Message

From: Rhonda Bentz [redacted]
Sent: 3/19/2021 6:13:56 PM
To: _Leadership Team [redacted]
CC: Communications (DIV) [redacted]
Subject: API Content Update
Attachments: EFP Weekly Results - Week Ending 3-14-2021.pdf

"Imagination has a great deal to do with winning." – Coach K
[Already an upset: Oral Roberts beat OSU in OT. Latest on the bracket can be found here https://www.ncaa.com/march-madness-live/bracket]

Team,
We're in full March Madness mode and we're not just talking about college hoops. In addition to gearing up for next week's Board and EC meetings and the roll-out of the Climate Action Framework, we pushed out federal leasing in NM, severance tax in PA, collaboration with the Biden Administration, the Guyana MOU, rise in oil demand, energy security and the Haaland confirmation. Additionally, the paid team is working with Mobilization to develop
and offshore content for advocacy pushes.

Thanks,
Ben, Rhonda and Steve

Key Takeaways for the Week

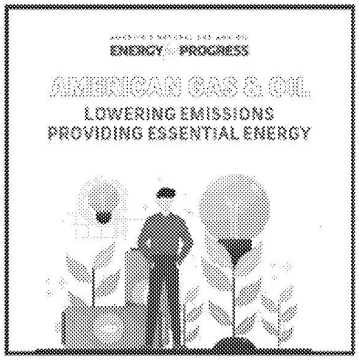
This week on the blog:

- New Mexico's Leasing Concerns Should Concern Us All
- We Can't Take Our Energy Security for Granted
- API Reports: Economy, Petroleum Demand Have Gained Momentum
- Proposed Severance Tax is Bad News for All Pennsylvanians
- Working With Biden Administration, Industry is Poised to Accelerate Progress

Highlights:

Campaign		Content
Energy for Progress		Beacon: https://youtu.be/gGaxsWv_J7Q
		Forging Forward: https://youtu.be/c9WdH92WIlU
Contrast		Federal Leasing Ban: https://youtu.be/AjwdPQ6BBpo
Colorado State		Powering CO's Recovery: https://youtu.be/4pH-urIoESc
Pennsylvania State		Powering PA's Recovery: https://www.youtube.com/watch?v=qUWXm1-1C_I

Ohio State		Powering OH's Recovery: https://youtu.be/xC_zFby33Es
Life		Life 1: https://youtu.be/VxEykXOs1OM
		Life 2: https://youtu.be/9T80ogSrqcY



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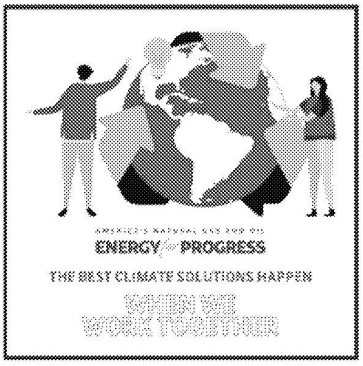

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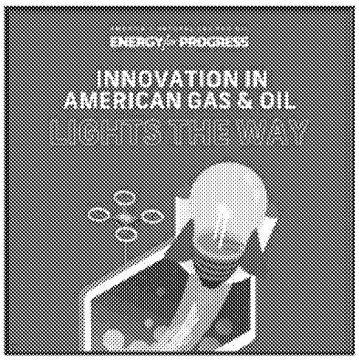

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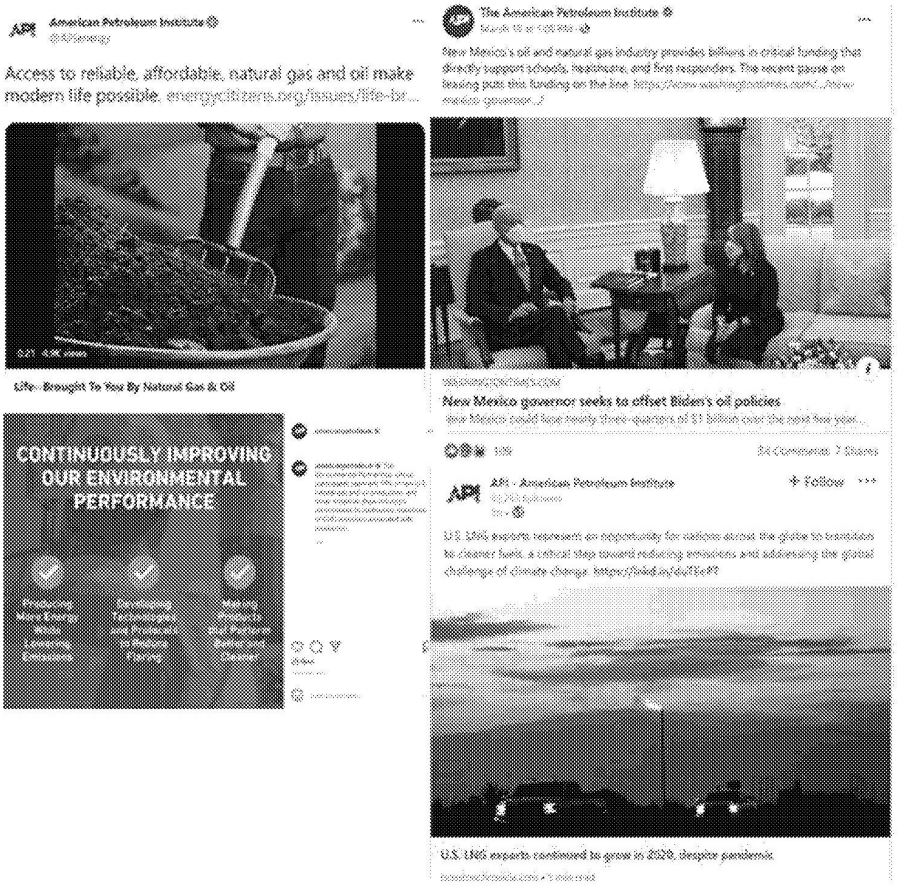
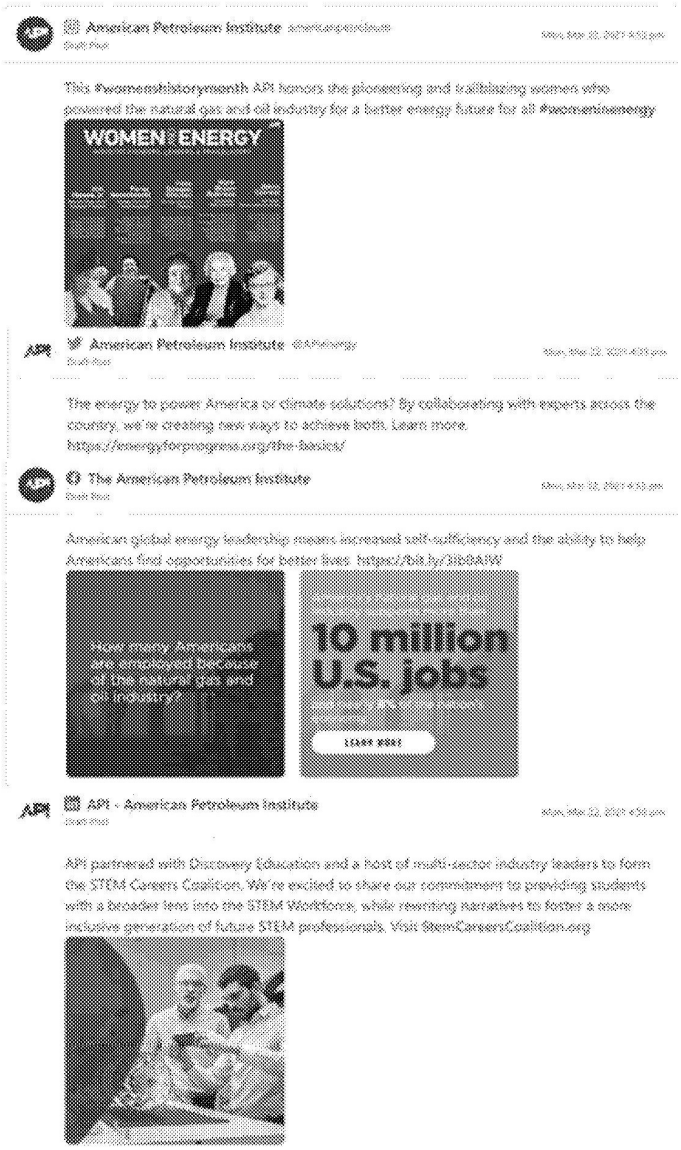

American Petroleum Institute
Access to reliable, affordable, natural gas and oil make modern life possible.
Life - Brought To You By Natural Gas & Oil
CONTINUOUSLY IMPROVING OUR ENVIRONMENTAL PERFORMANCE
The American Petroleum Institute
New Mexico's oil and natural gas industry provides billions in critical funding that directly support schools, healthcare, and first responders. The recent pause on leasing puts this funding on the line.
New Mexico governor seeks to offset Biden's oil policies
API - American Petroleum Institute
Follow
U.S. LNG exports represent an opportunity for nations across the globe to transition to cleaner fuels, a critical step toward reducing emissions and addressing the global challenge of climate change.
U.S. LNG exports continued to grow in 2020, despite pandemic



Blogs & other content in development for weeks ahead:

- Climate Action Framework creative
- API Energy Excellence Social and Custom Content
- Pipelines energy literacy video
- TEP/Methane video

Date: Wednesday, September 1 2021 05:35 PM
Subject: Re: Reconciliation coordination
From: Jeff Eshelman [redacted]@ipaa.org>
To: Megan B. Bloomgren [redacted]; Jen O'Shea [redacted]@aga.org>; Jamie Zarraby [redacted]@CAdvisory.org >;

Redacted

C. Jeffrey Eshelman, II

Chief Operating Officer - Independent Petroleum Association of America

Executive Vice President - Energy in Depth

www.ipaa.org
www.energyindepth.org

From: Megan B. Bloomgren [redacted]
Sent: Wednesday, September 1, 2021 4:59:56 PM
To: Jen O'Shea [redacted]@aga.org>; Jeff Eshelman [redacted]@ipaa.org>; Jamie Zarraby [redacted]@CAdvisory.org >
Subject: Reconciliation coordination

Team of Champions,

Redacted

Redacted

Call me with any questions.
Meg
[redacted]

From: Lem Smith
Sent: Wednesday, September 1, 2021 11:28 AM
Subject: House Oil & Gas Leasing Proposal Is All Cost & No Benefit

The Natural Gas and Oil Industry

House Oil & Gas Leasing Proposal Is All Cost & No Benefit

Dear Friend,

As the Administration looks to foreign nations to boost energy production, the House Natural Resources Committee's baseline reconciliation bill proposes a double-whammy of punitive policies to discourage U.S. energy development with new, targeted measures against the U.S. natural gas and oil industry. That combination could lower domestic production and boomerang the U.S. back to 1970s-era dependence upon foreign energy imports.

Most concerning, instead of advancing effective solutions that build on the nation's progress in reducing emissions, the Committee would inundate producers with a myriad of new taxes and fees to create a *de facto* natural gas and oil development ban on federal lands.

Given the Committee's markup tomorrow, a course correction is urgent as the broader, multi-trillion dollar reconciliation package takes shape. Read on about why the Committee's proposal

could harm the environment, weaken the economy and jeopardize America's national security.

Harm to the Environment

⇒ Lowering U.S. production on federal lands and waters does not reduce energy demand in any meaningful way – it just means the U.S. will have to import more natural gas and oil from countries with less environmentally-friendly production, and transporting it to the U.S. will result in more emissions.

- A recent study from energy analytics firm OnLocation projects that a reduction in natural gas production from U.S. leases would lead to an increase in emissions for power generation due to a reversion to coal use for power generation.
- The World Bank's April 2021 Global Gas Flaring Tracker Report shows that the U.S. reduced gas flaring by 32% from 2019 to 2020 and the U.S. has one of the lowest flaring intensities when compared to its producing peers – like Russia – around the world.

Harm to the Economy

⇒ In 2019, this industry supported nearly 8% or $1.7 trillion (PWC Study July 2021) of the U.S. GDP, generating over $100 billion in federal, state and local tax revenue each year – which goes to important programs like education, infrastructure and conservation across all 50 states.

- Workers who explore for and produce oil and natural gas earn significantly more than their state's average salary in nearly each of the top oil and natural gas producing states. Most jobs associated with solar and wind energy pay far less than the average salary of upstream natural gas and oil workers.

Harm to National Security

⇒ Restricting development on federal lands and waters is nothing more than an "import more oil" policy. Energy demand will continue to rise—especially as the economy recovers—and we will be forced to rely on oil produced outside the U.S. to fill the gap. Such reliance places the U.S. at the mercy of foreign countries – often adversaries such as Russia.

Scroll down for detailed information and specific reasons why the House Natural Resources Committee bill would disincentivize federal lease bidding, impose huge new costs on production, exclude huge areas of rich natural resources and increase pipeline transportation costs.

Sincerely,
Lem Smith
API Vice President – Federal Relations

Some of the Punitive Measures in the House Proposal

1. ***Disincentivizing Federal Lease Bidding***

- **500% Minimum Bid Increase:** Would raise onshore minimum lease bid from $2/acre to $10/acre. By BLM office 2020 sales, 11% of leases sold in New Mexico were below $10/acre; 78% in Colorado; and 30% in North Dakota.
- **Cuts Time to Produce in Half:** Would reduce the primary term for new onshore leases from 10 years to 5 years, even though a significant percentage of leases require more than 5 years to start producing. For example, recent data shows that 37% of leases in New Mexico started production more than 5 years after authorization.
- **More Than Doubles Annual Rent:** Would raise annual rental rates to $3/acre for the first 2 years, and then $5/acre, increasing costs by at least $123 million per year.
- **Eliminates Possibility of Royalty Relief:** Would eliminate authority to grant royalty relief in difficult times or national emergency.
- **Imposes New Inspection Fee:** Would raise the minimum inspection fees each operator will pay annually to anywhere from $800-$11,300 per lease, varying by lease.

2. ***Imposing Huge New Costs on Production***

- **Increased Royalty Rates:** Would raise onshore royalty rate floor by more than half from 12.5% to 20% on new leases and would raise the already high offshore royalty rate floor to 20%.
- **New Royalties on Venting/Flaring:** Would require royalties to be paid on all gas produced, including gas used or consumed for the benefit of the lease such as gathering compressors and gas that is consumed or lost by venting, flaring, or fugitive releases, with limited exceptions, which would raise royalty payments on average by 6.5%.
- **1500-2000% Bonding Increase:** Would increase onshore federal lease bond minimum by 15X for a federal lease bond, by 20X for a statewide bond, and removes the nationwide bond option. Additionally, it calls for rulemaking that will require bonding to cover 100% of the reclamation costs of a lease on federal lands that have less than 0.05% of federal wells orphaned.
- **New Expression of Interest Fee:** Would impose a minimum $15/acre to notify the government of public interest in leasing. Onshore leases can be as large as 2,560 acres, thus costing up to $38,400/lease.
- **New "Resource" Fee:** Would impose a $4/acre annual fee on producing leases, thus costing up to $10,240/lease for onshore leases, and $23,040/lease for offshore leases.
- **New Leasing Fee:** Would impose a $6/acre annual fee on non-producing leases, thus costing up to $15,360 for each onshore lease, and $34,560 for each offshore lease.
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- **New Idled Wells Fee:** Would impose an annual cost anywhere from $500-$7,500 per idled well per year, and would deem a well "nonoperational" after 2 years, down from 7 years.

3. ***Excluding Huge Areas of Rich Natural Resources:*** Several measures would severely limit access to federal natural gas and oil development – including terminating some existing leases – in Alaska (ANWR/NPRA) and the Gulf of Mexico (Eastern Planning Area), which would hurt local communities that use this royalty revenue for conservation, education, and infrastructure.

4. ***Increasing Pipeline Transportation Costs***: Would impose a new $10,000/mile annual fee for water depths greater than 500 ft.; and $1,000/mile for water depths less than 500 ft. There are approximately 26 thousand miles of pipelines in the offshore with about 12.6k miles in waters less than 400 ft and 13.7k miles in waters greater than 400 ft. Increased annual costs would total ~$149 million.

API represents all segments of America's oil and natural gas industry. Its more than 600 members produce, process, and distribute most of the nation's energy. The industry supports more than 11 million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. API was formed in 1919 as a standards-setting organization. In its first 100 years, API has developed more than 700 standards to enhance operational and environmental safety, efficiency and sustainability.

To learn more about API and the value of oil and natural gas, please visit API.org.

Date: Thursday, September 2 2021 03:38 PM
Subject: Re: FW: Reconciliation coordination
From: Redacted
To: Megan B. Bloomgren [redacted]

Hey Meg,

Redacted

On Thu, Sep 2, 2021 at 9:40 AM Megan B. Bloomgren [redacted] wrote:

Redacted

Redacted

Call me with any questions.

Meg

[redacted]

From: Lem Smith
Sent: Wednesday, September 1, 2021 11:28 AM
Subject: House Oil & Gas Leasing Proposal Is All Cost & No Benefit

The Natural Gas and Oil Industry

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Date: Thursday, September 24 2020 09:31 PM
Subject: FOR INFORMATION: API - "Driving the Wrong Direction in California"
From: Ron Chittim

To:

CC:

Redacted

Attachments: image001.png; image007.png

API Downstream Committee:

FOR INFORMATION

API sent the email below to all Capitol Hill Republican offices in response to CA. Governor Newsom's Executive Order announced yesterday banning on ICEVs. API also sent out Tweets on this matter last night and plans to further push out our messages via blogs, Op-Eds, etc. in the coming days. I will keep you updated as this issue progresses.

