

Message

From: Ellis, Joe [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=REDACTED]
Sent: 24/10/2019 13:59:11
To: Fielder, JP [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=REDACTED] Stout, Robert
[/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=REDACTED] Ryan, Jason
[/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=REDACTED]
Subject: RE: Axios Generate: Trump vs. California — Tesla's good day — Green bonds rising

Redacted - First Amendment

From: Fielder, JP [REDACTED]@bp.com>
Sent: Thursday, October 24, 2019 9:33 AM
To: Stout, Robert [REDACTED]@bp.com>; Ellis, Joe [REDACTED]@bp.com>; Ryan, Jason [REDACTED]@bp.com>
Subject: FW: Axios Generate: Trump vs. California — Tesla's good day — Green bonds rising

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Trump's looming Paris move

President Trump is making life more complicated for climate change advocates and K street alike — in ways obvious and sometimes less so.

Driving the news: The climate world was abuzz yesterday at reports that Trump will imminently begin the one-year process to bail on the Paris agreement.

- Trump announced his intent to abandon the deal in 2017, but formally setting it in motion would, as the NYT put it, be a "powerful signal to the world" about the U.S. climate posture.

The big picture: Trump's climate stances — with the Paris move, pulling back regulations and rejecting consensus science — have shifted K Street's tectonic plates.

- A number of big companies and business groups — including the U.S. Chamber of Commerce and oil giants like Shell — support the non-binding Paris pact.
- Look for industry backers to reiterate that support when Trump sets the formal withdrawal clock ticking.
- It's not the only rupture between the White House and powerful industries. Major automakers have balked at draft plans to prevent auto mileage standards from getting tougher, while oil giants don't like plans to abandon regulation of methane.

My thought bubble: Here's one of the subtle ways Trump is making things more complicated for climate advocates in some respects:

- By moving hard-right on climate, he gives powerful industries an opening to show climate credentials by merely staying to his left.
- This is all happening at a time when advocates want *far more* aggressive steps from regulators and companies alike to confront climate change as global emissions keep rising.

Where it stands: There was no sign of that formal withdrawal notification when Trump spoke at a shale energy conference in Pennsylvania yesterday.

- But he did use the speech to bash the agreement in comments that left the impression he thought the withdrawal was already complete.
- "I withdrew the United States from the terrible, one-sided Paris Climate Accord," he said

J.P. Fielder

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From: Ben Geman [REDACTED]@axios.com>

Sent: Thursday, October 24, 2019 8:44 AM

To: Fielder, JP [REDACTED]@bp.com>

Subject: Axios Generate: Trump vs. California — Tesla's good day — Green bonds rising



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Generate

By Ben Geman · Oct 24, 2019

Good morning. Today's Smart Brevity count: **1,274** words, ~ **5** minutes.
And tomorrow will mark the 1975 release date of Paul Simon's album
"Still Crazy After All These Years," which provides today's opening tune...

