

RWD at OGCI 2019

Media Brief

Monday, Sept. 23

Media outlet: Axios

Time: 11-11:30 a.m. EST

Location: The Morgan Library & Museum [REDACTED]

Reporter:



Amy Harder covers energy and climate change for Axios, and writes a weekly column called Harder Line. In her column and elsewhere, she reports on trends and exclusive scoops as well as analyze the news driving the debate about energy and climate. Her coverage includes congressional legislation, regulations, lobbying, and international policy actions affecting the United States. Previously, she covered similar issues for The Wall Street Journal, based out of its Washington, D.C., bureau.

Format: 30 minute, on-the-record interview.

Background: RWD did an interview with Harder at the OGCI 2018 event, and he has met with her previously in Washington, D.C. Harder remains among the most influential reporters/columnists on energy and climate, often trying to stake out a reasonable middle ground when analyzing news developments, policy ideas and industry trends. An interview could help underscore the importance and impact of OGCI efforts, as well as highlight BP's commitment to a lower-carbon future.

A few specific topics Harder would like to discuss (*in her own words*);

- Getting him to talk more about the transition is obviously a big focus of mine.
- And the new geopolitical concerns in light of Saudi attacks.
- Also, his recent comments about scope 3 emissions
- Balancing higher energy prices and affordability
- Reaction to climate strikes

Thoughts on the Transition

Climate change is real, and serious.

We get it, and our industry needs to change to help the world lower emissions.

And we are changing.

But as both the SDGs and the Paris Agreement frame it: this is a dual challenge.

And while there's a big focus on lowering emissions – as there should be – there's less on the need for more energy - at least in the west - in wealthy, energy-rich countries.

On its current path, the world will need a third more energy by 2040 – virtually all of that for developing countries.

And the developing world doesn't face a single problem, with a single solution.

Each country has its own, unique set of challenges.

Each country is trying to grow energy, heat, light and mobility, while lowering emissions.

We want to understand those needs better – each country's unique obstacles and opportunities.

And perhaps then we – as a business, but also as a global community – can start to provide tailored solutions.

That level of detail is important.

We talk about these challenges in macro, global terms.

But we're actually talking about people's lives.

A billion people today don't have access to electricity.

People who today don't have power in their homes, hospitals or schools.

Who can't run a fridge, let alone a car.

At BP, we see this first-hand.

We're present in most countries in the world.

We employ local people, and serve their communities too.

To find new ways of delivering more energy where it's desperately needed, but cleaner and better – and bringing emissions down at the same time.

Thoughts on Scope 3

Scope 3 is clearly a concern for many people and we are trying to figure out how best we can address their concerns.

BP's approach for tackling the emissions challenge thus far primarily has been through our Reduce, Improve, Create or RIC framework. The I in RIC is for improving our products, so our customers can reduce their emissions.

To that end, we've developed advanced fuels that cleans your tank as you drive, allowing you to drive more miles on a gallon of fuel and thereby emit less CO₂ in the process.

We also bought Chargemaster – the UK's largest EV charging network—and are rolling out hundreds of ultra-fast charging points throughout London. And we've invested in a promising company called Fulcrum Bioenergy that is producing biojet fuel made from municipal waste and we are exploring bringing that capability to the UK ASAP.

These are just a few examples of how we are making our products lower carbon.

However, taking responsibility for customer emissions is hard because we don't know for sure how people use them. For example, some people car pool in a hybrid, and some drive solo in a pick-up truck. There's a very different carbon footprint associated with the same gallon of fuel.

That said, we do hear the concerns on this issue and are doing a lot of thinking about what more we might be able to do to alleviate them.

Reaction to Climate Strikes

We share many of the protesters' concerns. We want to help the world move onto a sustainable path and we support a faster transition.

U.S. Facts/Messages

BP in America

- BP has been operating in the U.S. for more than 150 years through our heritage companies.
- BP has a larger economic footprint in the U.S. than in any other nation, and it has invested more than \$115 billion here since 2005 (between 2005 and 2018)
- We support more than 200,000 jobs across the country — including our 14,000 U.S. employees — and we reinvest every dollar we earn here right back into the U.S. economy.
- Over 40 percent of BP shares are held in the U.S., more than in any other country.
- BP also supports American communities. From health and wellness to childhood literacy to humanitarian and natural disaster relief, we have donated more than \$118 million in the last five years.
- Since the (November) 2016 election, BP has announced a new \$9 billion project in the deepwater Gulf of Mexico called Mad Dog 2, a \$10.5 billion acquisition of BHP's U.S. unconventional assets, a \$1.3 billion Atlantis Phase 3 development and field expansions at Thunder Horse.