Ron Chittim
Vice President – Downstream Policy

o: [redacted]
e:

200 Massachusetts Ave NW
Washington, DC 20001

www.api.org

American Petroleum Institute

From: Bill Koetzle, API [redacted]
Sent: Thursday, September 24, 2020 6:08 PM
To: Will Hupman [redacted]
Subject: Driving the Wrong Direction in California

Click to view this email in a browser

The Natural Gas and Oil Industry

Driving the Wrong Direction in California

Dear Will,

Today, Californians pay a high price for electricity, yet still experience rolling blackouts and unreliable supplies.

The state has a history of aspirational targets and failed outcomes, and Governor Newsom's zero-emission vehicle mandate is the latest example of an impractical, burdensome, disruptive regulation that could increase consumer costs.

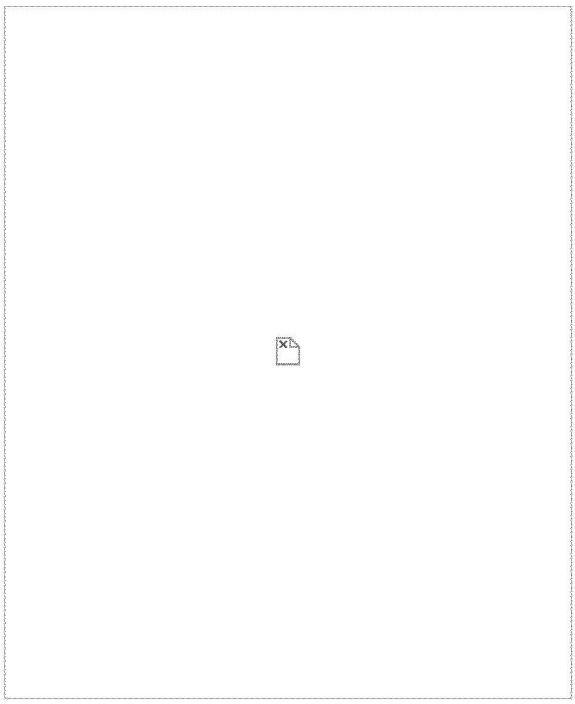
See below for our latest on the API Blog, underscoring the impacts of harmful government mandates on California families and the reality of activist-driven policy proposals.

Sincerely,
Bill Koetzle
API Senior Vice President – Government Relations

Driving The Wrong Direction In California

Four observations about California Gov. Gavin Newsom's executive order requiring that by 2035 all new cars sold in the state must be zero-emission vehicles – as well as his push for halting fracking in the state:

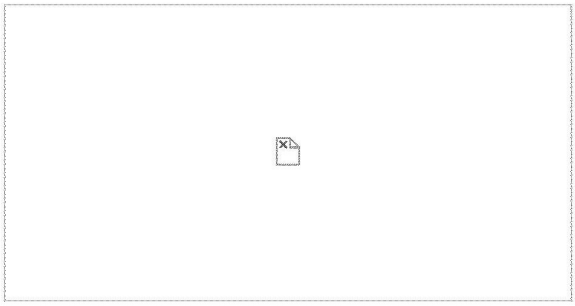
1. The governor's executive order could seriously impact middle-class Californians



The zero-emission vehicles (ZEV) parked behind the governor during his announcement (one's an Audi)

underscore the point that the new mandate figures to be tough on middle-class Californians. It's difficult to see how the mandate won't make life in California – already among the most expensive in the nation – more costly, hurting people least able to afford it. Middle-class Californians should be able to buy a car that fits their budgets – vs. a price range imposed on them.

The governor's pledge above – "You can still keep your internal combustion engine car" – sounds like a line from another big public policy debate a few years ago.



Western States Petroleum Association President Catherine Reheis-Boyd:

> *"Big ideas are only better if they are affordable for us all and can be backed by science, data and needed infrastructure. There are many questions about all of those concerns in the Governor's orders. Dismantling our oil and natural gas industry right now means betting everything on alternative energy resources that we don't have in place and a supporting infrastructure that's far from being at the scale we need."*

AFPM President and CEO Chet Thompson:

> *"[P]ursuing this goal would be among the most inefficient, unpopular, and regressive methods to reduce carbon emissions. Forced electrification would deprive consumers of choice for popular vehicles fueled by affordable, reliable, and readily available gasoline and diesel. It also ignores that today's vehicles are 99 percent cleaner than they were just a few decades ago and continue to get cleaner every year."*

2. Seriously, a zero-emissions mandate in a state that has struggled to keep the lights on?

The state's renewable energy mandate, requiring 60% of the state's electricity must come from renewables by 2030, stepped on a rake last month when rolling blackouts were implanted because demand outpaced available electricity during a hot spell. It would seem to undermine confidence that California can pull off Newsom's zero-emissions vehicle pledge in just 15 years.

The fact is ZEVs make up a small part of the vehicle market currently, and significant recharging infrastructure will need to be built. California had more than 15 million registered vehicles in 2018. That's a lot of plug-ins that will be needed. The Alliance for Automotive Innovation's John Bozzella:

> *"[N]either mandates nor bans build successful markets. What builds successful markets is widespread stakeholder engagement: a combination of efforts by federal, state, and local governments, as well as automakers, dealers, utilities, hydrogen providers, electric infrastructure providers, builders, and others.*
>
> *Currently, electrified vehicles account for less than 10 percent of new vehicle sales in California. While that is the best in the nation, much more needs to be done to increase consumer demand for Zero Emission Vehicles in order for California to reach its goals. It will require increased infrastructure, incentives, fleet requirements, building codes, and much more."*

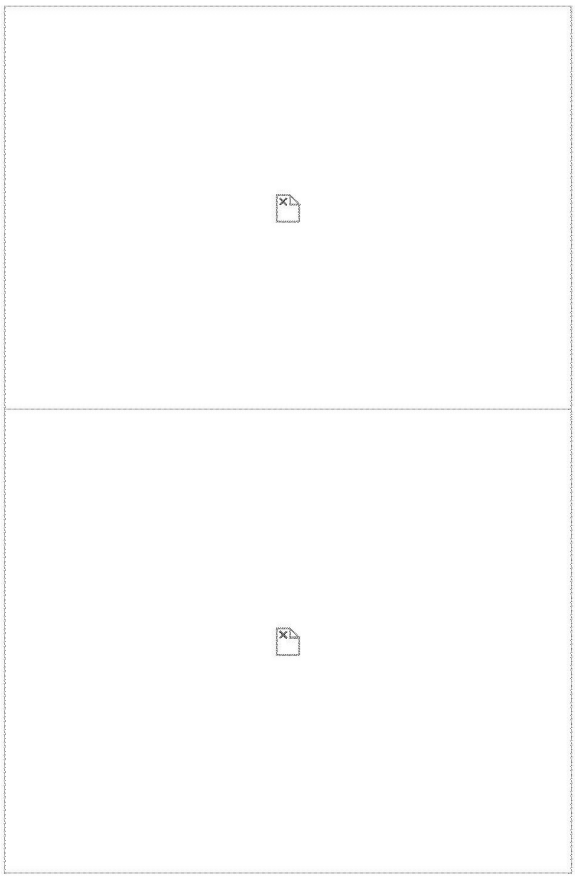
3. There's rhetoric and there's reality

California has a history of being good on rhetoric – and not so good on following through, often at great cost and burden to

everyday Californians.

Regarding issues with the state's electricity-from-renewables mandate mentioned above, even Gov. Newsom conceded impacts to state residents, telling reporters last month that millions of Californians had been left in the dark thanks to a significant gap in reliability created by the renewable mandate. Other relevant points:

- California has a history of aspirational targets and failed outcomes. Since its inception in 1990, California has been forced to walk back or significantly change parts of its zero emission vehicle mandate no less than seven times as high costs, limited consumer interest and a lack of breakthroughs in battery technology have routinely rendered extremely optimistic goals infeasible.
- Overly aspirational mandates have led California residents to pay some of the highest electricity rates in the country. The average price of electricity in the state is 16.6 cents per kWh, nearly 60% higher than the national average, according to the U.S. Energy Information Administration.
- As the charts below show, California electricity prices are high, even though the average California home uses about half as much energy as an average American household. In the first chart, state electricity prices (blue line) were about 40% higher than the national average in 2019. In the second, you can see the trajectory of the state's baseline electricity rates – the minimum billing amount for customers.



Add in past issues with taxes, infrastructure and regulation (see here, here and here) and it's not surprising Gov. Newsom's new order could generate some skepticism. While past history on goals, aspirations and rhetoric doesn't mean California will come up short on this order, it certainly is a strong indicator.

4. State natural gas and oil production is being targeted

The natural gas and oil industry is a key driver of California's economy – second only to Texas in total industry employment – and its oil production ranked sixth in the nation as of June – 392,000 barrels per day. Newsom's support for a fracking ban, which requires legislation, would impact both. California Independent Petroleum Association CEO Rock Zierman:

"Today's announcement to curb in-state production of energy will put thousands of workers in the Central Valley, Los Angeles basin, and Central Coast on the state's overloaded unemployment program, drive up energy costs when consumers can least afford it, and hurt California's fight to lower global greenhouse gas emissions. … Instead of creating our own local energy, each year California relies more and more upon foreign oil, which isn't produced with our strong environmental protections nor does it generate desperately needed local and state tax revenue. … At a time when Californians pay more for energy while experiencing manmade 'green outs', it doesn't make sense to hurt consumers, our economy, and our environment by banning California production."

The whole nation watches California because of its size and the sweep of its economy. Unfortunately, Americans living in other states are seeing one government mandate after another that leave too many Californians behind. It's hardly a model for the rest of the nation.

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Bill Koetzle, API
200 Massachusetts Ave, NW
Washington, DC 20001
US

Date: Monday, June 14 2021 01:59 PM
Subject: API RFI Comments - Meeting Request with Commissioner Pierce
From: Lem Smith
To: [redacted]@sec.gov;
CC: Amanda E. Eversole [redacted]>; Bill Koetzle [redacted]>; Shawn P. Rusterholz [redacted]; Allison Kajs [redacted]
Attachments: API Response to SEC Request Public Input Climate Disclosures.pdf

Coy,

Redacted

Thank-you again and please pass along our appreciation to Commissioner Pierce as well.

Kind regards,
Lem

Lem O. Smith, IV
Vice-President | Federal Relations
[redacted]

Date: Monday, June 14 2021 07:05 PM
Subject: FOR REVIEW: Climate-Related Reporting
From: Kristin A. Westmoreland
To: Mike Sommers <[redacted]>;
CC: Amanda E. Eversole [redacted]>; Stephen Comstock [redacted]>; Todd Mattingly [redacted]
Attachments: API Response to SEC Request Public Input Climate Disclosures.pdf

Redacted

Thanks for your continued support and engagement.

All the best,
Mike

Click here to read this release online

NEWS RELEASE

API Highlights Industry Progress on Climate-Related Reporting

WASHINGTON, June 14, 2021 – The American Petroleum Institute (API) submitted comments to the U.S. Securities and Exchange Commission's (SEC) Request for Information on the potential regulation of climate change disclosures, highlighting industry's robust climate-related reporting efforts and the opportunity for collaboration through the rulemaking process.

"We look forward to working with the SEC and acting as a resource through the rulemaking process," API Senior Vice President of Policy, Economics and Regulatory Affairs Frank Macchiarola said. "As the SEC considers the issue of climate reporting, it is important to note that there is already a substantial body of information from existing climate reporting actions and efforts taken by the industry for nearly two decades. Some of our members were among the first companies in any sector to produce sustainability reports, including information on climate risks and opportunities."

Climate reporting is a leading priority for the natural gas and oil industry and an important focus of API's recently announced Climate Action Framework. API and its members are currently developing a concise and uniform template of core GHG indicators to enhance consistency and comparability in reporting across the industry. More information on this new reporting template will be released this summer.

Macchiarola also noted, "We emphasize that materiality must drive any disclosure consideration and requiring one-size-fits-all metrics for issuers regardless of sector may not be appropriate due to inherent differences among the sectors. Given this evolving area, the SEC should maintain full control of any disclosure rules or requirements. We also believe that any additional assurance effort should remain voluntary or be phased in as rules, while processes and the market itself continue to develop in this area."

API represents all segments of America's natural gas and oil industry, which supports more than ten million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our 600 members produce, process and distribute the majority of the nation's energy, and participate in *API Energy Excellence®*, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational and environmental safety, efficiency and sustainability.

To learn more about API and the value of oil and natural gas, please visit API.org.

Contact API's media team at 202-682-8114 | press@api.org

Connect with us on:

Date: Friday, June 11 2021 04:14 PM
Subject: **Redacted**
From: Mike Sommers
To: [redacted]@sec.gov;
CC: [redacted]@SEC.GOV;
Attachments: API Response to SEC Request Public Input Climate Disclosures.pdf; image001.png

Dear Commissioner Peirce:

Redacted

Alongside the SEC, U.S. energy producers are committed to continuously improving sustainability across our operations and value chain. We appreciate your preference for market- or industry-driven approaches on climate disclosure rather than a reliance on government to prescribe one-size-fits-all rules. We welcome your perspective on financial disclosures and regulatory frameworks, and we appreciate your efforts to ensure industry's views are heard and shared.

We filed our comments on the RFI today and you will see several themes that you mentioned in your comments. My staff will follow up with your office to discuss this in more detail as this process takes shape.

Please call anytime I can help.

All the best,

Mike Sommers
President and CEO

American Petroleum Institute

Frank J. Macchiarola | Senior Vice President
Policy, Economics & Regulatory Affairs |
[redacted]

June 11, 2021

Chairman Gary Gensler
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Request for Public Input Regarding Climate Change Disclosures

Dear Chairman Gensler:

The American Petroleum Institute ("API") is pleased to offer responses to the request for public input concerning the Securities and Exchange Commission's ("SEC" or "Commission") consideration of issuers' disclosure of consistent, comparable, and reliable information on climate change. API represents all segments of the US oil and natural gas industry and its member companies conduct business in nearly every country worldwide. API's member companies are involved in exploration, production, refining, marketing, distribution, and marine activities. API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational and environmental safety, efficiency, and sustainability.

The SEC's request, dated March 15, 2021, provides a list of general and more specific questions focusing on considerations that the Commission should assess regarding the potential regulation of climate change disclosures. API's responses are intended to provide general feedback and suggestions and do not necessarily address all of the questions posed in the request for public input. Throughout the SEC's process of assessing whether and what climate change disclosures might be required, API seeks to serve as a resource and an active participant. We appreciate the engagement with Commissioners' offices and SEC staff and look forward to continued discussion. While the viewpoints contained in this letter represent the general views of many oil and natural gas companies, individual API member companies may submit their own responses to the SEC regarding issues they wish to further elaborate upon, specific operational issues, or company-specific views not addressed by these comments.

Industry and Reporting

As the SEC considers the issue of climate reporting, it is important to note that there is already a substantial body of information from existing climate reporting actions and efforts taken by the industry for nearly two decades. Since 2005, the oil and natural gas industry has developed and updated

sustainability reporting guidelines to help companies that prepare public reports on their environmental, social and governance issues, including climate performance. The 4th Edition of the IPIECA/API/IOGP *Sustainability Reporting Guidance for the Oil and Gas Industry* ("Industry Guidance") helps an individual company convey to its stakeholders – including, increasingly, investors -- its approach to climate change and energy. The prevalence of our members furnishing sustainability reports has increased continuously year-on-year. Some of our members were among the first companies in any sector to produce sustainability reports, including information on climate risks and opportunities. As the area has evolved over time, the Industry Guidance and individual oil and natural gas company reporting have evolved and improved continuously, often informing and being informed by other cross-sector sustainability and climate risk/opportunity reporting frameworks.

The oil and natural gas industry is continuing to enhance its own guidance for reporting of climate-related information through an ongoing reporting initiative highlighted in API's recently announced Climate Action Framework.[1] This initiative's goal is to develop more consistent and comparable reporting of key greenhouse gas ("GHG") indicators in a template form (the "Template") for voluntary use by individual companies. An initial version of this Template (see Attachment 1) has been developed by API member companies to provide common definitions for a core set of GHG indicators to guide individual company reporting of these indicators. API will continue to evolve the Template while also engaging with stakeholders, including a constructive and positive dialogue already underway with key members within the financial sector, on the GHG indicators in the Template. This API initiative is modeled on the work of US electric and natural gas utilities, through their trade associations the Edison Electric Institute and the American Gas Association, to produce a similar template of indicators, including several on GHGs. API's initiative will guide API member companies to report consistently, comparably, and transparently on GHG emissions, GHG mitigation, and GHG intensity on a normalized basis. API's Template will also prompt an individual company to indicate if it has GHG reduction targets in place, if it publishes a TCFD-informed report covering four key areas (i.e., governance, strategy, risk management, and metrics and targets), as well as prompt to indicate the level of verification it commissions for its GHG reporting.

Given the continuing evolution of guidance and standardization for the reporting of climate-related information, as well as the unique nature of different industries, we believe the SEC should give significant consideration to these individual industry sector efforts by using them as reference points on the current state of companies' disclosures. Further, while there may be some common aspects that could be considered by the SEC in its policy making against the materiality standard (see the *Concept of Materiality* section below), requiring specific, one-size-fits-all metrics for issuers regardless of sector, may not be appropriate due to inherent differences among the sectors. Large commercial banks, institutional investors, and credit rating agencies have quickly developed particular methodologies to assess companies' long-term management of climate risks and opportunities, which continue to evolve within the marketplace. Supporting ongoing efforts by industries/companies and their financial stakeholders to define decision useful approaches, emphasize the most relevant climate-related items of importance to the marketplace, and enhance consistency and comparability would increase the effectiveness of any required investor disclosure effort.

We understand that these industry efforts generate data that may be of relevance to certain investors. API encourages the SEC to view the oil and natural gas sector's pre-existing voluntary

[1] https://www.api.org/climate

disclosures and reporting as evidence that the industry seeks to be a partner that, in some cases, has already tackled key areas raised in the request for information. We are committed to working with the SEC to clarify what is important in considering the need for climate-related disclosure requirements and help define information that may be of most relevance to investors and that issuers can accurately disclose.