1 big thing: Parsing Trump's latest tussle with California

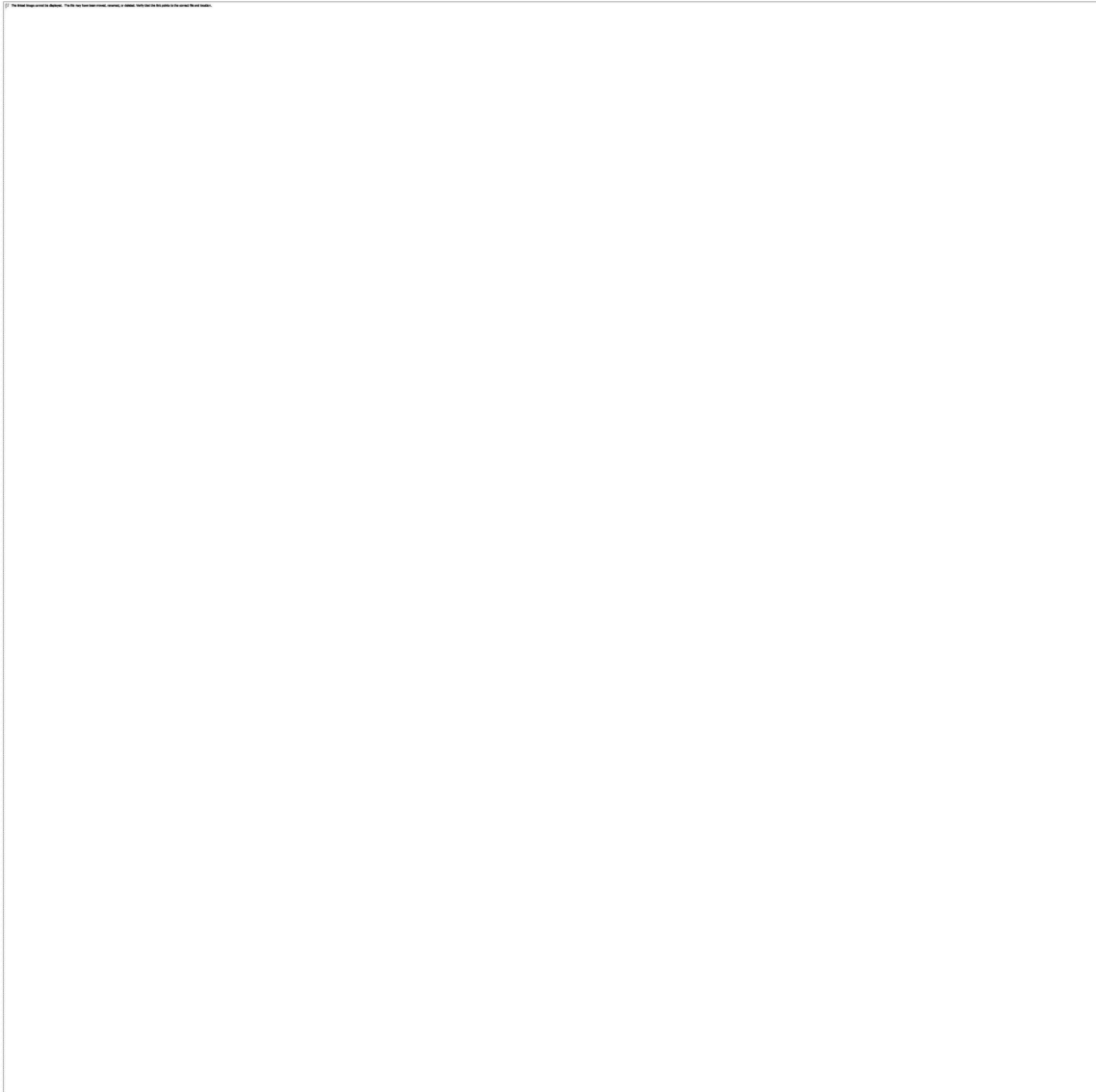


Illustration: Aïda Amer/Axios

The battle between the Trump administration and California over climate policy went to 11 yesterday (for anyone who hasn't seen the movie "Spinal Tap," that means it escalated a lot).

Driving the news: The Justice Department, in a new lawsuit, alleges the state's emissions-trading system is an unconstitutional foray into the federal government's foreign affairs role thanks to the state's partnership with the Canadian province of Quebec.

Why it matters: Per Axios' Amy Harder, if the lawsuit succeeds, it could limit states' abilities to collaborate with foreign countries on policies whose impacts don't follow borders — like climate change.

One big question: Whether the move has any chance of success. Attorney David Bookbinder, a veteran of legal battles over global warming, called it "pure petty harassment" in an email exchange.

UCLA law professor Ann Carlson has a post on the school's LegalPlanet blog that argues DOJ's lawsuit is on shaky ground, and her colleague Cara Horowitz notes in a companion piece:

- *"[M]any good lawyers have been aware of these constitutional bounds from the get-go and have designed California's program and its relationship with Quebec with these principles well in mind."*

But, but, but: Jonathan Adler, a prominent conservative attorney with the Case Western Reserve University School of Law, said via Twitter that DOJ is presenting strong arguments.

"Whatever one thinks of DOJ's motivations in California lawsuits, concern for constitutionality of state-level climate agreements has been brewing for quite some time," he said.

The big picture: It's the latest move in the wider battle between the administration and California on climate and environmental policy. Other fronts include:

- EPA has yanked California's Clean Air Act power to set carbon emissions limits for vehicles, a move already in litigation.
- DOJ is also probing whether four automakers' voluntary agreement with California on emissions standards violates antitrust law.