U.S. Momentum

- We are entering the third year of our five-year strategy and remain on-track to deliver on our 2021 targets.
- The U.S. has been a big part of the story -- and remains a significant contributor to BP's momentum.
- Indeed, our U.S. business is really firing on all cylinders right now.
 - **Upstream** –
 - **GOM** –
 - Expanded the Atlantis and Thunder Horse fields
 - Started up Constellation project
 - FID of Atlantis Phase 3
 - Over the last five years, BP's net production in the Gulf of Mexico has increased by more than 60 percent, rising from less than 200,000 boe/d in 2013 to more than 300,000 boe/d today. BP anticipates its production in the region growing to around 400,000 boe/d through the middle of the next decade.
 - **BPX Energy** – Completed largest acquisition in 20 years with \$10.5B purchase of BHP's world-class U.S. unconventional assets. The deal strengthens our position in the liquids-rich regions of the Permian, Eagle Ford and Haynesville basins.
 - **Alaska** – Celebrated 40 years of production at Prudhoe Bay and continuing to find ways to extend the life of the field.
 - **Downstream** –
 - **Refining** – 3 U.S. refineries all running well

- **Retail** – In 2018 in U.S., opened 176 BP stations, reintroduced Amoco brand and acquired nearly 200 stores operating under the Thornton's banner.
- **Alternative Energy** –
 - **Wind** – Remain one of the largest operators in the nation, with nine operated sites and interest in a 10th.
 - **Solar** – Growing in the U.S. via LightsourceBP, with first three U.S. projects announced and more to come.
- **Ventures** – Since 2006, invested more than \$400 million in dozens of U.S. companies (recent examples below)
- **Other**
 - **Marketing and Trading** – Continuing to improve our capabilities and providing a vital linkage between energy products and customers.
 - **Shipping** – Recently added six new, state-of-the-art LNG tankers to respond to growing demand for lower-carbon natural gas around the world. The vessels will help service a 20-year liquefaction contract with the Freeport LNG facility in Texas, as well as other international LNG projects in BP's global portfolio.
 - **Technology** – In Houston, we continue to expand our Center for High-Performance Computing, which houses one of the largest supercomputers for commercial research in the world.

AET Investments/Examples in U.S.

- BP has one of the largest operated portfolios of renewable energy assets among the major international oil companies, with a large presence in the U.S.
 - BP Wind Energy – Operates 9 sites in six states and holds interest in another site in Hawaii.
 - LightsourceBP – After BP announced in 2017 plans to spend \$200M over three years to acquire a 43% stake in the UK's Lightsource, the joint partnership has recent announced three large U.S. projects.
 - (May 2019) – Alabama Municipal Electric Authority, 100MW
 - (Feb. 2019) – Penn State Solar Project, 70 MW
 - (Feb. 2018) – Mid-Kansas Electric Company, 20 MW
 - Biofuels - BP has a joint venture with DuPont known as Butamax, which converts corn sugar into bio-isobutanol — a biofuel that is more energy rich than ethanol and can be blended with gasoline in higher concentrations. In 2017, Butamax acquired existing ethanol plant in Scandia, KS, and is now working to add capacity to produce bio-isobutanol there.
- Elsewhere, BP is the largest supplier of renewable natural gas to U.S. transportation sector.
- Since 2006, BP Ventures also has invested more than \$400 million in dozens of U.S. companies, including several recent examples:
 - \$30 million investment in Calysta, working to enhance the sustainability of fish and livestock farming by generating their feedstock protein from methane. (Announced June 27)
 - \$30 million invested in Fulcrum BioEnergy, which makes lower-carbon jet and diesel fuel from household garbage. (First commercial-scale plant under

- construction near Reno, Nevada, begins production in 2020 and will convert 175,000 tons of household garbage into 10.5 million gallons of fuel a year.)
- \$20 million invested in Beyond Limits (artificial intelligence and cognitive computing)
 - Co-investing, alongside OGCI fund, in Solidia, which produces lightweight concrete in a way that can reduce its carbon footprint by up to 70 percent.
 - In the downstream, BP Castrol — America's No. 1 motor oil brand for consumers who change their own oil — offers a growing number of carbon-neutral engine oils and lubricants. In 2017, it launched Castrol EDGE Bio, a USDA-certified motor oil made with base stocks derived from sustainably produced sugar cane.
 - BP also launched a renewable diesel unit to produce lower-carbon fuel at its Cherry Point refinery, completed a modernization project that has allowed its Cooper River Chemicals plant to reduce both the amount of electricity it uses and emissions it produces, and reduced its methane emissions in its onshore operations in the lower 48 states.
 - Elsewhere, in 2018 BP partnered with Tesla to install a high-storage battery at its Titan 1 wind farm in South Dakota. This project is the first of its kind in BP's U.S.-operated wind business and a potential step forward in the performance and reliability of wind energy.

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Paris commitment by a wide margin and achieve far greater emissions reductions than all prior climate regulations combined.

- A carbon fee would send powerful signals throughout the economy, steering businesses and consumers toward a low-carbon future. It would encourage businesses to invest in the next generation of clean technologies and provide households an incentive to upgrade their appliances and take other steps to save on carbon.

Participation in CEO Climate Dialogue

- BP supports the Paris goals and has long advocated for a well-designed, economy-wide price on carbon to help deliver them.
- We are proud to be a part of the CEO Climate Dialogue, which will help inform the bipartisan discussions needed to enact effective carbon-pricing policy in the US.
- Only by working together – industry, government and society – can we solve the dual challenge of providing more energy with fewer emissions and move toward the low-carbon future we all seek.