Considerations Around Requiring Disclosure

As the SEC contemplates the potential for required reporting, we believe there are certain initial considerations to be weighed. First, we believe that there are some fundamental questions about what uniquely important information or information specific to the SEC's regulatory goal is not otherwise being disclosed or generated under other existing requirements. Our members appreciate investor requests for information and have been actively engaged in providing information on climate risks and opportunities, but it is not clear what information is broadly needed and how that information would be used by investors. Again, before embarking on broad changes or imposing additional reporting requirements, we wish to work with the SEC to clearly articulate a need to be addressed and then the path to comparability and reliability for investors to avoid potential confusion in this evolving area.[2]

Second, any consideration of imposing additional reporting obligations on issuers must be weighed against numerous factors, including the cost of compliance for all issuers, the ability of smaller issuers to manage additional disclosures due to limited resources, and the uncertainty of forward projections. The potential cost of compliance with a new reporting regime, that could go well beyond what may already be reported to other government agencies or voluntarily to stakeholders can be dramatic even when considered against experiences with other financial reporting rules. For example, during the development of the section 1504 resource extraction disclosure rules, the SEC stated the new compliance regime would likely cost filers anywhere from $96 to $591 million per year collectively.[3] The rules being contemplated under a new climate disclosure regime would likely be far more extensive than the section 1504 rules, which were limited to only those companies engaged in resource extraction globally. In the case of climate disclosures, every issuer likely will be subject to the new rules, which obviously increases the overall costs of compliance.

Based on the potential scope of a new disclosure effort and a review of similar efforts in the past, such as implementing the Sarbanes-Oxley Act, we would also not expect compliance costs to be shared equally among issuers.[4] The SEC's assessment of disclosure requirements should consider the compliance burden, especially the burden on small- to mid-sized issuers. While major multinational corporate issuers may have dedicated company resources to gather, measure, and report climate indicators, smaller issuers are less likely to have those same capabilities. In the past, the SEC has recognized this distinction and provided reporting relief or consideration to smaller and mid-size issuers in order to avoid inequitable or disproportionate impacts.

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[2] *See* Why is Corporate Virtue in the Eye of The Beholder? The Case of ESG Ratings; Dane M. Christensen; George Serafeim; Anywhere Sikochi, The Accounting Review TAR-2019-0506, April 8, 2021

[3] See SEC Final Rules 2016, https://www.sec.gov/rules/final/2016/34-78167.pdf, pg. 191.

[4] GAO Report to the Committee on Small Business and Entrepreneurship, U.S. Senate, Consideration of Key Principles Needed in Addressing Implementation for Smaller Public Companies, April 2006. https://www.gao.gov/assets/gao-06-361.pdf.

We have also seen that complex reporting and assurance requirements can take significant time to finally implement. We note that the rules around section 404 of the Sarbanes-Oxley Act, addressing controls and procedures for financial reporting were implemented over a multi-year period, including various implementation dates that were staggered and postponed for various issuers. Of course, there were a number of pieces to the Sarbanes-Oxley Act that the SEC considered separately and were implemented over time. We think that this effort could be informative to what the SEC is considering around climate reporting and that a phased or step approach could help both the SEC and issuers, especially those mid- and small-sized issuers, to determine the most efficient method for reporting and obtaining information.

While the SEC's current request for public input may highlight some of these considerations, we note that the Commission's effort will benefit from following the Administrative Procedure Act's ("APA") full process for notice-and-comment rulemaking before finalizing any next steps.[5] After the Commission has had an opportunity to review and evaluate the answers provided to the Commission's March 15 request for information, a specific proposal and opportunity for public comment will foster the degree of public input appropriate for any significant and new policymaking. This input will help identify the applicability of proposed approaches to meeting goals outlined by the SEC, as well as the potential for cost or burdensome impacts on issuers. Following the notice and comment process, consistent with the APA, would be especially important for any rulemaking to achieve a balanced perspective in what the SEC might seek to impose.[6]

Discussion of Principles to be Applied to Potential Climate Disclosures

Concept of Materiality

Of paramount importance to API is the application of the materiality standard to any future required climate disclosures. Materiality is a long-established concept, derived from financial accounting, that has underpinned SEC directed disclosure. Applicable here, any climate change related disclosure requirements should be limited to information that is considered material by the issuer and its shareholders.

The United States Supreme Court has established that information is material for purposes of the securities laws if there is "a substantial likelihood that the . . . fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available."[7] The Court has been "careful not to set too low a standard of materiality," for fear that management would "bury the shareholders in an avalanche of trivial information."[8] Issuers consider whether the "reasonable

[5] 5 U.S.C. 553.

[6] For rules to have binding legal effect on private parties, an agency must provide notice "of the terms or substance of the proposed rule or a description of the subject and issues involved," and an opportunity for the public to comment. *Id.* The current disclosure requirements under Regulation S-K do not address methods or requirements for assessing and disclosing GHG emissions or risks from them. Regulation S-K may, as the SEC articulated in its February 8, 2010 Interpretive Release No. 33-9106, provide bases for companies to "consider climate change and its consequences as they prepare disclosure documents to be filed." But it does not address the types of information or evaluation methods that would be necessary to establish enforceable frameworks or standards governing GHG emissions disclosures.

[7] *TSC Industries v. Northway, Inc.*, 426 U.S. 438, 449 (1976). *See also Basic, Inc. v. Levinson*, 485 U.S. 224 (1988).

[8] *Matrixx Initiatives, Inc. v. Siracusano*, 563 U.S. 27, 38 (2011) (cleaned up).

investor would have considered [the facts] significant in making investment decisions."[9] This does not create a duty to disclose information "merely because a reasonable investor would very much like to know that fact."[10] Rather, material facts generally relate to discernable economic or financial impact on a company's earnings or operations.

The current mandatory disclosure requirements in Regulation S-K do not explicitly require disclosure of greenhouse gas emissions or impacts from emissions, though issuers may address such items in risk factor disclosures under Item 105 of Regulation S-K. Additionally, providing information about climate-related issues has increased on a voluntary basis. But debate persists about whether this type of nonfinancial reporting is material.[11] The materiality of any particular climate-related statement remains very much a case-by-case inquiry, focused on the statements a particular issuer provided in the context of the "total-mix" of information available to reasonable investors about that issuer.

Any effort by the SEC that seeks to impose a major new climate disclosure regime but deviates from the well-established grounding in materiality could raise significant concern about whether the SEC has strayed far beyond its authority to regulate the securities markets. To be sure, Congress has vested the SEC with broad authority to regulate securities issuers to protect investors and the public. But the courts will not "presume that the act of delegation, rather than clear congressional command, work[s] . . . vast expansion[s]" of agency power to new subjects.[12] Under the major-questions doctrine, the Congress "speak[s] clearly if it wishes to assign to an agency decisions of vast 'economic and political significance'" heretofore untouched by the agency.[13] For example, the Congress, through the Dodd-Frank Act, enacted several specific provisions authorizing the SEC to promulgate rules to require greater disclosure from public companies concerning "conflict minerals,"[14] and "extractive industries" issues,[15] as well as connections with Iran,[16] in order to address social and governance matters. In the absence of new Congressional authority[17], we believe it is important that the SEC adhere to established precedents regarding materiality -- which is an inherent requirement in protecting investors and evaluating costs and benefits -- to ensure that any eventual rule is on sound legal footing. A normal rulemaking process will provide input to help the SEC navigate these issues.

In addition, a significantly expanded disclosure requirement beyond the well-established doctrine of materiality could raise serious First Amendment issues under recent precedent applying strict scrutiny

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[9] *Ganino v. Citizens Utilities Co.*, 228 F.3d 154, 161 (2d Cir. 2000)

[10] *Meyer v. Jinkosolar Holdings Co.*, 761 F.3d 245, 250 (2d Cir. 2014).

[11] *See* J. Robert Brown, Jr. & Stacey L. Bowers, The Regulation of Corporate Disclosure § 7.02 (4th Ed. 2020-2 Supp.). Some have gone as far as petitioning the SEC for "mandatory rules" governing disclosure in this area. *Petition for a Rulemaking on Environmental, Social and Governance*, Rulemaking Petition 4-730 (Oct. 1, 2018) *available at* https://www.sec.gov/rules/petitions/2018/petn4-730.pdf

[12] *U.S. Forest Serv. v. Cowpasture River Pres. Ass'n*, 140 S. Ct. 1837, 1849 (2020).

[13] *Util. Air Regulatory Grp. v. EPA,* 573 U.S. 302, 324 (2014 (quoting *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 160 (2000), and citing *MCI Telecomms. Corp. v. Am. Tel. & Telegraph Co.*, 512 U.S. 218, 231 (1994)); *see also, e.g., King v. Burwell*, 135 S. Ct. 2480, 2489 (2015); *Gonzales v. Oregon,* 546 U.S. 243, 267 (2006).

[14] 15 U.S.C. § 78m(p).

[15] *Id.*

[16] *Id.* § 78m(s).

[17] *Cf. Mexichem Fluor, Inc. v. EPA*, 866 F.3d 451, 460 (D.C. Cir. 2017) (Kavanaugh, J.) ("Congress's failure to enact general climate change legislation" cannot expand the scope of existing statutes).

to content-based laws compelling speech.[18] Requiring issuers to provide truthful, material information to investors regarding their business to protect investors from fraud and deceptive practices does not violate the First Amendment. But compelling issuers to speak on information that is not material to financial performance-- or that may be inherently inaccurate, highly controversial, or subject to honest debate -- might not satisfy the compelling interest and least-restrictive means requirements of strict[19] or even intermediate scrutiny under the *Central Hudson* doctrine.[20] Again, following the notice-and-comment process by providing specific proposals for the public to gauge and comment upon would help inform the SEC of any potential legal infirmities of a new reporting rule.

Engaging with Industry on Proposed Approaches

The SEC correctly identifies that industry issuers may be best positioned to define the standard for required climate disclosures.[21] API strongly supports the SEC utilizing issuer-developed frameworks such as the Industry Guidance and working with issuers and other industry participants as partners in the development of industry standards regarding what climate-related information should be disclosed. The oil and natural gas sector is extremely complex and best exemplifies why any new reporting effort should be developed in conjunction with industry issuers. For example, financial accounting methods for the sector have been developed over nearly a century of experience and take into account the characteristics that make the sector far different from others, including the high-risk nature of the work involved, the high cost of investment, the lack of a consistent correlation between the amount of costs and value of resulting reserves, the protracted nature of when costs are first incurred until the benefits are recorded, and various cost-sharing agreements. Similarly, when the reporting of reserves was reviewed and developed in the early 2000's, industry worked with the SEC to educate on industry practices and explore concerns the SEC had on providing clear information to investors. The complexities associated with that single area of the industry still took significant time to develop into the current reserve reporting rules, and that experience should inform the development of any required reporting around emissions or climate impacts by firms.

Furnished vs. Filed

Given the concerns about materiality and the evolving nature of shareholder engagement, API believes that any required climate-related disclosures made by issuers should be considered "furnished" rather than "filed."[22] Allowing disclosures to be furnished rather than filed encourages broader disclosure. Should information provided be considered filed, it would be subject to section 18 liability and incorporated by reference into a filing under the Securities Act of 1933 (the "Securities Act") and potentially subject the issuer to strict liability under section 11 of the Securities Act. Under that scenario, some issuers would be incentivized to disclose in the manner most limited to meet the specific requirement and avoid more robust explanation. Furnishing information, on the other hand, allows

[18] *NIFLA v. Becerra*, 138 S. Ct. 2361, 2365-66 (2018).
[19] *Barr v. American Ass'n of Political Consultants, Inc.*, 140 S. Ct. 2335, 2346 (2020); Reed v. Town of Gilbert, 576 U.S. 155, 159 (2015).
[20] *National Ass'n of Mfrs.*, 748 F.3d 359, 371-72 (D.C. Cir. 2014) (invalidating SEC's conflict minerals rule under the intermediate scrutiny standard).
[21] *See* Acting Chair Allison Herren Lee, Public Statement – Public Input Welcome on Climate Change Disclosures – Question 3 (2021), *available at* https://www.sec.gov/news/public-statement/lee-climate-change-disclosures.
[22] *See* Acting Chair Allison Herren Lee, Public Statement – Public Input Welcome on Climate Change Disclosures – Question 7 (2021), *available at* https://www.sec.gov/news/public-statement/lee-climate-change-disclosures.

companies to expand on information in reports and provide additional perspective or context. The material included in furnished statements, though, is still covered by federal securities laws and existing anti-fraud provisions ensuring the information reported will be reliable and accurate.[23]

Additionally, while some climate-related disclosures can provide valuable and material information to investors, certain types of climate-related disclosures are inherently different than traditional financial information filed with quarterly and annual reports. The nature of disclosures related to emissions or climate risks and opportunities are intended to provide investors information necessary to assess how companies are addressing climate-related matters. Requiring issuers to extend their internal controls relating to financial reporting to all climate-related disclosures would likely require issuers to significantly alter and expand their existing internal control framework. Such information is captured outside the established financial reporting process due to how the information is accessed or developed within the member companies. Much of the assessment of potential climate risks and/or opportunities is qualitative in nature, and specific GHG emission information is calculated based upon models and accepted technical factors related to GHG emissions sources. As a result, the collection of this type of information and discussion of potential risks and opportunities is very different than putting a balance sheet and income statement together.

We recognize it is likely that there will be climate-related information that does not reach the proposed material standard, but may still be seen as important by investors. We believe that only information meeting the materiality standard to investors should be subjected to a filed disclosure. While permitting information to be furnished as opposed to filed will offer a degree of protection for issuers from strict liability, furnishing investor relevant information should not create concerns among investors as to the accuracy or nature of the data. There are related anti-fraud statutes with respect to furnished information that will ensure all climate-related disclosures meet industry developed approaches and provide accurate information to investors. Including climate related disclosures as part of a filing would likely subject the information to additional internal controls, but it is unclear what value the disclosure of the internal controls leading to climate reports will add especially given their potential cost and impact on businesses.

Additional Liability Concerns

It is clear there are distinct differences between the financial data gathered for disclosure and climate-related information - raising potential liability concerns. First, API member companies anticipate being a proactive part in developing climate change solutions and reducing GHG emissions. This could include issuers planning for and setting targets for GHG emissions reductions based on the best technology available, reasonable assumptions, and anticipated energy demand, among many other factors. However, unplanned events could alter the trajectory for reaching planned reductions. Ensuring that statements made in climate-related disclosures are provided liability protection for forward-looking statements is essential for this type of information, especially to encourage issuers to set and report on more aggressive targets and goals.

Second, the scope of liability protection generally afforded forward-looking statements should be considered for any required disclosures pertaining to the social impact of climate-related matters. It is unclear whether the SEC is considering an effort to extend climate disclosures to cover the social impact

[23] See, 17 C.F.R. Section 240.10b-5(b).

of climate issues. API believes that the proper scope of disclosures should be limited to material information necessary for a reasonable investor to base his or her decisions. However, if the agency decides to extend reporting to social impact statements, it should provide for additional liability protection. Requiring an issuer to project global energy needs, societal situations, political regimes and consumer impacts years, or decades, into the future will be difficult and naturally uncertain. Such projections should not be subject to traditional liability as a result. Rather, as the SEC considers a reporting regime in this area, it should be careful to balance generating information to investors that will be necessary to understand the impact of issuers operations on climate-related issues in conjunction with the need for liability protection such as a reporting safe harbor or phased reporting – especially at early stages of any disclosure requirement.

Current Information Flows

As the SEC contemplates the structure of potential climate information disclosure by issuers, we believe that it should take under consideration two important factors. First, there is already a large amount of activity in this area through existing climate reporting regimes. The Commission should be careful not to pile on potentially inconsistent information requirements. Second, the Commission should take care to allow each issuer to express its unique approach to engaging with the challenge of addressing the risks of climate change.

Currently, the Greenhouse Gas Reporting Program ("GHGRP") overseen by the Environmental Protection Agency ("EPA") requires the tracking of facility-level Scope 1 emissions[24] from large greenhouse gas emitters. Companies with facilities that meet the EPA GHGRP threshold for facility-level GHG emissions report these data, and the EPA makes such data public in a timely manner. The GHGRP should be recognized and leveraged in the development of any SEC climate-related disclosure. These standards reflect the best science available, and extensive public stakeholder input, and have evolved over numerous years to reflect the types of data understood as most relevant to climate-related issues. The information provided through the GHGRP by oil and natural gas companies is also extremely detailed and provides logical distinctions based upon numerous factors including industry segment (e.g., onshore vs. offshore), process emission sources (e.g., flare stacks, distribution mains, and dehydrators), and geographic location by basin.[25]

The SEC further should catalogue and understand what is already required by other governmental agencies to ensure any SEC-related disclosure process is as efficient as possible. We recognize that there may be some limitations to the GHGRP scope in relation to some factors the SEC may consider important – specifically non-U.S. emissions and facilities owned by issuers that are not large greenhouse gas emitters. However, use of the GHGRP with limited adjustments should provide an important source of relevant information that would not require a new reporting regime. First, use of the GHGRP to cover Scope I emissions would be the most reliable set of projections by all issuers because they are directly traceable to the activities of the issuer. Second, the concepts and approach could be a base for broader SEC reporting (e.g., non-U.S. based emissions). The SEC should take care not to require disclosures that

[24] Emissions that are direct from sources owned or controlled by a company.

[25] See 2011 – 2019 GHGRP Industrial Profile, https://www.epa.gov/sites/production/files/2020-11/documents/subpart_w_2019_industrial_profile.pdf.

may conflict with the pre-existing GHGRP requirements to avoid creating additional cost and compliance obligations without any benefit.