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2. Tesla's good day and challenging future

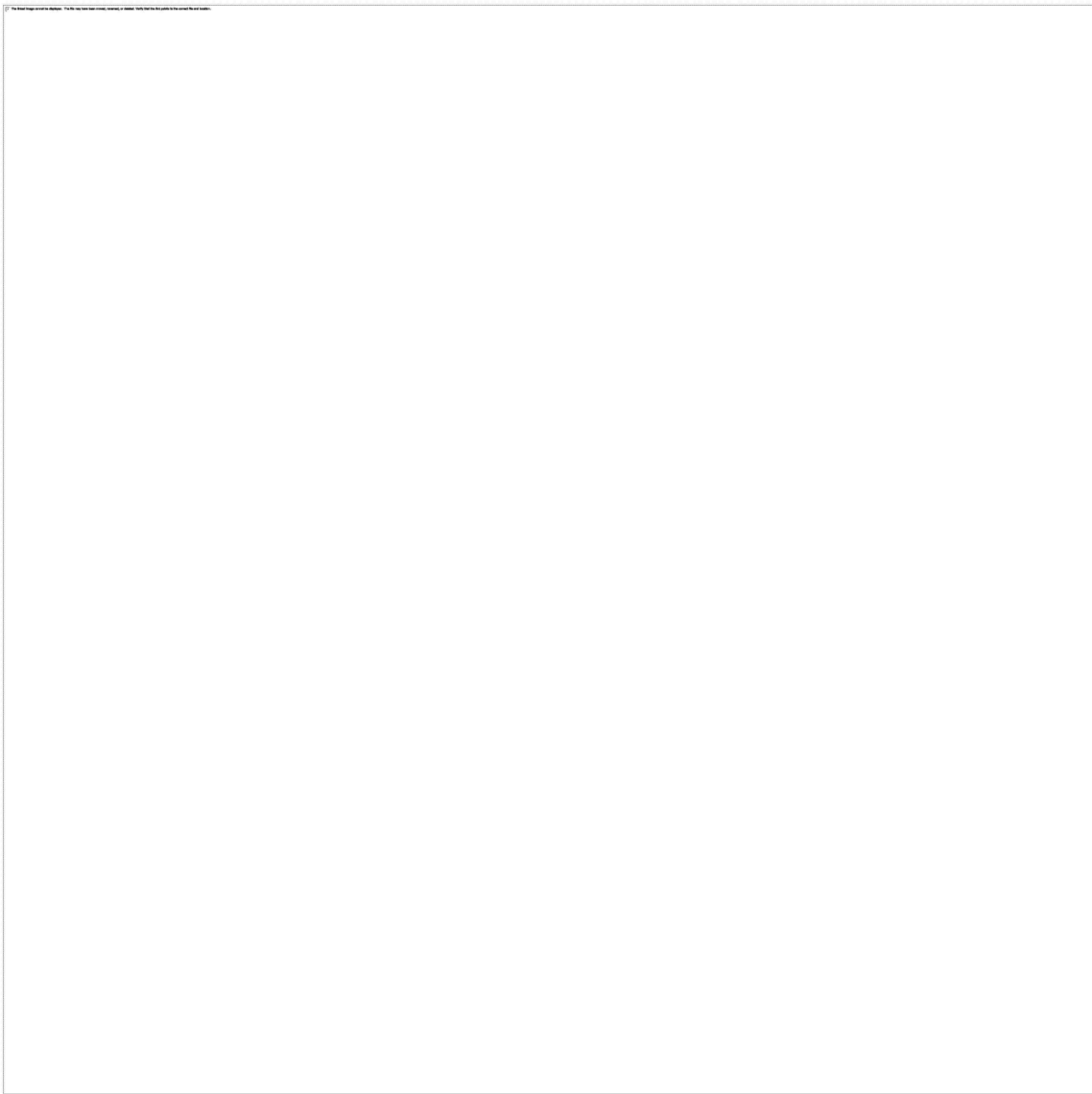


Photo: Smith Collection/Gado/Contributor/Getty Images

Tesla had a good night, and now the question is whether it's a new day for the pioneering but volatile electric automaker that kicked off the push to move EVs toward the mainstream.

Driving the news: Tesla surprised Wall Street with a \$143 million third-quarter profit on Wednesday evening, and announced plans to ramp up vehicle production at its China factory sooner than expected, Axios' Courtenay Brown reported.

