

To: Jefferiss, Paul H. [REDACTED]@uk.bp.com]
From: Stout, Robert [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=[REDACTED]]
Sent: Sat 22/07/2017 12:17:52 PM (UTC)
Subject: Re: Update on Carbon Leadership Council - Post-Brexit UK focus

Paul:

Seeing this reminds me that I saw but in press of events did not yet respond to your note on the salon dinner. Sorry for that. Generally no topics off limits but just want to keep focused on what is most relevant. Can we chat on Monday or over weekend? When are you arriving in DC?

Best,
Bob

Sent from my iPhone

On Jul 22, 2017, at 6:49 AM, Jefferiss, Paul H. <[REDACTED]@uk.bp.com> wrote:

All,

On Friday Bill and I met Ted Halstead and members of his CLC team to discuss UK-focused CLC activity, following rumours that CLC are funding a Policy Exchange report on post-Brexit UK carbon policy to be published in September.

The bottom line is that, while we will need to stay on top of this activity, I don't think there is immediate cause for concern. Details below (courtesy of Bill).

Hope this is helpful and reassuring. Happy to discuss.

Paul

Participants

- Ted Halstead - Founder of CLC
- David Bailey (DB) – CLC Research Director (ex Exxon)
- Greg Bertelsen – CLC VP Business Outreach (previously NAM)
- Ted Halstead also referred to members of his team not on the call
 - Jill Segal – CLC EVP Government Affairs (Formerly Energy Department under Bush, then Head Government Affairs, Conservation International)
 - Tyra Smith – served under Secretaries Paulson and Zelic – Will work on China Strategy (Part time) until officially engaged in September.
- Paul Jefferiss (PHJ) – BP Head of Group Policy
- Bill Thompson (WJT) - BP Director Group Policy, Europe

The meeting was to understand more about rumours of CLC funding of a report by the Policy Exchange on options for rolling out the CLC citizens' dividend carbon tax proposal in post-Brexit UK, with the report rumoured to be launched in September.

PHJ laid out various potential policy, political and commercial concerns we might have with this possibility, given our unique position in the UK and the timing.

The CLC fully understood potential concerns but clarified the situation as follows:

The “September” UK CLC report

- The first stage of the Policy Exchange research (which will not be complete until after September) is a purely internal analysis of options for how the four pillars of the CLC policy could potentially be deployed into the UK, post-Brexit. The four pillars are:
 - \$40 carbon tax, rising
 - BTAs for leakage protection
 - Roll back of conflicting regs
 - Revenue returned to economy is a socially progressive way (per capita dividends)
- The analysis will be based on a full understanding of the current UK policy and political landscape – for example the UK carbon floor price.
- It will take no position at all on the EU ETS or any other existing EU policy.
- It will present various scenarios, e.g., UK stays in the ETS, UK chooses to leave ETS, UK is forced to leave ETS.
- It will examine policy, political and commercial pros and cons of all the options.
- It will not assume the four pillars of the US version are sacrosanct , e.g. BTAs as the only form of leakage protection, citizen dividends as the only form of revenue return, or \$40 as the starting price. It will take a pragmatic view of what might be feasible and desirable in the UK.
- There will be ample opportunity for UK-focused CLC members (BP, Shell, Unilever) to input perspectives and shape the internal thinking.

Post-September UK CLC comms

- UK CLC members (BP, Shell, Unilever, PE, Cameron Hepburn and CLC staff) will meet to discuss and turn the PE analysis into some form of external communication.
- This will not occur until the end of 2017 at the earliest, and probably not till 2018.
- There will be an aspiration of consensus, but clear disclaimers that not all CLC members agree on all policy details – except the need for a meaningful carbon price.

Redacted - First Amendment