To avoid duplication or creating conflicting data, and to account for changing circumstances and maximize efficiency, the SEC should consider actions that the industry already is undertaking. For the oil and natural gas industry this would include consideration of the Industry Guidance as well as our ongoing efforts to develop comparable industry GHG indicators. There also are some broader frameworks, such as those published by the Task Force on Climate-Related Financial Disclosures ("TCFD"), that could be leveraged as appropriate for more consistent information flows to investors. These approaches provide companies flexibility in explaining how their operations align with the multitude of risks and opportunities inherent with a changing climate. This is important for our industry as oil and natural gas will remain an important energy source in the future. In recent years, many aspects of the industry have significantly evolved. For example, development of sophisticated technology and processes have allowed companies to access natural gas that can reduce emissions in power generation and support hydrogen development. Further, exports of natural gas were a marginal component of the industry in the early 2000s, but have become a major component of the business model today and can support emission reductions in other countries. Companies need flexibility to explain these and other approaches they may be taking to address climate concerns.

We also recognize that some issuers, within the industry and in other industries, may be providing shareholders GHG emissions information beyond their direct, or Scope 1, emissions. This presents additional complexities and data gathering that currently may not be adoptable by all issuers. While additional reporting can always be an option for issuers and may be part of the discourse between management and shareholders, we believe the SEC should remain prudent in its consideration of disclosure requirements. As noted above, when commenting about other significant SEC required disclosures, the SEC should consider the benefits of a phased approach. In the case of climate reporting where calculation approaches and issuer capacity may evolve over time, a planned or phased approach to additional emission indicators might be appropriate depending upon the materiality of the identified metric.

Reporting Standards and Third Parties

As stated above, the SEC should consider ongoing efforts by various economic sectors and their stakeholders as it contemplates any climate-related disclosure goals.[26] The Industry Guidance is the product of over fifteen years of collaboration and covers issues such as performance indicators for sustainability, the advent of new technologies, and suggestions regarding corporate governance.[27] Industry-developed guidance such as these concern the most important information for stakeholders, including investors and will directly speak to how the impact of the industry affects climate-related goals. API encourages the SEC to view these resources as key starting points for evaluating the need to develop new reporting requirements.

[26] *See* Acting Chair Allison Herren Lee, Public Statement – Public Input Welcome on Climate Change Disclosures – Question 3 (2021), *available at* https://www.sec.gov/news/public-statement/lee-climate-change-disclosures.
[27] Sustainability reporting guidance for the oil and gas industry (2020), *available at* https://www.ipieca.org/media/5115/ipieca_sustainability-guide-2020.pdf.

In addition to the Industry Guidance and reporting framework, API encourages the SEC to leverage frameworks from well-known third parties such as the TCFD. The TCFD in particular has helped develop a framework that now plays an important role in the development in climate reporting by some companies. The TCFD prompts for reporting that covers four thematic areas – (1) governance, (2) strategy, (3) risk management, and (4) metrics and targets – yet provides companies flexibility in addressing these themes as they apply specifically to each company. As stated above, we believe that the SEC could give balanced consideration to leveraging some of those approaches as to how issuers engage with investors on climate reporting and can also serve as a reference point for developing the standards for required disclosures.[28]

Although understanding and leveraging the approaches taken in third party reporting frameworks is strongly encouraged, API would have concerns with the SEC outright delegating any comprehensive standard setting authority or specific indicator definition to non-industry third parties at this time for a few reasons. First, we do not believe that some existing third parties have the broad knowledge to adequately understand relevant or specific reporting indicators on an industry specific basis. Entities such as the Financial Accounting Standards Board ("FASB") and International Financial Reporting Standards Foundation have extensive knowledge of financial accounting matters; and, while some are working to broaden into sustainable indicators[29], time would be needed to build the capability to oversee such reporting.

Second, it is unclear that third party or non-U.S. authorities in this space have the clear governance to transparently and judiciously reflect on climate reporting for various issuers to the level that exists within the SEC. Deferring to organizations that have had limited input from industries or their assessment process is not entirely transparent would create concerns when defining disclosures between issuers and their shareholders. We recognize that this stands in contrast to groups such as the FASB that establishes accounting policy used by issuers in developing financial statements. However, the SEC's engagement with FASB has been established by statute and adheres to a well-developed process that is open to the general public and goes through two iterations prior to a final rule being issued.[30] Further, adoption of non-U.S. based approaches could be problematic in that the aims may not be consistent with the SEC's regulatory mission. For example, despite some organizations claiming their efforts reflect material items, it is unclear whether they have a consistent understanding of the concept of materiality and how it applies to issuers for SEC reporting.

Finally, the U.S. Constitution imposes several limitations on the SEC's ability to require that companies comply with privately developed climate disclosure frameworks. Under the current nondelegation doctrine, the Congress may vest rulemaking authority with administrative agencies so long

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[28] *See* Sustainability Accounting Standards Board "SASB Implementation Supplement – Greenhouse Gas Emissions and SASB Standards" (September 2020); see also Task Force on Climate-Related Financial Disclosures "Recommendations of the Task Force on Climate-Related Financial Disclosures" (June 2017).

[29] See IFRS, *Exposure Draft: Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards, (April 2021),* available at https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/ed-2021-5-proposed-constitution-amendments-to-accommodate-sustainability-board.pdf

[30] *See* Financial Accounting Standards Board, *Standard-Setting Process Rules of Procedure*, (Dec. 2013) available at https://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1351027215692.

as it provides "an intelligible principle" to guide the agency's exercise of that authority.[31] But neither Congress nor an agency may delegate to private entities unfettered power to establish the content of regulatory requirements that are binding upon third parties.[32] In addition, granting regulatory power to private parties is restricted by the Appointments Clause of Article II, the Due Process Clause of the Fifth Amendment, and circumvents the provisions of the Administrative Procedure Act.[33] Private parties may play a role in the rulemaking process, such as by recommending standards through comments, but either the Congress or a federal agency must retain the ultimate decision[34] authority and must exercise that authority. In other words, the SEC may not outsource GHG standard setting to third parties.

Assurance Process and Climate-Related Disclosures

We understand that regulators and investors want to assure the reliability of any company disclosures including processes by which disclosed information is gathered. Of course, current public reports and disclosures furnished by companies cannot be fraudulent and companies develop internal processes to assure accuracy. Climate-related information is quite different from traditional financial reporting disclosures, but many companies have been providing this information to the public and shareholders on a voluntary basis. Should the SEC establish climate-related disclosure requirements, currently existing company internal controls processes could be utilized in the disclosure developmental process. We understand that additional assurance or attestation may provide benefit in some circumstances where issuers seek to align their reporting to specific frameworks. However, we believe that most companies' current processes for assuring the reliability of information that they regularly file with various regulators, or already voluntarily disclosure, can be leveraged in considering whether each company's internal controls and disclosure controls and procedures are deemed sufficient for any new SEC disclosure requirements.

The SEC should also weigh the cost of efforts to expand assurance levels for information or processes against the potential benefits of the information to be provided to investors. There may be technical issues and training that becomes necessary and potential coordination with firms outside of existing relationships. It should be examined as to whether traditional accounting firms may be currently staffed to provide positive assurance services across all issuers. A gap in this regard could create further disparity among large and small issuers competing for available resources. A deliberate, phased in process may alleviate some of these potential market constraints and will take into account the evolving nature of this topic.

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[31] *E.g.*, *Mistretta v. United States*, 488 U.S. 361, 372 (1989) (quoting *J.W. Hampton, Jr. & Co. v. United States*, 276 U.S. 394, 409 (1928). And there may be stricter constitutional limits on the power of the Congress to "delegate" its legislative power to executive branch agencies. *Gundy v. United States*, 139 S. Ct. 2116, 2131 (2019) (Alito, concurring in the judgment) ("If a majority of this Court were willing to reconsider the approach we have taken for the past 84 years, I would support that effort."); *see id.* at 2131-48 (Gorsuch, J., dissenting) (joined by The Chief Justice and Justice Thomas). Under this view, there may be an impermissible delegation of legislative power if the extant securities statutes were construed to permit the SEC to conjure a novel climate change and ESG disclosure regime, untethered to materiality, without any further congressional involvement.

[32] *E.g.*, *A.L.A. Schechter Poultry Corp. v. United States*, 295 U.S. 495, 537 (1935); *Dept. of Transp. v. Ass'n of Am. RR,* 135 S. Ct. 1225, 1237 (2015) (Alito, J., concurring).

[33] *E.g.*, *Association of Am. RR. v. Department of Transp.*, 821 F.3d 19, 36-39 (D.C. Cir. 2016); *Association of Am. RR. v. Department of Transp.*, 721 F.3d 670-74 (D.C. Cir. 2014), *rev'd on other grounds*, 135 S. Ct. 1225.

[34] *See, e.g.*, *Sunshine Anthracite Coal Co. v. Adkins*, 310 U.S. 381, 399 (1940).

Equivalency of Foreign Reporting Regimes

The SEC should also carefully coordinate any reporting regimes it considers with existing international requirements. Many foreign reporting regimes already require a great amount of disclosure. Setting a single set of global standards applicable to companies around the world without considering these existing requirements would further complicate compliance with any climate-related disclosures.[35] Any new requirements from the Commission should allow for direct or alternative compliance by meeting the requirements of a foreign jurisdiction's climate-related reporting regime, provided the SEC has determined the alternative reporting regime requires disclosure that meets or exceeds that which is prescribed in the rulemaking process. This approach will reduce the compliance burden on issuers who are subject to foreign reporting regimes, such as those in the UK and European Union. API is prepared to provide a list of reporting regimes we believe meet these criteria once proposed rules have been released.

Conclusion

As the SEC considers the necessity of requiring some type of climate disclosure by issuers, we look forward to working with the SEC and acting as a resource through the rulemaking process. Given our industry's vast experience on climate reporting and other initiatives, we can help identify specific gaps in information that are important and useful to a broad range of investors while also taking into account the costs to and capabilities of issuers. This could include limiting scopes to reporting already required under other statutes as well as leveraging existing frameworks already being adopted by many companies. We emphasize that materiality must drive any disclosure consideration and requiring one-size-fits-all metrics for issuers regardless of sector may not be appropriate due to inherent differences among the sectors. Given this evolving area, the SEC should maintain full control of any disclosure rules or requirements , and we support a furnished rather than filed approach. We also believe that any additional assurance effort should remain voluntary or be phased in as rules, while processes and the market itself continue to develop in this area.

Should you have any questions or wish to follow-up on any of these points, please do not hesitate to reach out to me.

Sincerely,

Frank J. Macchiarola

[35] *See* Acting Chair Allison Herren Lee, Public Statement – Public Input Welcome on Climate Change Disclosures – Question 9 (2021), *available at* https://www.sec.gov/news/public-statement/lee-climate-change-disclosures.

Attachment 1

Note: Attachment 1 is a screenshot of API Template 1.0 for GHG Reporting (referred to earlier as the Template). The Template includes a set of GHG indicators for companies to consider as part of their voluntary disclosure framework, to the extent such indicators are relevant, to help drive consistency and comparability of such reporting across companies. This template is not intended to be a basis for prescriptive disclosure rules. Rather, the Template is intended to be an example of the efforts the industry is making on voluntary disclosures. API and its member companies will continue to update the Template on a periodic basis in order to complete sections which are pending and to continuously improve industry voluntary disclosure standards.

API Template 1.0 for GHG Reporting

As approved by API Executive Comitte on June 9, 2021

General

Date:	
IPCC AR GWP:	*AR4*
Basis:	*Equity*

No.	Indicator	Units	2020	2021	Comments
1. Direct GHG Emissions (Scope 1)					
1.1	**Direct GHG Emissions (Scope 1) - All GHGs**	(million metric tons CO_2e)	-		
1.1.1	**Upstream - All GHGs**	(million metric tons CO_2e)			
1.1.1.1	CH_4	(million metric tons CO_2e)			
1.1.1.2	Upstream Flaring - All GHGs (subset of Scope 1)	(million metric tons CO_2e)			
1.1.1.3	Volume of Flares	(mmcf)			
1.1.2	**Midstream - All GHGs**	(million metric tons CO_2e)			
1.1.2.1	CH_4	(million metric tons CO_2e)			
1.1.3	**Downstream - All GHGs**	(million metric tons CO_2e)			
1.1.4	**LNG - All GHGs**	(million metric tons CO_2e)			
1.1.5	**Oil and Natural Gas Field Services - All GHGs**	(million metric tons CO_2e)			
2. Indirect GHG Emissions from Imported Energy (Scope 2)					
2.1	**Indirect GHG Emissions from Imported Electricity + Heat + Steam + Cooling (Scope 2, *Market-based*)**		-		
2.1.1	**Upstream - All GHGs**	(million metric tons CO_2e)			
2.1.2	**Midstream - All GHGs**	(million metric tons CO_2e)			
2.1.3	**Downstream - All GHGs**	(million metric tons CO_2e)			
2.1.4	**LNG - All GHGs**	(million metric tons CO_2e)			
2.1.5	**Oil and Natural Gas Field Services - All GHGs**	(million metric tons CO_2e)			
3. GHG Mitigation					
3.1	**GHG Mitigation from CCUS, Credits, and Offsets**	(million metric tons CO_2e)	-	-	
3.1.1	**Carbon Capture Utilization or Storage (CCUS) - All GHGs**	(million metric tons CO_2e)			
3.1.2	**Renewable Energy Credits - (RECs for Indirect Emissions) - All GHGs**	(million metric tons CO_2e)			
3.1.3	**Offsets - All GHGs**	(million metric tons CO_2e)			
4. Intensity - Direct GHG Emissions (Scope 1)					
	Pending API member company testing of suitable options; selected set of intensity indicators will be included in a subsequent version of the template				
5. Additional Climate-Related Targets and Reporting					
5.1	**GHG Reduction Target(s)**	☐ Yes ☐ No			
5.2	**TCFD-informed reporting**	☐ Yes ☐ No			
5.3	**Additional Climate Reporting Resources**	*Include links in the Comments Box*			
6. Third-party Verification					
6.1	**Assurance Level**				
6.2	**Assurance Provider**				

Date: Friday, June 11 2021 01:38 PM
Subject: Redacted
From: Mike Sommers
To: Cassidy Ballard@hq.doe.gov;
Attachments: image001.png

Cassidy,

Redacted

If you don't mind passing along the following note to her, I'd appreciate it.

Best,
Mike

--

Dear Secretary Granholm:

Redacted

Redacted —and we appreciate your emphasis on private-sector technology and innovation.

It was especially valuable at this moment to hear your candid thoughts about how the Biden Administration and our industry can collaborate to generate lower-carbon energy, reduce global poverty and harden infrastructure assets against the growing threat of cybercrime.

I look forward to building on our productive dialogue to turn the dual challenge of energy development and emissions reductions into opportunities to advance a better life for all.

Please call anytime I can help.

All the best,

Mike Sommers
President and CEO

API | American Petroleum Institute

Date: Thursday, March 25 2021 01:20 PM
Subject: FW: API's Climate Action Framework
From: Jeffrey I. Stein [redacted]
To: Redacted
CC:

Good afternoon Redacted

You will undoubtedly receive many notifications today about API's climate policy framework announcement (see Dustin's email to the NGMC below). As you will see in the full report, so many of the issues that will guide API's work on climate policymaking are related to the continued promotion of natural gas in a carbon constrained economy—hydrogen, low-carbon electricity generation, and differentiated natural gas are some examples. I want to recognize and thank you all for your expertise and leadership and we look forward to continued constructive advocacy around these issues.

Best,
Jeff

From: Dustin Meyer [redacted]
Sent: Thursday, March 25, 2021 1:02 PM
To Redacted
Subject: API's Climate Action Framework

Dear Natural Gas Markets Committee,

Earlier this morning, API's Board of Directors met to discuss and approve API's Climate Action Framework, which seeks to meet the world's long-term energy needs, while reducing greenhouse gas emissions at scale. API is focused on advancing a five-solution framework for climate action, including:

- **Accelerate Technology and Innovation** *to reduce emissions while meeting growing energy needs.*
- **Further Mitigate Emissions from Operations** *to speed additional environmental progress.*
- **Endorse a Carbon Price Policy** *to drive economy-wide, market-based solutions.*
- **Advance Cleaner Fuels** *to power lower-carbon choices for consumers*.
- **Drive Climate Reporting** *to provide consistency and transparency*.

A copy of our press release is below. Text of the full framework is linked here, and a one-pager is linked here. Should you have any questions, please let me know. Thank you,

Dustin

Click here to read this release online

NEWS RELEASE

[redacted]

API Outlines Path for Low-Carbon Future in New

Climate Action Framework

Industry Endorses Carbon Pricing; Supports Policies to Unleash Technology and Innovation

****API's Mike Sommers to hold press conference call TODAY at 12:15 p.m. ET****

WASHINGTON, March 25, 2021 – The American Petroleum Institute (API) today released a robust policy framework of industry and government actions to address the risks of climate change while meeting the world's long-term energy needs. Ahead of the 26th Conference of the Parties (COP26), API shared analysis, initiatives and policy solutions to build on the progress the U.S. has made in driving emissions to generational lows, including accelerating technology and innovation; further mitigating emissions from operations; endorsing a carbon price policy; advancing cleaner fuels and driving climate reporting.

"Confronting the challenge of climate change and building a lower-carbon future will require a combination of government policies, industry initiatives and continuous innovation," API President and CEO Mike Sommers said. "America has made significant progress in reducing emissions to generational lows, but there's more work to do, and there's nobody better equipped to drive further progress than the people who solve some of the world's toughest energy problems every day. As our industry accelerates efforts to advance groundbreaking technologies, reduce emissions and drive transparent and consistent climate reporting, we urge lawmakers to support market-based policies that foster innovation, including carbon pricing."

API and its members support climate actions in the following five areas:

Accelerate Technology and Innovation *to reduce emissions while meeting growing energy needs.*

- Fast-track the commercial deployment of carbon capture, utilization and storage (CCUS).
- Advance hydrogen technology, innovation and infrastructure.
- Advocate for the full appropriations of funds for research, development and deployment (RD&D) programs authorized in the bipartisan Energy Act of 2020.

Further Mitigate Emissions from Operations *to accelerate environmental progress.*

- Advance direct regulation of methane from new and existing sources.
- Develop a refinery carbon reduction program for API member companies.
- Deliver flaring reduction results as part of The Environmental Partnership's flare management program.