- The results sent the stock surging by over 20% in after-market trading and it's still up by 18% as we await the market's open this morning.
- The company also announced that deliveries of its Model Y SUV crossover will launch next summer, ahead of schedule.

What they're saying: Via AP, Wedbush Securities analyst Daniel Ives called it a "jaw dropper" and also said: "The Street wanted profitability and Tesla delivered in big fashion."

Why it matters: Tesla's recent cash-losing streak is over, though the company turned a bigger profit in 2018's Q3 with \$311 million, and the company talked up its cost-controlling efforts.

However, Tesla also saw its first annual revenue drop since 2012, as it sells more of its lower-priced Model 3 vehicles and fewer higher-priced models, Courtenay noted.

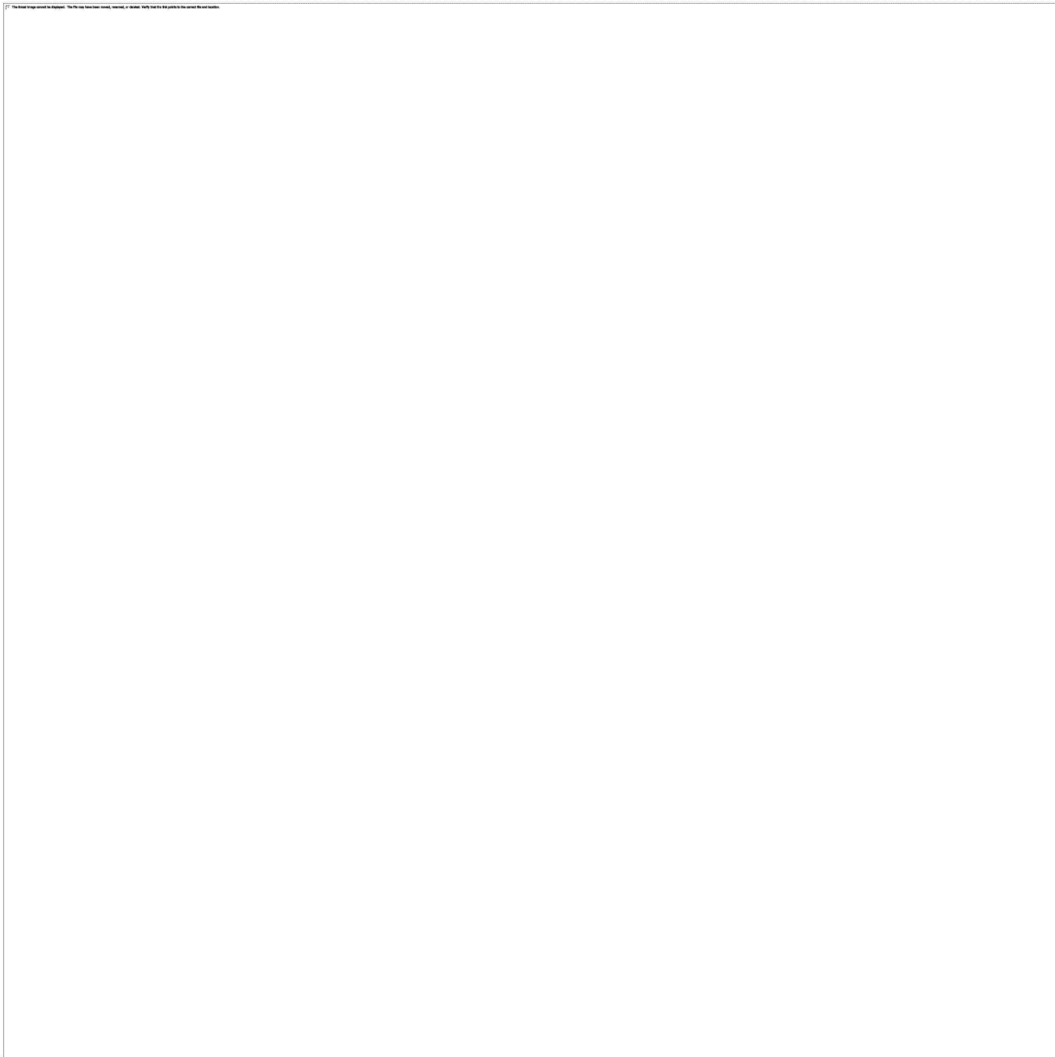
But, but, but: Tesla has yet to prove it can be consistently profitable, and it's facing rising competition as legacy automakers and startups alike roll out new models.

