are a fast-growing segment of the U.S. energy economy. Meanwhile, by strengthening the global commitment to reduce carbon emissions, it would help mitigate the physical impacts of climate change.

This gets to a larger point: Energy production and environmental protection are not mutually exclusive. We can have the energy that is essential to human welfare while also curbing emissions.

Just look at what has happened in America over the past dozen years. Between 2005 and 2016, U.S. oil production increased by 71 percent, while U.S. natural gas production increased by 50 percent.¹ Yet over that same period, America's energy-related carbon dioxide emissions *declined* by 14 percent.² How can this be?

The main reason is that, thanks to the shale gas revolution, natural gas has been displacing coal for power, thereby making the sector less carbon-intensive. In 2016 alone, there was “about a 5% decline in the carbon intensity of the power sector, a rate that was also realized in 2015,” according to the U.S. Energy Information Administration. “Since 1973, no two consecutive years have seen a decline of this magnitude, and only one other year (2009) has seen a similar decline.”³

This progress is greatly encouraging, but it's not enough. To speed up America's shift toward lower-carbon energy sources, policymakers need to create the right incentives for producers and consumers to unleash the potential of technology, efficiency and renewables. Time and again experience has shown that flexible, market-based

¹ (Oil) <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRFPUS2&f=A>. (Gas) <https://www.eia.gov/dnav/ng/hist/n9050us2a.htm>.

² <https://www.eia.gov/todayinenergy/detail.php?id=30712>

³ <https://www.eia.gov/todayinenergy/detail.php?id=30712>

mechanisms such as carbon pricing are a more effective tool — both environmentally and economically — than top-down regulations that pick winners and losers.

At BP, we've been doing our part to hasten the energy transition by building the largest operated renewables business of any major oil and gas company in the world (including more than a dozen wind farms here in the U.S.); by improving the energy efficiency of our operations and products; by developing and marketing lower-carbon biofuels and natural gas; and by teaming up with other companies to develop and deploy cutting-edge technologies that can help us reduce methane emissions and capture, use and store carbon.

BP wants America to remain a global leader in producing energy and reducing emissions. Staying in the Paris agreement would help make that possible. It also would allow President Trump to transcend the current debate over climate change and offer a new way forward — one that helps ensure both economic prosperity and environmental sustainability for generations to come.

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