Endorse a Carbon Price Policy *to drive economy-wide, market-based solutions.*

- Advocate for sensible legislation that prices carbon across all economic sectors while avoiding regulatory duplication.

Advance Cleaner Fuels *to provide lower-carbon choices for consumers.*

- Develop markets for differentiated U.S. natural gas.
- Support policies to advance lower-carbon electricity.
- Reduce lifecycle emissions in the transportation sector.

Drive Climate Reporting *to provide consistency and transparency.*

- Expand ESG reporting guidance for the natural gas and oil industry.
- Develop a concise, minimum template of core greenhouse gas emissions indicators providing relevant information and enhancing consistency and comparability in reporting.
- Build on API compendium of GHG emissions methodologies for the natural gas and oil industry.

Read API's climate action framework here and a fact sheet here.

API represents all segments of America's natural gas and oil industry, which supports more than ten million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our 600 members produce, process and distribute the majority of the nation's energy, and participate in *API Energy Excellence*, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational and environmental safety, efficiency

and sustainability.

To learn more about API and the value of oil and natural gas, please visit API.org.

Contact API's media team at 202-682-8114 | press@api.org

Connect with us on:




Date: Tuesday, April 13 2021 04:15 PM
Subject: Meg Bloomgren Follow Up
From: Megan B. Bloomgren
To: [redacted]@energytransfer.com;

Tom,

Great to connect earlier and look forward to an ongoing conversation with you. Congrats again on your new role as co-CEO (or in the office of the CEO)!

Few items to share as follow up:

1) ExxonMobil CEO Darren Woods comments on Georgia Election law on CNBC Squawk Box (April 7, 2021)
https://www.cnbc.com/video/2020/04/07/cnbcs- full-interview-with-exxonmobil-ceo-darren-woods.html

> *"Well, we look at this, I think, in the context of this bill and the Georgia bill as what has been, I think, a growing divide in the nation, and frankly, I think it's incumbent upon our elected officials to spend the time to understand the issues and make sure that they're coming upwith solutions that address all sides of the issue. It's really, I think, an opportunity to show some leadership and rise above partisanpolitics and solve complex issues that impact us all. Obviously, as a company, we're very supportive of makingsure that there is a broad and equitable access for voters and at the same time that our election processes are secure in the integrity of the results are there and are trusted by and so this is not a win lose proposition. I think these two objectives, secure elections, broad access to voting, are not mutually exclusive. And we're encouraging our elected officials to work together to find a solution that addresses both of those."*

2) Recent Axios column that is worth your read to frame up the societal, market and political headwinds the industry is facing. API has a number of efforts underway to combat them and that's what API CEO Mike Sommers was hoping to share and get ETP feedback/input on – we can do it another time when your office gets through the transition.
https://www.axios.com/climate- activism-expanding-1535b83c-2034-4644-acf6-85539d69a5ff.html

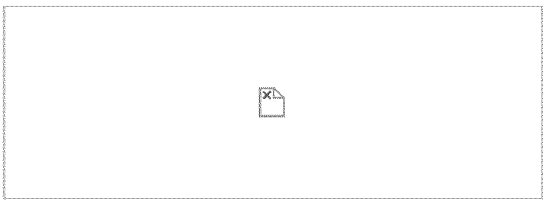
3) Below is an e-communication we sent today to all offices on Capitol Hill as well as state legislators in all 50 states that highlight the benefits of modernizing infrastructure and promote new analysis API did with ICF international on the trade and economic impacts of cross border pipeline infrastructure.
https://www.api.org/news- policy-and-issues/news/2021/04/06/cross- border-infrastructure-analysis

Hope this is helpful and am happy to chat again before your earnings call on other political issues that may come up (if helpful).
Talk soon,
Meg

Megan Barnett Bloomgren
SVP, Communications
American Petroleum Institute
[redacted]

From: Bill Koetzle, API
Sent: Tuesday, April 13, 2021 2:16 PM
Subject: Let's Modernize ALL Our Nation's Infrastructure

Click to view this email in a browser



The Natural Gas and Oil Industry

Let's Modernize ALL Our Nation's Infrastructure

Dear Friend,

The Biden Administration's goal of modernizing the nation's infrastructure – including roads, bridges, rail and ports – is something that all Americans can support. At API we have long touted the compounding benefits of upgrading our nation's infrastructure. The positives go well beyond material enhancements to include creating new jobs, helping communities nationwide, improving efficiencies throughout the economy by reducing congestion and delay, and – in the case of pipelines – bolstering safety and environmental performance.

Early outlines of the Administration's plan include ambitious goals and many strengths. But it's important to note that it misses an opportunity to take an across-the-board approach to addressing ***all*** our country's current and future infrastructure needs, including modernizing the pipelines that power our modern lives.

Consider these points:

- **Pipelines are the safest, most environmentally friendly way to deliver energy for everyday use.** Infrastructure projects, including the Dakota Access Pipeline and the recently canceled Keystone XL effort, undergo extensive environmental reviews, and their completion will facilitate America's sustainable energy future.
- **Pipeline projects are essential to North American trade, transporting heavy crude from Canada to the U.S and light crude from the U.S. to Canada.** This serves key interests on both sides of the border and strengthens the region's energy security.
- **Pipelines enable increased US energy security.** A new study by ICF showed that increased imports of Canadian crude oil, conducted largely by pipelines, in tandem with booming domestic production, have allowed U.S. refiners to significantly reduce crude oil imports from OPEC 70% from 2010 to 2019.
- **Pipelines ensure widespread access to reliable fuels that heat homes, fuel cars and keep the lights on.** And these fuels are affordable, with costs to American families declining as health care, food and education costs rise.

Beyond this missed opportunity for pipeline projects and permitting reform, there are other aspects of the Administration's infrastructure plan that would unleash negative economic consequences at a delicate time for the nation. Most notably, by targeting specific industries with new taxes, the plan would ultimately undermine America's economic recovery and jeopardize good-paying union jobs.

Unfortunately, this plan is more focused on picking winners and losers in the energy sector and targeting our industry with new taxes, which will undermine the goals this plan seeks to accomplish, jeopardizing millions of American jobs and critical investments in our communities. We will continue to advocate for a tax code that supports a level playing field for all industries along with pro-development policies that sustain and grow the billions of dollars in government revenue our industry generates at the state and federal level.

And while we certainly welcome the administration's efforts to address the risks of climate change by

incentivizing innovation and expansion of carbon capture, utilization and storage (CCUS) as part of this infrastructure package, there are other proven methods of advancing climate progress, like those outlined in API's *Climate Action Framework*. Industry and government must work together to reduce the risks of climate change, while continuing to meet the world's growing energy needs. A large part of that collaboration will involve new public-private sector alliances that enable the industry to build on its longstanding record of energy leadership and environmental stewardship.

We encourage lawmakers to acknowledge that meeting America's most pressing challenges requires broad collaboration, new partnerships and innovative approaches – on infrastructure, on climate and on our shared energy future.

Sincerely,

Bill Koetzle
Senior Vice President – Federal Relations
American Petroleum Institute

Visit API's website to learn more about:

Climate Solutions Need Natural Gas and Oil

The natural gas and oil industry is fundamental to meeting our energy demand and climate goals.

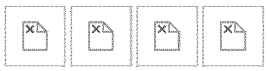
American Energy to Drive Economic Recovery

By supporting millions of jobs and accelerating growth, American energy will power the post-pandemic economic recovery.

Natural Gas Key to Energy Progress

An abundance of natural gas – and exportable LNG – means the U.S. doesn't have to choose between energy security and environmental protection.

API represents all segments of America's natural gas and oil industry, which supports more than 10 million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our 600 members produce, process and distribute the majority of the nation's energy, and participate in the API Energy Excellence program, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational and environmental safety, efficiency and sustainability.
To learn more about API and the value of oil and natural gas, please visit API.org.



Unsubscribe

Date: Wednesday, May 29 2019 08:29 AM
Subject: FW: EV's
From: Prentiss Searles
To: Scott Lauermann [redacted]
CC: Frank Macchiarola [redacted]
Attachments: Principles and Talking Points for Fair Transportation V2.docx; No EV Federal Tax Credit Expansion Letter -- May 2019 .pdf; No EV Tax Credit Extension Letter -Federal.pdf; Testimony of Frank J. Macchiarola API to House E & C SC on Env (5.8.18).pdf; Wisconsin PSC 5-EI-156 (002).pdf; Missouri PC -- PSC_Comments_EV_Final 3-20-19.pdf; Illinois SPC Response to Notice of Inquiry on EVs FINAL.pdf; API Comment to Petition of Electric Vehicle WG Maryland Case Number 9478 FINAL.pdf; EV deck.pptx

---

Good morning Scott, I put this together for our friends in Market Development and thought it might be of interest for you also. Happy to chat if you'd like.
Best,
P

From: Prentiss Searles
Sent: Tuesday, May 28, 2019 5:58 PM
To: Zoe Cadore [redacted]
Cc: Frank Macchiarola [redacted] Prentiss Searles [redacted]
Subject: RE: EV's

Hey Zoe, attaches is [redacted] several additional materials to get you up to speed. I've included our comments to PSCs but also included our two letters to the Hill and Frank's testimony before House E&C. [redacted]
[redacted]
Happy to chat if you have any questions.
Best,
Prentiss

From: Zoe Cadore [redacted]
Sent: Tuesday, May 28, 2019 4:45 PM
To: Prentiss Searles [redacted]
Subject: EV's

Hi Prentiss,

Electric vehicles are going to be a huge talking point this summer at the regulatory meetings. [redacted]
[redacted]

Thanks,
Zoe Cadore
Policy Advisor – Market Development

American Petroleum Institute
200 Massachusetts Ave. NW
Washington, DC 20001
[redacted] | www.api.org

Document Withheld for Privilege

May 13, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate
U.S. Capitol Building, Room S-230
Washington, DC 20515

Dear Leader McConnell:

We urge you to not expand or extend the federal tax credit for electric vehicles (EV) as part of tax extenders legislation or any other bill during this Congress.

Expanding the federal tax credit forces middle class and lower income Americans to subsidize the purchase of EVs by wealthy buyers. The top 20 percent of income earners receive 90 percent of all federal vehicle tax credits. A recent Morgan State University report found that 80 percent of all EV owners earn more than $100,000 per year, with 40 percent earning more than $200,000 per year. Furthermore, transportation infrastructure projects such as roads and bridges are financed from gasoline and fuel taxes. EV owners are essentially exempted from paying their fair share for infrastructure projects despite all vehicles causing wear-and-tear on our roads. This tax policy is regressive and unfair to the vast majority of taxpayers.

While the government has at times provided incentives to support pre-competitive research and development of nascent technologies, the EV market has evolved beyond this stage as automobile manufacturers continue to invest billions of dollars in EV technology. U.S. sales of EVs have increased more than eleven-fold between 2011 and 2018 with a 74.5 percent annual growth last year. Further tax subsidies are not needed or warranted.

Tax policy should maintain an equitable marketplace for all technologies and all consumers. We urge you to reject expanded electric vehicle subsidies that favor a small group of people.

Sincerely,

AFPM
American
Fuel & Petrochemical
Manufacturers

energy API

NACS

PMAA

SIGMA
AMERICA'S LEADING FUEL MARKETERS

About AFPM
The American Fuel & Petrochemical Manufacturers ("AFPM") is a national trade association whose members comprise virtually all U.S. refining and petrochemical manufacturing capacity. For more information, please contact Derrick Morgan, Senior Vice President, Federal and Regulatory Affairs at [redacted]@afpm.org, or [redacted].

About API
The American Petroleum Institute is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API's more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 45 million Americans. For more information, please contact Frank Macchiarola, Vice President, Downstream at [redacted]@api.org or [redacted]

About NACS
NACS is an international trade association representing the convenience store industry with more than 2,100 retailer and 1,750 supplier companies as members, the majority of whom are based in the United States. For more information, please contact Paige Anderson, Director of Government Relations, at [redacted]@convenience.org or [redacted].

About PMAA
PMAA is a federation of 47 state and regional trade associations representing 8,000 independent petroleum marketers nationwide. PMAA companies own 60,000 retail fuel outlets such as gas stations, convenience stores and truck stops. Additionally, these companies supply motor fuels to 40,000 independently owned retail outlets and heating oil to over eight million homes and businesses. PMAA members are engaged in the transport, storage and sale of petroleum products including gasoline, diesel fuels, kerosene, jet fuel, aviation gasoline, propane, racing fuel, lubricating oils, and home heating oil at both the wholesale and retail level. PMAA members are the primary conduit for bringing petroleum products from the terminal rack to retail locations and represent a vital and indispensable link in the nation's petroleum distribution chain. For more information, please contact Rob Underwood, President, at [redacted] or [redacted]@pmaa.org.

About SIGMA
SIGMA represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel. For more information, please contact Tim Columbus, SIGMA Counsel, [redacted]@steptoe.com or [redacted]

November 19, 2018

The Honorable Mitch McConnell
Majority Leader
United States Senate
U.S. Capitol Building, Room S-230
Washington, DC 20515

The Honorable Paul Ryan
Speaker of the House of Representatives
United States House of Representatives
U.S. Capitol Building, Room H-232
Washington, DC 20515

Dear Speaker Ryan and Leader McConnell:

We urge you not to extend or expand the federal tax credit for electric vehicles as part of tax extenders or any other bill during the rest of this session of Congress.

Thanks to your leadership, Congress delivered historic tax reform last year. It has helped boost the economy and is bringing tangible benefits to working Americans. That bill was premised on lowering rates in exchange for eliminating loopholes, deductions, and credits. Although the House-passed bill eliminated the federal tax credit for electric vehicles, the Senate-passed bill did not. Ultimately, the tax bill continued the current tax credit, which phases out per manufacturer after 200,000 units. That tax credit will lower revenue by approximately $7.5 billion through 2022, according to the Joint Committee on Taxation (JCT).[1]

We encourage the House and Senate to build on tax reform and not take a step backward by expanding the EV tax credit this Congress. Even if the new policy has a phase out year, once it is included as part of tax extenders, it is very likely to be renewed year-by-year.

The EV tax credit is particularly bad policy. It is a giant transfer to wealthy Americans. According to JCT, 78% of the individual filers for the credit make more than $100,000 per year and receive 83% of the credits.[2] Electric vehicles are, for the most part, expensive luxury or performance vehicles that only the wealthy can afford. While GM is close to it, only Tesla has hit the cap so far. Therefore, lifting the phase out cap would provide immediate benefits solely to a company that specializes in luxury and performance vehicles. (Tesla announced a $35,000 sticker price on its Model 3, but it has yet to build any vehicles at near that price.)[3] Tesla made a profit this quarter, and its CEO Elon Musk, a billionaire, said himself that the company does not need the tax credit to compete for customers, and its "competitive advantage improves as the incentives go away."[4]

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[1] See Congressional Research Service "In Focus: The Plug-In Electric Vehicle Tax Credit," IF 11017.
[2] Id.
[3] https://www.bloomberg.com/news/articles/2018-10-18/tesla-starts-taking-orders-for-shorter-range-model-3-at-45-000
[4] https://seekingalpha.com/article/4069065-elon-musk-begs-feds-please-end-teslas-tax-subsidy

Environmental benefit is a purported purpose for EV subsidies, but, globally, most EVs currently start their life with a greenhouse gas deficit. Over time they can make up for that gap, assuming the battery lasts long enough, and the car is driven far enough, two uncertain propositions. The gap may never be made up if the car is fueled with electricity generated from coal.

Car companies are busy investing billions in research and development of electric vehicles. Sales of EVs are increasing, and product offerings are growing. These vehicles should compete for customers without government choosing sides.

In summary, it is unwise public policy to subsidize a highly inefficient means of GHG reduction that primarily benefits the wealthy, driving up the deficit or forcing taxpayers to make up the difference.

We urge you instead to build on the historic tax reform bill and, at minimum, reject adding an EV tax credit to the extenders bill.

Sincerely,

AFPM
American
Fuel & Petrochemical
Manufacturers

energy API

NACS

PMAA

SIGMA
AMERICA'S LEADING FUEL MARKETERS

About AFPM
The American Fuel & Petrochemical Manufacturers ("AFPM") is a national trade association whose members comprise virtually all U.S. refining and petrochemical manufacturing capacity. For more information, please contact Derrick Morgan, Senior Vice President, Federal and Regulatory Affairs at [redacted]@afpm.org, or [redacted].

About API
The American Petroleum Institute is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API's more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 45 million Americans. For more information, please contact Frank Macchiarola, Group Director, Downstream at [redacted]@api.org or [redacted].

About NACS
NACS is an international trade association representing the convenience store industry with more than 2,100 retailer and 1,750 supplier companies as members, the majority of whom are based in the United States. For more information, please contact Paige Anderson, Director of Government Relations, at [redacted]@convenience.org or [redacted].

About PMAA
PMAA is a federation of 47 state and regional trade associations representing 8,000 independent petroleum marketers nationwide. PMAA companies own 60,000 retail fuel outlets such as gas stations, convenience stores and truck stops. Additionally, these companies supply motor fuels to 40,000 independently owned retail outlets and heating oil to over eight million homes and businesses. PMAA members are engaged in the transport, storage and sale of petroleum products including gasoline, diesel fuels, kerosene, jet fuel, aviation gasoline, propane, racing fuel, lubricating oils, and home heating oil at both the wholesale and retail level. PMAA members are the primary conduit for bringing petroleum products from the terminal rack to retail locations and represent a vital and indispensable link in the nation's petroleum distribution chain. For more information, please contact Rob Underwood, President, at [redacted] or [redacted]@omaa.org.

About SIGMA
SIGMA represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel. For more information, please contact Tim Columbus, SIGMA Counsel, [redacted]@steptoe.com or [redacted].