- And the company has already reached the ceiling for consumers to use the full \$7,500 tax credit, which is limited to 200,000 vehicles per manufacturer, and phases down from there. That could give a price edge to competitors that can still take advantage of the incentive.
- "We think questions remain regarding the sustainability of these results, particularly as EV competition ramps up and its tax credit goes away," CFRA analyst Garrett Nelson tells MarketWatch.

Go deeper: Tesla Delivers a Surprising Profit (Wall Street Journal)

<small>1. Tesla's Q3 2018 revenue was \$3.11 billion, up from \$2.86 billion in Q3 2017. Q3 2018 revenue was up 8% from Q3 2017.</small>	<small>2. Tesla's Q3 2018 operating income was \$311 million, up from \$100 million in Q3 2017. Q3 2018 operating income was up 211% from Q3 2017.</small>	<small>3. Tesla's Q3 2018 net income was \$245 million, up from \$100 million in Q3 2017. Q3 2018 net income was up 145% from Q3 2017.</small>	<small>4. Tesla's Q3 2018 earnings per share was \$0.65, up from \$0.25 in Q3 2017. Q3 2018 earnings per share was up 160% from Q3 2017.</small>
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3. The growth of green debt instruments



Reproduced from The Institute of International Finance; Chart: Axios Visuals

Green financial instruments continue to see widespread adoption and diversification, in terms of both instruments and geographies, Axios Markets Editor Dion Rabouin reports.

What's happening: Total green and sustainability debt issuance in 2019 is poised to double levels from 2017 and will be almost four times the level issued as recently as 2016, according to projections from the Institute of International Finance.

Dion has a bit more in his Axios Markets newsletter, which you can sign up for [here](#).

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A MESSAGE FROM CHEVRON

How Chevron is doing more with less



Chevron is digitizing the way they work with advanced data analytics to develop more productive wells, and they're exploring ways to use renewable energy in their operations. [See how.](#)

4. Trump's looming Paris move

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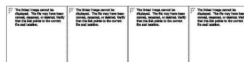
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5. Catch up fast: VC, California, earnings

Climate: The oil-and-gas giant Total said Thursday that it's boosting its venture funding for startups seeking to commercialize climate-friendly technologies.

- The fund now called Total Carbon Neutrality Ventures will grow to \$400 million over 5 years.
- "TCNV will invest globally, with teams based in Europe and the U.S., focusing on the areas such as smart energy, energy storage, smart mobility, bioplastics and recycling," the company said.
- **Why it matters:** It's the latest sign of oil majors boosting investments in low-carbon tech, though it remains a very small part of their overall budgets.

California: Via The San Francisco Chronicle, "As it cut power Wednesday to 178,000 customer accounts, Pacific Gas and Electric Co. was already looking ahead to its next blackout after it received an alarming forecast: Winds this weekend could be worse than those that drove the deadly 2017 Wine Country fires."

Earnings: Per Reuters, "Norway's Equinor reported a bigger-than-expected drop in its third-quarter profit on Thursday, dented by a significant decline in the volume and price of natural gas sold to Europe."

<small>Source: Energy Information Administration, U.S. Department of Energy</small>	<small>Source: Energy Information Administration, U.S. Department of Energy</small>	<small>Source: Energy Information Administration, U.S. Department of Energy</small>	<small>Source: Energy Information Administration, U.S. Department of Energy</small>

6. Petro number of the day: 4

That's the number of consecutive weeks that the U.S. has been a net exporter of petroleum products on a 4-week average basis, per Energy Information Administration data released Wednesday.

Why it matters: EIA analyst Mason Hamilton noted via Twitter that it's the first time the U.S. has been a net exporter by that metric. It has previously happened for shorter stretches.

"The era of U.S. net petroleum exports HAS BEGUN! (or at least is highly like to)," he noted on his personal account.

The big picture: The U.S. emergence as a net exporter of petroleum products — the combo of crude oil, gasoline, natural gas plant liquids, diesel and more — on an ongoing basis has been forecast for some time.