Testimony of Frank J. Macchiarola, Group Director, Downstream and Industry Operations, American Petroleum Institute

U.S. House of Representatives, Energy and Commerce Subcommittee on the Environment

May 8, 2018

Chairman Shimkus, Ranking Member Tonko and members of the Subcommittee, thank you for the opportunity to testify today. My name is Frank Macchiarola, and I am Group Director of Downstream and Industry Operations at the American Petroleum Institute (API). API is the national trade association representing all aspects of America's oil and natural gas industry. Our 620 corporate members - from large integrated oil and gas companies to small independent companies - comprise all segments of the industry. API member companies are producers, refiners, suppliers, retailers, pipeline operators and marine transporters as well as service and supply companies providing much of the nation's energy.

The subject of today's hearing "Sharing the Road: Policy Implications of Electric and Conventional Vehicles in the Years Ahead" is an important one as it raises policy questions that impact our nation's economic strength, energy security and environmental stewardship while also presenting core questions about mobility in our everyday lives.

A strong oil and gas industry is essential to the vitality of our U.S. transportation sector and to our nation's standard of living. More than 98% of vehicles on the road use oil and gas industry fuels, providing people the ability to conduct commerce, get to their jobs and go on vacations. And today, this is done with cleaner fuels that allow automobile manufacturers to build engines that reduce emissions. Furthermore, the energy renaissance in U.S. oil and gas development from unconventional shale resources has created greater energy security. And with Congress' leadership, the end to the crude oil export ban has also helped to favorably reshape America's energy security posture. Additionally, increased refining capacity has contributed to the United

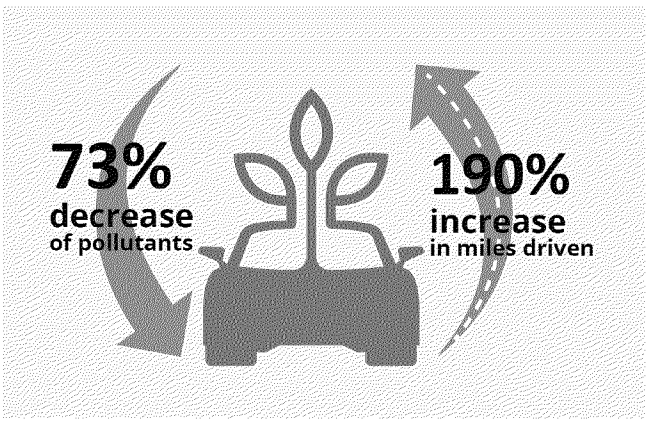
States becoming a net gasoline and diesel exporter.[1] This energy renaissance has driven economic growth in areas across the country. The oil and gas industry now supports approximately 10.3 million American jobs and nearly 8 percent of the U.S. economy.

Looking ahead, recent forecasts of long-term energy trends, such as those prepared by the U.S. Energy Information Administration[2], ExxonMobil[3] and BP[4] indicate that despite projections of strong growth in the electric vehicle fleet, liquid fuels consumption - principally driven by abundant supplies of petroleum and natural gas - will continue to be the primary transportation energy source through the next two decades.

In order to drive our nation's economic growth as well as ensure a stable and secure energy future, we must adopt transportation and energy policies based on free-market principles that allow market participants to operate and compete on a level playing field. API opposes mandates and subsidies, as they distort the free market and ultimately increase consumer costs. Energy policies should provide for consumer choice and allow the free market to determine the mix of required energy sources. Additionally, Americans and the nation's economy depend on reliable and affordable transportation fuels that are fully compatible with engines, motor vehicles, and the fuel distribution infrastructure.

The internal combustion engine is the backbone of the U.S. transportation system and significant, systemic changes would be extraordinarily complex and must be approached with substantial caution. The fuel supply chain annually distributes more than 140 billion gallons of gasoline and 60 billion gallons of diesel, jet fuel, and home heating oil from refinery gates to consumers at retail. This fuel infrastructure and the transportation sector are highly integrated as consumers purchase roughly 16.9 to 17.8 million new light-duty vehicles, annually in the U.S.[5] and sustain a total domestic fleet of approximately 250 million light-duty vehicles[6], which rely on petroleum fuel. Recent data shows that the average age of the vehicle fleet is increasing which suggests that Americans are maintaining their vehicles longer[7], underscoring the need to recognize the long-term implications of changes to transportation policy.

[1] https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTPEXUS2&f=A
[2] U.S. Energy Information Administration, *Annual Energy Outlook 2018*
[3] ExxonMobil, *2018 Outlook for Energy*
[4] BP, *BP Energy Outlook*
[5] *https://ihsmarkit.com/research-analysis/US-light-vehicle-sales-rise.html*
[6] U.S. Department of Transportation, Federal Highway Administration, *Highway Statistics 2016*, Table VM-1, December 2017
[7] IHS Automotive/R. L. Polk Annual Press Releases. Release *November 22, 2016*.



The environmental progress made in the refining of fuels and improvements in vehicles is undeniable. Cleaner fuels used in today's more efficient vehicles are helping reduce pollutants in tailpipe emissions. According to the EPA, overall new cars, trucks, SUVs and heavy-duty trucks and buses run about 99 percent cleaner than models produced in 1970. This progress has helped reduce U.S. air pollution by 73 percent between 1970 and 2016, even as vehicle miles traveled nearly tripled and the economy grew 253 percent.[8]

As policymakers consider ways to build on our nation's success in strengthening America's energy security, API encourages development and evaluation of transportation policy on a holistic basis in which vehicles, fuels and infrastructure are treated as an integrated system. Indeed, the use of a systems approach has guided API during our more than 75-years of collaboration with the automobile industry under the auspices of the Coordinating Research Council (CRC) in order to study challenges of mutual interest related to fuels, lubricants and the equipment in which they are used.

Renewable Fuel Standard

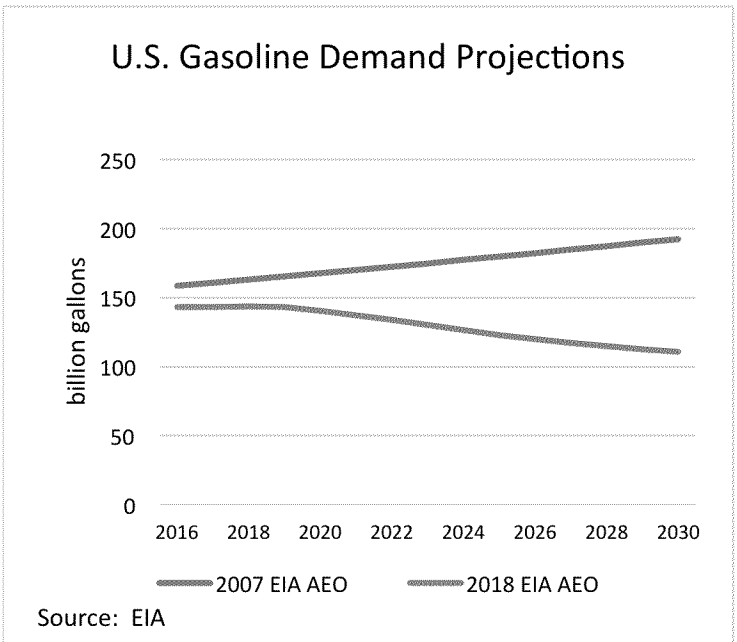
One policy that distorts free markets, conflicts with a holistic, integrated approach and places a burden on energy consumers is the Renewable Fuel Standard (RFS). To be clear, API believes the United States needs all sources of commercially viable energy, and renewable resources will remain part of our energy mix. However, the statutory requirements of the RFS program are unworkable and unattainable. API supports significant and comprehensive reform that includes a sunset of the RFS.

Our primary RFS concern is the ethanol blendwall, the point at which the mandated volume of ethanol exceeds the ability of the vehicle fleet and distribution infrastructure to use the fuel. The Energy Independence and Security Act of 2007[9] (EISA) set aggressive and aspirational targets for increasing renewable fuel consumption. As the mandate increases, the volume of ethanol required exceeds 10% of the gasoline market. Ethanol blended into gasoline at up to

[8] API State of American Energy 2018
[9] The Energy Independence and Security Act, Public Law 110-140 (2007).

10 volume percent is approved for usage in all light duty cars and trucks and fueling infrastructure. However, approximately 75% of the light-duty vehicles currently on the road are not certified or warranted for blends above 10%.[10]

The energy landscape has changed significantly in the years since the RFS was enacted. Over the past decade, marketplace and technological realities have developed in ways that render RFS policies outdated. At the time that the EISA legislation was enacted, the Department of Energy (DOE) was forecasting[11] an increasing growth in gasoline consumption and the volumes exceeded that which could absorb 15 billion gallons of ethanol blended as E10. However, the 2007 Annual Energy Outlook forecast substantially overestimated long-term gasoline consumption. According to the latest DOE forecast[12], gasoline consumption in 2018 will be 12% lower than 2007 projections, and by 2030 gasoline demand will be 42% lower than the projections made in 2007.



Source: EIA

In 2007, the DOE projections also showed that domestic oil supplies would be insufficient to meet the forecasted growth in demand and would result in increasing reliance on oil imports. As a result of technological advances, such as horizontal drilling and hydraulic fracturing, crude oil and natural gas resources are over 70% higher than projections made in 2007.[13]

It was further assumed in EISA that a technological breakthrough in the production of advanced and cellulosic biofuels would provide significant reductions in greenhouse gas emissions from biofuels. These fuels have not been produced in commercial volumes, and conventional ethanol and biodiesel remain the predominant biofuels used to meet the RFS mandate.

[10] http://www.edmunds.com/ownership/howto/articles/120189/article.html
[11] EIA 2007 Annual Energy Outlook.
[12] EIA 2018 Annual Energy Outlook
[13] API analysis of EIA data: DOE/EIA-0554(2007) released April 2008 and https://www.eia.gov/outlooks/aeo/assumptions/pdf/oilgas.pdf

Despite the outdated and invalid assumptions made at the inception of the program, the RFS continues to be administered in a manner that pushes the limits of the ethanol blendwall to maximize renewable fuel volumes in the transportation fuel supply. Because of incompatibility concerns with vehicle and distribution infrastructure, and a lack of consumer demand, higher ethanol blends like E15 and E85 are not solutions to the ethanol blendwall problem. NERA Economic Consulting analyzed the RFS in 2015[14] and determined that the RFS statutory targets are infeasible and, if implemented, would result in significant harm to the U.S. economy. Although the blendwall has been a binding constraint on the fuel supply system, severe negative economic consequences have been mostly averted in the short term by compliance flexibilities of the program. Namely, EPA has used its waiver authority on an annual basis. Additionally, on an aggregated basis, obligated parties accumulated carryover credits (RINs)[15] early in the program when required volumes were below the blendwall constraint. These compliance mechanisms serve to further the implementation of the RFS program, but more importantly they demonstrate that the program is unworkable and needs significant reform.

API appreciates the leadership of the Chairman and members of this Subcommittee in your approach to comprehensive fuels reform responsive to the concerns of market participants, especially the American consumer. In order to achieve the goals we have stated for an effective fuels policy, any comprehensive policy measure must include a sunset of the RFS program. Additionally, we believe that the prospect of a higher-octane gasoline is an idea worthy of additional study to analyze the potential costs and benefits to all market participants throughout the value chain, including the consuming public, as well as to our nation's energy security and environment.

Electric Vehicles

Some commentators refer to electric vehicles (EVs) as "zero-emission" vehicles. EVs may better be described as "emissions displacement" vehicles. The "zero-emission" classification fails to acknowledge the energy required in manufacturing the vehicle and battery systems, the energy sources used to generate the electricity required to charge the vehicle, and the environmental cost of battery disposal.

[14] NERA Economic Consulting; "Economic Impacts Resulting from Implementation of RFS2 Program"; July, 2015.

[15] Renewable Identification Numbers (RINs) are generated by biofuel producers and used by refiners and importers of transportation fuels to demonstrate compliance with the RFS program.

Electric vehicles show some promise in certain applications, and many forecasters expect market-driven growth in their production and use. While we support market-driven activity, API opposes government intervention in the markets to pick winners and losers because it creates an un-level playing field. Tax transfers from one sector should not be used to subsidize another, and tax policy should provide consistent treatment among industries. Subsidies such as federal and state income tax credits for the purchase of electric vehicles and tax credits for the installation of electric charging infrastructure distort free markets and are detrimental to taxpayers and the consuming public. In fact, electric vehicle incentive programs have had a "reverse Robin Hood" effect. According to a study done by University of California Berkeley faculty, clean energy "tax expenditures have gone predominantly to higher-income Americans… The most extreme is the program aimed at electric vehicles, where we find that the top income quintile has received about 90% of all credits."[16]

Ambitious federal and state emissions and fuel economy requirements are encouraging automobile manufacturers to produce EVs in greater numbers. Sales forecasts of battery electric vehicles in the United States vary widely, ranging from 10% to about 54% by 2040[17], up from approximately 1% of the market currently. The ultimate trajectory and level of market penetration achieved by electric vehicles should not rely on government interference in the free market. Rather, it should depend on continued (a) reductions in battery costs (which may require technology breakthroughs), (b) improvements in electric vehicle driving range, (c) expansion of the electric vehicle charging infrastructure and, ultimately consumer acceptance. The trajectory of EV adoption also depends, heavily, on the assumption that future improvements in EV technology will not be overtaken by unforeseen breakthroughs that may impact the relative energy and environmental performance of existing conventional automotive technologies.

We encourage the adoption of policies that strengthen our energy security, improve our standard of living and protect our environment. In creating transportation policy, Congress should acknowledge that consumers are purchasing vehicles today, and those vehicles are staying on the road longer[18] and going further on a gallon of fuel. New transportation policies that incentivize shifts in consumer behavior should be considered with caution as they may impose undue costs on consumers with diminishing environmental benefits and unintended

[16] "The Distributional Effects of U.S. Clean Energy Tax Credits," by Severin Borenstein (UC Berkeley), and Lucas W. Davis (UC Berkeley), National Bureau of Economic Research, Cambridge, Massachusetts, July 2015

[17] Bloomberg New Energy Finance, 6 July 2017, "Electric Vehicles to Accelerate to 54% If New Car Sales by 2040"

[18] IHS Automotive/R. L. Polk Annual Press Releases. Release *November 22, 2016*.

consequences. As noted earlier, a strong oil and gas industry is essential to the vitality of America's transportation sector and our standard of living. The oil and gas industry is committed to providing for our nation's essential energy needs in the years ahead and we look forward to working with Congress on solutions that support the American consumer and strengthen our nation's economy, environment and energy security.

I thank the Chairman, Ranking Member and members of the Subcommittee for the opportunity to testify today and I look forward to your questions.

energy API | AMERICAN PETROLEUM INSTITUTE
Minnesota & Wisconsin

Erin T. Roth
Executive Director

May 18, 2019

Stephanie Coker
Wisconsin Public Service Commission
P. O. Box 7854
Madison, WI 53707-7854
Docket No. 5-EI-156

Dear Ms. Coker,

The Minnesota/Wisconsin Petroleum Council is a state office for the American Petroleum Institute (API) based in Washington, D.C. API is the only trade association representing all facets of the oil and natural gas industry that supports 9.8 million U.S. jobs and 8 percent of the U.S. economy. API's more than 625 members include large integrated companies, as well as exploration, production, refining, marketing, pipeline operations, marine businesses, and services and supply firms. API would like to submit the following comments to some of the questions posed by the PSC.

Customer expectations regarding EVs in general, including availability of EVs and access to charging stations for EVs

1. Do barriers to Electric Vehicle adoption currently exist in Wisconsin? If so, what are those barriers?

   Studies have shown that consumers in general perceive the following as key barriers to Plug-In Electric Vehicle (PEV) adoption: (a) High upfront cost/price of PEVs relative to similar conventional vehicles powered by internal combustion engines (ICEV). A 2017 study by McKinsey & Co. showed that a PEV cost $12,000 more to produce than a comparable ICEV. (b) Insufficient PEV driving range leading to consumer "range anxiety," (c) Lack of a PEV recharging infrastructure. (d) Time required to recharge a PEV.

2. What, if any, are the current enablers of EV adoption in Wisconsin?

   Some parties promote PEVs on the basis that they are cleaner than ICE vehicles. This may be true if the comparison is limited to tailpipe emissions. However, the body of existing literature suggests that the environmental impacts of PEVs are at best uncertain when comparisons are made on a total lifecycle basis that includes the pollutants generated during the production of: (a) the propulsion system (i.e., the PEV battery) and (b) the electricity used to propel the vehicle over its lifetime. Regions with a higher fraction of electricity generated from coal have higher powerplant emissions. EIA data for 2018 indicate that 49% of the electric power generated in Wisconsin comes from coal which is more than 80% higher than the nationwide average.

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[redacted]

www.api.org

3. What information, if any, about EV charging should utilities provide to customers? What do customers need to know about being an EV customer?

Utility customer education programs regarding PEV charging are essentially marketing expenditures seeking to increase consumer demand for utility charging equipment which provides financial benefit to electric utility shareholders, and not their customers. These programs should be identified as such. Utilities should provide plain language to their customers which guarantees that their rates are not burdened by hidden subsidies intended to incentivize the purchase and/or operation of a PEV. Utility ratepayers who choose to not own and/or operate a PEV need to know that they are not being forced to pay more in electricity costs so that someone else can purchase and operate an expensive electric vehicle. Customers who use charging equipment supplied by a utility should know the true cost for production and distribution of the electricity, in addition to any separate costs related to the charging infrastructure provided. A free market approach treating all the same should be adopted by the State, rather than establishing an artificial incentive for this specific technology.

Customer expectations of electric utilities regarding EVs

4. Are there specific expectations an EV customer has of its utility provider? If so, what are those expectations?

5. Are you aware of any utility-sponsored programs that assist customers wanting to install EV charging infrastructure? The Commission is already aware of Madison Gas and Electric Company's EV-1 Home Electric Vehicle Charging Experimental Pilot Rider and EV-2 Electric Vehicle Public Charging Experimental Pilot Tariff. If you are aware of others, what are those programs? (Programs may be located outside of Wisconsin.)

6. What are some possible consumer protection or complaint issues for utilities regarding EV customers?

The owner or operator of a PEV who uses any public or privately-owned facility that offers electric recharging for sale could potentially lodge complaints similar to those of users of conventional gasoline service stations: e.g., failure to properly post or make available information on the fees and prices associated with the electricity being dispensed, complaints about the accuracy of the metering of the dispensed electricity, complaints about compliance with ADA requirements allowing ease of access for the disabled, etc.

Current policies and standards of electric utilities regarding EV infrastructure

7. Has your utility developed, or is looking to develop, any (pilot) programs related to charging infrastructure?

API is concerned that any charging station pilot demonstration programs will expand into an ongoing rate-base opportunity for electric utilities by allowing them to build charging stations in remote locations, resulting in unnecessary transmission and distribution infrastructure permanently embedded into their rate bases. The costs for building electric vehicle charging stations should not be paid for or subsidized by the government. Such infrastructure should be paid for by individual companies in the same way that gasoline stations and truck-stops operate now.

8. Has your utility developed, or is looking to develop, (pilot) tariff rates for customers that own an EV?

9. Has your utility developed, or is looking to develop, any internal guidelines or standards for connecting EV infrastructure to your system?

Ownership and operation of EV infrastructure and related issues, as applied to established electric utilities, possible public and private intermediaries or developers, and ultimately consumers

10. Should there be any limitations over who can own public charging infrastructure?

The state should adopt a free market approach to the ownership of electric vehicle charging infrastructure intended for public use. Utilities should not use rate base money to build public charging infrastructure as doing so would likely unfairly impede or eliminate the opportunity for others to compete in the marketplace. Individual companies cannot compete with a utility that can capitalize new infrastructure by increasing the rates for hundreds of thousands of customers.

11. How does ownership of public charging infrastructure influence public availability and access to charging stations, and the price of the electricity that is utilized?

Utilities should be prohibited from recovering costs from customers who do not own or use PEV charging equipment. This would include most Wisconsin utility ratepayers as there are currently only about 6,500 PEVs and over 5,321,000 gasoline, diesel and other light-duty vehicles registered in Wisconsin as of December 2017 according to the Alliance of Automobile Manufacturers. Utility rates that are charged to customers who do own or use PEV charging equipment should cover the true cost for production and distribution of the electricity, in addition to any costs related to PEV charging infrastructure. A free market approach treating all the same should be adopted by the State, rather than establishing an

artificial incentive for this specific technology.

12. What role should utilities have in deploying public charging infrastructure?

Utilities should be prohibited from using rate base funds to build public charging infrastructure. Such ownership should be limited to private, third party commercial entities that are allowed to compete in a free marketplace.

13. What cooperative activities exist for utilities and third party providers to develop public charging infrastructure? Utilities should work closely with third party owners/operators of public charging equipment/charging locations to provide for: (a) use of proper signage, (b) ease of access, (c) monitoring of equipment performance, (d) observance of industry and/or government regulatory safety and other performance standards that impact the facility operation.

14. What are some energy purchase arrangements that could exist between the utility, a third party provider, and the end-use consumer?

Financing and cost recovery of electric utilities EV capital investments

15. What are your cost recovery expectations regarding investments in EV infrastructure?

As noted in our answer to question #12, we do not support utilities being granted an increase in their rate base in order to install PEV charging infrastructure. Utilities should be prohibited from using ratepayer funds to make investments, provide grants or rebates, or obtain a guaranteed rate of return for providing any service or equipment on the consumer-side of the meter. The EV charging infrastructure is currently only used by a small fraction of drivers, many of whom are wealthy enough to afford these more expensive vehicles. To allow utilities to invest in EV charging infrastructure and to then recover the costs of those investments through charges to all their ratepayers will result in an unfair shifting of costs onto those who have not opted for this technology.

16. What options exist for financing EV charging stations?

API is concerned that utility ratepayers will incur additional cost without benefit, while owners and operators of PEV charging equipment will be artificially supported by incentives outside of a functioning market. Utilities should be prohibited from using ratepayer funds to make investments, provide grants or rebates, or obtain a guaranteed rate of return for providing any service or equipment on the consumer-side of the meter. It is unfair for the ratepayer who has not chosen a PEV to subsidize PEV charging equipment and any infrastructure that is used soley to support that infrastructure.

Rate design and service considerations of electric utilities EV tariffs

17. In what ways could utility customers be (financially) charged to (electrically) charge their EV at home?

18. In what ways could customers be (financially) charged to (electrically) charge their vehicle at utility-owned public charging stations?

19. In what ways could customers be (financially) charged to (electrically) charge their vehicle at third-party-owned public charging stations, if such ownership arrangement is permitted? Alternatively, does ownership of public charging stations necessarily make the owner a utility, why, or why not?

20. Is there a particular rate structure (e.g. time-of-use rates) you believe would encourage optimal EV charging? If so, what are the characteristics of that rate structure?

EV impacts on electric storage, distribution, transmission, and generation infrastructure

21. Do you track EV usage within your service territory, or within Wisconsin? If so, can you generally describe the load curve of that usage, as well as the location of the usage?

22. What are potential benefits and risks of increased charging infrastructure and EV adoption to the distribution and transmission systems?

A potential risk of increased charging infrastructure and PEV adoption would be the imposition of significant new and additional loads on those parts of the electric grid where it had not been otherwise planned for. Studies have suggested that today's power facilities can accommodate a significant increase in the number of PEVs only if they are charged off peak. Faster charging during peak demand, however, will indeed have an impact. In fact, peak demand from a single PEV using a top-of-the-range fast charger is 80 times higher than the expected peak demand of a single typical household and utilities must deal with how this will impact the existing grid.

23. What considerations should be given to vehicle-to-grid technology capabilities? In what ways could such capabilities impact load management?

EV impacts on intrastate and interstate competition given differing state regulations applied to electric infrastructure, and pricing and cost recovery

24. How should competition in the EV market, whether it be in regards to infrastructure or billing or EV components, be monitored and regulated? Feel free to comment on, for
example, market power dynamics, economies of scale or other supply-side factors, and public accessibility or other demand-side factors.

Competition in the EV market should be treated, from a government regulatory and

policy perspective, no differently than competition addressed in the commercial market for the sale of conventional motor vehicles and fuels. That is to say: government regulations and policies must be aimed at creating, maintaining, monitoring and enforcing a market that is free of actors exhibiting anti-competitive and fraudulent behavior.

25. How might EV regulations from surrounding states impact EV integration in Wisconsin?

Please respond to the following questions:

26. Of the question topics referenced above, please list your top two or three areas of interest that you or your organization believe may necessitate further direction or consideration from the Commission? Please provide a brief explanation for your choices.

27. Are there any topics that are not referenced that may necessitate further direction or consideration from the Commission? Please provide a brief explanation for your choices.

28. Briefly, please share any additional thoughts regarding the EV investigation that are not encompassed in your responses to the questions above.

When making policies that cover electric vehicles, Wisconsin should consider all of the environmental and economic consequences that come from that vehicle due to its raw materials, manufacture, use, and ultimate disposal. Recent studies suggest that the cost of ownership of a PEV representative of current technology is between 50% and 400% more expensive than a conventional vehicle equipped with an internal combustion engine (ICEV). Furthermore, the environmental consequences of owning and operating a PEV often fail to fully account for impacts generated over the entire lifecycle of the vehicle spanning from the extraction of raw materials, component assembly vehicle operation and ultimate disposal. Conventional vehicles powered by internal combustion engines have been and will continue to be the backbone of a U.S. transportation system supported by about 150,000 gasoline stations, 135 refineries, 212,000 miles of liquid petroleum pipelines, and 1,283 terminals that, taken as a whole, has achieved substantial improvements in air quality. As Wisconsin policymakers consider programs to incentivize PEV, they must recognize and account for the improvements in the efficiency and performance of these conventional vehicles and fuels that will continue to occur in the future.

Thank you for your consideration.

Sincerely,

Erin T Roth

Mr. Erin T. Roth

AFPM
American
Fuel & Petrochemical
Manufacturers

03/20/2019

Case No. 2019-0229: Request for Party Submissions

Below please find both the Missouri Petroleum Council's (MPC) a Division of the American Petroleum Institute and the American Fuel & Petrochemical Manufacturers comments regarding the PSC's request for party submissions regarding EV Charging Stations.

Missouri Public Service Commission (PSC):

Today's battery electric vehicles capture the public's imagination, as an exciting technology that is said to hold great promise. Despite this interest, the results produced by the substantial resources that many states have already allocated to the promotion of electric vehicles should serve as a cautionary tale: Judging by sales volumes, this technology has been relatively slow to be embraced by consumers. When making policies that cover electric vehicles, Missouri should consider all of the environmental and economic consequences that come from that vehicle due to its raw materials, manufacture, use, and ultimate disposal.

The energy policies of Missouri should provide for consumer choice and allow a free market to determine the mix of energy sources required to meet societal needs. Such policies should not include subsidies meant to accelerate the adoption of EVs and the charging infrastructure necessary to support such vehicle operation in Missouri, particularly through the use of rebates, utility rate increases, and other financial incentives. Nor should they include mandates or arbitrary targets (e.g., so many electric vehicles sold by such and such date). Rather, these policies should demonstrate an awareness of the time involved in making successful energy transitions at the societal level. For despite the assumptions that there will be millions of electric vehicles on the U.S. roads by 2025, it will likely be decades, not years, before we can determine the extent to which EVs provide a viable substitute for those vehicles powered by internal combustion engines in Missouri.

The EV charging infrastructure is currently only used by a small fraction of drivers. To allow utilities to invest in EV charging infrastructure and to then recover the costs of those investments through charges to all of their ratepayers will result in an unfair shifting of costs onto those who have not opted for this technology.

Additionally, there should be concern that any charging station pilot demonstration programs will expand into an ongoing rate-base opportunity for electric utilities by allowing them to build

charging stations in remote locations within a given territory, resulting in unnecessary transmission and distribution infrastructure permanently embedded into their rate bases. The costs for building electric vehicle charging stations should not be paid for by ratepayers. Such infrastructure should be paid for by individual companies in the same way that gasoline stations and truck-stops operate now.

API supports the adoption of policies that focus on the consumer, strengthen our energy security, improve our standard of living and protect our environment. Transportation policies should acknowledge that consumers are purchasing internal combustion engine vehicles today, and those vehicles are staying on the road longer and are going farther on a gallon of cleaner Tier 3 gasoline. Transportation policies that conflict with the will of the consumer and attempt to force changes in behavior should be considered with caution as they may impose undue costs on consumers and taxpayers with diminishing environmental benefits and unintended consequences.

Respectfully submitted,

/s/ Ryan C. Rowden
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/s/ Peter Barnes
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October 23, 2018

Submitted to: [redacted]@illinois.gov

Subject: Illinois Commerce Commission Initiates Notice of Inquiry to Evaluate Electric Vehicles

Today's battery electric vehicles capture the imagination, as an improving and exciting technology that is said to hold great promise. Despite this interest, the meager results produced by the substantial resources that many states have already allocated to the promotion of electric vehicles should serve as a cautionary tale: Judging by low sales volumes, this technology has been consistently ignored or rejected in the marketplace by the vast majority of your constituents and it largely serves the highest income earners. When making policies that cover electric vehicles, Illinois should consider all of the environmental and economic consequences that come from that vehicle due to its raw materials, manufacture, use, and ultimate disposal.

Consumers and taxpayers should not be forced to pay more in taxes, fees and/or electric utility rates so that someone else can purchase and operate an expensive electric vehicle. The energy policies of Illinois should provide for consumer choice and allow a free market to determine the mix of energy sources required to meet societal needs. Such policies should not include subsidies meant to accelerate the adoption of EVs and the charging infrastructure necessary to support such vehicle operation in Illinois, particularly through the use of tax credits, rebates, utility rate increases, and other financial incentives. Nor should they include mandates or arbitrary targets (e.g., so many electric vehicles sold by such and such date). Rather, these policies should demonstrate an awareness of the time involved in making successful energy transitions at the societal level. For despite the assumptions that there will be millions of electric vehicles on the U.S. roads by 2025, it will likely be decades, not years, before we can determine the extent to which EVs provide a viable substitute for those vehicles powered by internal combustion engines in Illinois.

The EV charging infrastructure is currently only used by a small fraction of drivers, many of whom are wealthy enough to afford these more expensive vehicles. To allow utilities to invest in EV charging infrastructure and to then recover the costs of those investments through charges to all of their ratepayers will result in an unfair shifting of costs onto those who have not opted for this technology. In a recent statement in Maryland where they are considering similar policies, the Maryland Energy Administration (MEA) stated[1] that:

> [L]ower-income households could be subsidizing upper-income households without receiving direct benefits, which presents a serious issue of equity for Maryland ratepayers. Public transfers for private use should be given very careful consideration by the Commission.

[1] Letter to Terry Romine, Executive Secretary PSC, from Ankush Nayar, Assistant AG, Maryland Energy Administration, "Second Set of MEA Comments for Case No. 9478 – In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio," August 31, 2018

> …If charging stations are rate-based, this would allow utility companies to greatly expand their market share at the expense of myriad private sector firms that are active in this space, resulting in contradictory outcomes from Petition objectives. Ultimately this approach could stifle sustainable and competitive growth in the sector…]

The concern raised in Maryland is readily applicable to Illinois. Additionally, we are concerned that any charging station pilot demonstration programs will expand into an ongoing rate-base opportunity for electric utilities by allowing them to build charging stations in remote locations, resulting in unnecessary transmission and distribution infrastructure permanently embedded into their rate bases. The costs for building electric vehicle charging stations should not be paid for by the government. Such infrastructure should be paid for by individual companies in the same way that gasoline stations and truck-stops operate now.

It is also critical to recognize that, "[t]oday's power facilities can accommodate tomorrow's significant rise in the number of EVs, as long as the vehicles are charged off peak. Faster charging during peak demand, however, will indeed have an impact. In fact, peak demand from a single EV using a top-of-the-range fast charger is 80 times higher than the expected peak demand of a single typical household."[2] How might this impact the existing grid?

Nine states have adopted the California zero emission vehicle (ZEV) mandate made possible through the exemption granted to California by the U.S. Clean Air Act. That mandate allowed the automobile manufacturers to focus early electric vehicle deployment in California and delay efforts in other ZEV states by applying a certain amount of ZEV credits for each automobile sale in California towards their quota in other states. This double-counting flexibility ended starting with model year 2018 (except for fuel cell vehicles), and this should provide incentive to the auto manufacturers to offer increasing numbers of electric vehicles for sale in ZEV states outside of California. While this flexibility was designed to give ZEV technology a helpful runway in California to ultimately gain commercial viability and consumer acceptance in other states, this has not happened. This should be a harbinger of the negative issues associated with government policies that attempt to override market forces and consumer choice.

California's actions are a classic example of a technology-forcing regulatory environment with a history of aspirational targets and failed outcomes, and a reminder that consumer preferences and demand should not be trivialized. The original California Low Emitting Vehicle rule adopted in the early 1990's required 10% EVs by 2003. This policy requirement significantly missed the mark. California had to adjust, modify and relax the program requirements several times (including a change to allow the certification of partial zero emission vehicles (PZEV). Yet today, after spending $449 Million on vehicle rebates alone[3], California ZEVs only account for

[2] McKinsey Quarterly - May 2018, "Three surprising resource implications from the rise of electric vehicles," Russell Hensley, Stefan Knupfer, and Dickon Pinner (emphasis added)

[3] Mitchel, Russ, LA Times, "Should California spend $3 billion to help people buy electric cars?", Aug 26, 2017, http://www.latimes.com/business/la-fi-hy-electric-vehicle-subsidies-20170828-htmlstory.html

4.8% of light-duty vehicle sales and about 1.2% of the cars on the road in the state.[4, 5] Significant subsidies are also offered by Massachusetts, Maryland, and New York in addition to the federal subsidy (up to $7,500), yet those states have only achieved ZEV sales of 1.3%, 1% and 1%, respectively.[6, 7]

Not only have electric vehicle tax credits failed to generate substantial increases in sales, they are demonstrably regressive in terms of consumer impact. According to a study by University of California Berkeley faculty, federal clean energy "tax expenditures have gone predominantly to higher-income Americans… The most extreme is the program aimed at electric vehicles, where we find that the top income quintile has received about 90% of all credits." Ironically, automobile manufacturers have asked for subsidies for the purchase of their battery-powered cars by those who can most afford them while making greater investments in the more lucrative non-EV market. For example, an automobile manufacturer has announced that it was discontinuing most of its North American car production in favor of trucks, SUV's and cross-overs. As you contemplate a policy to create subsidies for electric vehicles and seek to be a "leader" in this space, consider that other states have been chasing this aspirational goal for a longtime and yet they have not made any meaningful headway in advancing the EV marketplace. Further consider what other state services you may have to sacrifice. Schools, emergency response, road repairs, and public safety all compete for limited state funds. Electric vehicles are generally very expensive and subsidies to purchase them have gone mostly to higher-income Americans. Creating subsidies for higher-income Americans is not fair to everyone else. So which cuts do you recommend to increase payouts to mostly wealthy consumers who want to purchase EVs as a second or third car?