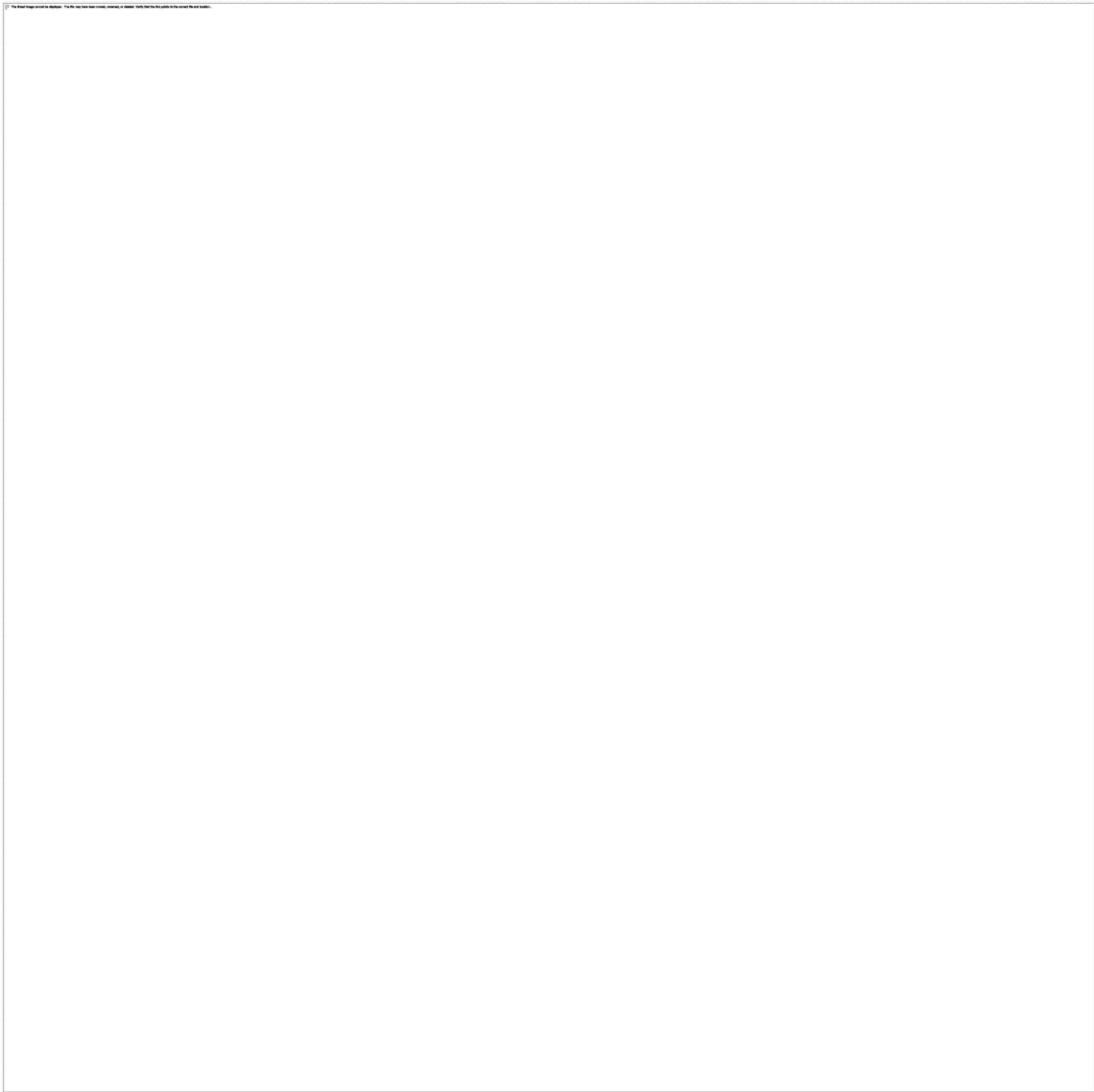
On some level, it's an arbitrary metric, because the U.S. still imports millions of barrels of crude oil per day. But the amounts have fallen as U.S. production has surged over the last decade.

The bottom line: While the U.S. has long shipped lots of products like gasoline abroad, declining crude oil imports and rising crude exports have enabled the inflection point.

<small>U.S. Crude Oil Imports (Million Barrels Per Day)</small>	<small>U.S. Crude Oil Exports (Million Barrels Per Day)</small>	<small>U.S. Total Crude Oil Production (Million Barrels Per Day)</small>	<small>U.S. Total Crude Oil Consumption (Million Barrels Per Day)</small>

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