Regardless of existing subsidies and incentives, consumers still are not purchasing significant numbers of ZEVs. While the NOI suggests that EVs have high upfront costs but low maintenance costs, this approach does not recognize the total cost of ownership of the vehicle. According to recent studies, the cost of ownership of a battery electric vehicle (BEV) representative of current technology is between 50% and 400% more expensive than a conventional vehicle equipped with an internal combustion engine (ICEV).[8, 9] Further, though the cost is higher it doesn't account for the fact that "zero emission vehicles" are better described as "emissions displacement" vehicles. As data available on the DOE/EPA website[10], readily demonstrate, the CO2 emitted when generating and providing electricity to a battery electric vehicle is equivalent to 20-66% of that from a gasoline-fueled vehicle. (The range

[4] https://www.gov.ca.gov/2018/01/26/governor-brown-takes-action-to-increase-zero-emission-vehicles-fund-new-climate-investments/

[5] http://www.energy.ca.gov/almanac/transportation_data/summary.html

[6] Mitsubishi Outlander PHEV "Calculate your savings", https://www.mitsubishicars.com/outlander-phev/2018?cid=partner_web_link_zev_website_PHEV_MY18_prospecting_001#vehicle-hero-area

[7] Auto Alliance letters dated, May 31, 2018, to Governors Baker, Hogan and Cuomo

[8] A. Elgowainy, et al, Argonne National Laboratory, 2016, "Cradle-to-Grave Lifecycle Analysis of U.S. Light-Duty Vehicle-Fuel Pathways: A Greenhouse Gas Emissions and Economic Assessment of Current (2015) and Future (2025-2030) Technologies", https://greet.es.anl.gov/publication-c2g-2016-report

[9] John W. Brennan and Timothy E. Barder, Ph.D, "Battery Electric Vehicles vs. Internal Combustion Engine Vehicles," Arthur D. Little, 2016, http://www.ehcar.net/library/rapport/rapport201.pdf

[10] www.fueleconomy.gov

represents the difference between recharging an EV with electricity generated from clean fuels versus electricity generated primarily from coal.) These emissions do not count the energy required to build the vehicle and battery systems (above that needed for an internal combustion engine vehicle). A tremendous amount of energy is needed to manufacture an electric car battery and if a battery is made in China or Germany where coal is the primary fuel source for electricity generation, then the lifecycle CO2 emissions can be quite high. One study indicates that, you could need to drive a gasoline/diesel car for nearly 6 to 8 years (depending on where it's plugged in) before it released as much CO2 as the manufacturing process for a large kWh battery.[11,12] The CO2 emissions savings are therefore not nearly as consequential as is often portrayed. Finally, the environmental cost of battery disposal is frequently not accounted for. According to a recent article less than 3% of lithium-ion batteries in the world are recycled.[13] What will be done with the batteries used to power electric vehicles?

Consumers purchased nearly 17 million ICEVs. ICEVs are the backbone of the U.S. transportation system, that is supported by about 150,000 gasoline stations, 135 refineries, 212,000 miles of liquid petroleum pipelines, and 1,283 terminals[14] that supply the U.S. its transportation fuels. This fuel supply chain annually distributes more than 140 billion gallons of gasoline and 60 billion gallons of diesel, jet fuel and home heating oil from refinery gates to consumers. The fuel infrastructure and the transportation sectors are highly integrated as consumers purchase roughly 17 million new light-duty vehicles annually in the U.S.[15] and sustain a total domestic fleet of approximately 250 million light-duty vehicles[16], which rely on petroleum fuel. Recent data shows that the average age of the vehicle fleet is increasing, which suggests that Americans are maintaining their vehicles longer,[17,18] underscoring the need to recognize the long-term implications of changes to transportation systems.

U.S. refineries have made significant progress in upgrading their operations to produce cleaner fuels and meet federal and state fuel standards. Operational and capital expenditures are aimed at improving the performance of the oil and gas industries' products, facilities, and operations. Upgrades, costing billions of dollars, include environmental expenditures for activities to protect our air and water, to decrease waste, and meet federal and state regulations and specifications. For example, environmental expenditures[19] in the refining sector between 1990 and 2016 reached $166.1 billion.

It is also important to note the substantial air quality benefits that have occurred as a result of the investments in cleaner fuels that have enabled lower vehicle emissions. According to the EPA, new cars, trucks, SUVs and heavy-duty trucks and buses run about 99 percent cleaner than models produced in 1970. This progress has helped reduce U.S. air pollution by 73 percent

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[11] https://www.thegwpf.com/new-study-large-co2-emissions-from-batteries-of-electric-cars/#_blank

[12] The Life Cycle Energy Consumption and Greenhouse Gas Emissions from Lithium-Ion Batteries: A Study with Focus on Current Technology and Batteries for light-duty vehicles, by Mia Romare, Lisbeth Dahllöf, **ISBN** 978-91-88319-60-9, 2017

[13] http://www.latimes.com/business/technology/la-fi-lithium-ion-battery-recycling-20180316-story.html

[14] https://www.irs.gov/businesses/small-businesses-self-employed/terminal-control-number-tcn-terminal-locations-directory

[15] "17 million" is an estimate based on roughly 16.9 to 17.8 million new light-duty vehicles purchased annually in the U.S. https://ihsmarkit.com/research-analysis/US-light-vehicle-sales-rise.html

[16] U.S. Department of Transportation, Federal Highway Administration, Highway Statistics 2016, Table VM-1, December 2017

[17] EIA, Today in Energy, August 21, 2018, "U.S. households are holding on to their vehicles longer."

[18] IHS Automotive/R. L. Polk Annual Press Releases. Release November 22, 2016.

[19] http://www.api.org/~/media/Files/Publications/Environmental-Expenditures-2018.pdf

between 1970 and 2016, even as vehicle miles traveled nearly tripled and the economy grew by 253 percent.[20] Going forward, notable gains in air quality and fuel efficiency will continue as cleaner vehicles enabled by lower sulfur fuels penetrate the fleet, and with the introduction of new aerodynamic car designs, lighter vehicles constructed with new, safer materials, and increased engine efficiency. [21, 22, 23] For example, by 2025 ICEV efficiency could improve by 30%[24] and by 2050 "…the fuel economy of some of ICE vehicles could double…"[25]

API supports the adoption of policies that focus on the consumer, strengthen our energy security, improve our standard of living and protect our environment. Transportation policies should acknowledge that consumers are purchasing internal combustion engine vehicles today, and those vehicles are staying on the road longer[26] and are going farther on a gallon of cleaner Tier 3 gasoline. Transportation policies that conflict with the will of the consumer and attempt to force changes in behavior should be considered with caution as they may impose undue costs on consumers and taxpayers with diminishing environmental benefits and unintended consequences.

We encourage you to evaluate and prioritize the full range of automotive technologies and fuels available for cost-effectively meeting the states' energy and environmental objectives. While your state is considering the deployment and widespread adoption of "zero-emission" and near-zero emission vehicles and engines, we encourage you to examine whether allowing your citizens to choose their mode of transportation (such as using newer vehicles with today's clean fuels) offers equal or more beneficial approaches to achieving your state's energy and environmental goals.

If you have any questions or would like to further discuss these issues, please contact Jim Watson, _____.

Sincerely,

James R. Watson

…

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[20] US Environmental Protection Agency, "National Air Quality: Status and Trends of Key Air Pollutants" https://www.epa.gov/air-trends

[21] A. Elgowainy, , "Cradle-to-Grave…"

[22] Massachusetts Institute of Technology, "On the Road Toward 2050: Potential for Substantial Reduction in Light-Duty Vehicle Energy Use and Greenhouse Gas Emissions," 2015 http://web.mit.edu/sloan-auto-lab/research/beforeh2/files/On-the-Road-toward-2050.pdf

[23] US Environmental Protection Agency,2014, "Final Rule for Control of Air Pollution from Motor Vehicles: Tier 3 Motor Vehicle Emission and Fuel Standards," https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-control-air-pollution-motor-vehicles-tier-3

[24] A. Elgowainy, "Cradle to Grave…"

[25] Massachusetts Institute of Technology, "*Road Towards 2050:…"*

[26] IHS Automotive/R. L. Polk Annual Press Releases. Release *November 22, 2016*

[Comments Page 5]

Author:
Type: Link
Date: 12/30/1899 12:00:00 AM
Text: Read more about November 22, 2016

September 27, 2018

Terry J. Romine
Executive Secretary
Public Service Commission
William Donald Schaefer Building
6 St. Paul Street, 16th Floor
Baltimore, Maryland 21202

In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio -- Case No. 9478

Today's battery electric vehicles capture the imagination, as an improving and exciting technology that is said to hold great promise. Despite this interest, the meager results produced by the substantial resources that many states have already allocated to the promotion of electric vehicles should serve as a cautionary tale: Judging by low sales volumes, this technology has been consistently ignored or rejected in the marketplace by the vast majority of consumers and it largely serves the highest income earners. When making policies that incentivize the installation of electric vehicle supply equipment (EVSE), Maryland should consider all of the possible socio-economic inequalities that could result from such initiatives.

Consumers, ratepayers, and taxpayers should not be forced to pay more in taxes, fees and/or electric utility rates so that someone else can purchase and operate an expensive electric vehicle. The energy policies of Maryland should provide for consumer choice and allow a free market to determine the mix of energy sources required to meet societal needs. Such policies should not include subsidies meant to accelerate the adoption of EVs and the charging infrastructure necessary to support such vehicle operation in Maryland, particularly through the use of tax credits, utility rebates, increases in utility rates and other financial incentives. Rather, these policies should demonstrate an awareness of the time involved in making successful energy transitions at the societal level. Despite the goal that there will be 300,000 electric vehicles on the Maryland roads by 2025, it will likely be decades, not years, before we can determine the extent to which EVs provide a viable substitute for those vehicles powered by internal combustion engines in Maryland.

The EV charging infrastructure is currently only used by a small fraction of drivers, many of whom are wealthy enough to afford these more expensive vehicles and a home charging system. To allow utilities to invest in EV charging infrastructure and to then recover the costs of those investments through charges to all of their ratepayers will result in an unfair shifting of costs onto those who have not opted for this technology. Additionally, we are concerned that any charging-station pilot demonstration programs will expand into an ongoing rate-base opportunity

for electric utilities by allowing them to build charging stations in remote locations, resulting in unnecessary transmission and distribution infrastructure permanently embedded into their rate bases. The costs for building electric vehicle charging stations should not be paid for by the ratepayer. We share the concern stated in the Maryland Energy Administration (MEA) comments[1] that:

> [L]ower-income households could be subsidizing upper-income households without receiving direct benefits, which presents a serious issue of equity for Maryland ratepayers. Public transfers for private use should be given very careful consideration by the Commission.
>
> …If charging stations are rate-based, this would allow utility companies to greatly expand their market share at the expense of myriad private sector firms that are active in this space, resulting in contradictory outcomes from Petition objectives. Ultimately this approach could stifle sustainable and competitive growth in the sector, resulting in the negative outcome of decreased overall long-term growth in the [Electric Vehicle Supply Equipment] to detriment of the EV market throughout the state.

Further, the upfront cost of investments in EV recharging should be borne by the private market just as it does with other fueling infrastructure, and not be borne by people who may never own or operate an EV.

Maryland is one of nine states to have adopted the California zero emission vehicle (ZEV) mandate made possible through the exemption granted to California by the U.S. Clean Air Act. That mandate allowed the automobile manufacturers to focus early electric vehicle deployment in California and delay efforts in other ZEV states by applying a certain amount of ZEV credits for each automobile sale in California towards their quota in other states. This double-counting flexibility ended starting with model year 2018 (except for fuel cell vehicles), and this should provide incentive to the auto manufacturers to offer increasing numbers of electric vehicles for sale in ZEV states outside of California. While this flexibility was designed to give ZEV technology a helpful runway in California to ultimately gain commercial viability and consumer acceptance in other states, this has not happened.

Maryland's law provides motor vehicle excise tax credits for certain qualified plug–in electric drive vehicles and extended the credits from 2017 to 2020.[2] Despite these credits and the federal government EV subsidies, EVs only make up 0.3% of the state vehicle fleet.[3] Not only have electric vehicle tax credits failed to generate substantial increases in sales, they are demonstrably regressive in terms of consumer impact. According to a study by University of California

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[1] Letter to Terry Romine, Executive Secretary PSC, from Ankush Nayar, Assistant AG, Maryland Energy Administration, "Second Set of MEA Comments for Case No. 9478 – In the Matter of the Petition of the Electric Vehicle Work Group for Implementation of a Statewide Electric Vehicle Portfolio," August 31, 2018

[2] Maryland Code, Transportation § 13-815

[3] https://autoalliance.org/energy-environment/advanced-technology-vehicle-sales-dashboard/ and https://catalog.data.gov/dataset/mva-vehicle-registration-by-county-fy-2010-fy2015/resource/96cea465-4833-46ca-b6d0-c57f1f11aa2a

Berkeley faculty, federal clean energy "tax expenditures have gone predominantly to higher-income Americans… The most extreme is the program aimed at electric vehicles, where we find that the top income quintile has received about 90% of all credits."[4] A subsequent study of IRS "statistics of income" data, also found that over 90% of the federal income tax credits for EVs went to households with an adjusted gross income of over $50,000 with the majority going to households earning more than double the median income.[5] In essence, lower-income households are paying taxes that are being used to subsidize EV purchases by upper-income earners and are being asked to subsidize the infrastructure to charge that vehicle.

While the excise tax credits authorized under Maryland law and federal law are not discussed in the Petition, it is instructive to understand that these subsidies and incentives have not resulted in consumers purchasing significant numbers of ZEVs. The lack of consumer response may be due to the concern that, according to recent studies, the cost of ownership of a battery electric vehicle (BEV) representative of current technology is between 50% and 400% more expensive than a conventional vehicle equipped with an internal combustion engine (ICEV).[6, 7] Or it could be that the consumer understands that a ZEV may be better described as "emissions displacement" vehicles. As data available on the DOE/EPA website[8] readily demonstrate, the CO_2 emitted when generating and providing electricity to a battery electric vehicle is equivalent to 20-66% of that from a gasoline-fueled vehicle. These emissions do not count the energy required to build the vehicle and battery systems (above that needed for an internal combustion engine vehicle), or the environmental cost of battery disposal. According to a recent article less than 3% of lithium-ion batteries in the world are recycled.[9] What will be done with the batteries used to power electric vehicles? But more importantly, why should those who do not wish to buy an EV subsidize the fueling infrastructure for those same vehicles.

Consumers purchased nearly 17 million ICEVs. ICEVs are the backbone of the U.S. transportation system, that is supported by 150,000 gasoline stations, 141 refineries, 212,000 miles of liquid petroleum pipelines, and 1,283 terminals[10] that supply the U.S. its transportation fuels. This fuel supply chain annually distributes more than 140 billion gallons of gasoline and 60 billion gallons of diesel, jet fuel and home heating oil from refinery gates to consumers. Significantly, this supply chain, including the gasoline and diesel fueling stations, has been the result of private investment. The fuel infrastructure and the transportation sectors are highly integrated as consumers purchase roughly 17 million new light-duty vehicles annually in the

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[4] "The Distributional Effects of U.S. Clean Energy Tax Credits," by Severin Borenstein (UC Berkeley), and Lucas W. Davis (UC Berkeley), National Bureau of Economic Research, Cambridge, Massachusetts, July 2015

[5] "Pacific Research Institute 2018: Costly Subsidies for the Rich," https://www.pacificresearch.org/wp-content/uploads/2018/02/CarSubsidies_final_web.pdf

[6] A. Elgowainy, et al, Argonne National Laboratory, 2016, "Cradle-to-Grave Lifecycle Analysis of U.S. Light-Duty Vehicle-Fuel Pathways: A Greenhouse Gas Emissions and Economic Assessment of Current (2015) and Future (2025-2030) Technologies", https://greet.es.anl.gov/publication-c2g-2016-report

[7] John W. Brennan and Timothy E. Barder, Ph.D, "Battery Electric Vehicles vs. Internal Combustion Engine Vehicles," Arthur D. Little, 2016, http://www.ehcar.net/library/rapport/rapport201.pdf

[8] www.fueleconomy.gov

[9] http://www.latimes.com/business/technology/la-fi-lithium-ion-battery-recycling-20180316-story.html

[10] https://www.irs.gov/businesses/small-businesses-self-employed/terminal-control-number-tcn-terminal-locations-directory

U.S.[11] and sustain a total domestic fleet of approximately 250 million light-duty vehicles[12], which rely on petroleum fuel. Recent data shows that the average age of the vehicle fleet is increasing, which suggests that Americans are maintaining their vehicles longer,[13,14] underscoring the need to recognize the long-term implications of changes to transportation systems.

Refineries are not standing still. U.S. refineries are upgrading their operations to produce cleaner fuels and meet federal and state fuel standards. Operational and capital expenditures are aimed at improving the performance of the oil and gas industries' products, facilities, and operations. Upgrades, costing billions of dollars, include environmental expenditures for activities to protect our air and water, to decrease waste, and meet federal and state regulations and specifications. For example, environmental expenditures[15] in the refining sector between 1990 and 2016 reached $166.1 billion.

It is also important to note the substantial air quality benefits that have occurred as a result of the investments in cleaner fuels that have enabled lower vehicle emissions. According to the EPA, new cars, trucks, SUVs and heavy-duty trucks and buses run about 99 percent cleaner than models produced in 1970. This progress has helped reduce U.S. air pollution by 73 percent between 1970 and 2016, even as vehicle miles traveled nearly tripled and the economy grew by 253 percent.[16] Going forward, notable gains in air quality and fuel efficiency will continue as cleaner vehicles enabled by lower sulfur fuels penetrate the fleet, and with the introduction of new aerodynamic car designs, lighter vehicles constructed with new, safer materials, and increased engine efficiency. [17, 18, 19] For example, by 2025 ICEV efficiency could improve by 30%[20] and by 2050 "…the fuel economy of some of ICE vehicles could double…"[21]

API supports the adoption of policies that focus on the consumer, strengthen our energy security, improve our standard of living and protect our environment. Transportation policies should acknowledge that consumers are purchasing internal combustion engine vehicles today, and

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[11] "17 million" is an estimate based on roughly 16.9 to 17.8 million new light-duty vehicles purchased annually in the U.S. https://ihsmarkit.com/research-analysis/US-light-vehicle-sales-rise.html

[12] U.S. Department of Transportation, Federal Highway Administration, Highway Statistics 2016, Table VM-1, December 2017

[13] EIA, Today in Energy, August 21, 2018, "U.S. households are holding on to their vehicles longer."

[14] IHS Automotive/R. L. Polk Annual Press Releases. Release November 22, 2016.

[15] http://www.api.org/~/media/Files/Publications/Environmental-Expenditures-2018.pdf

[16] US Environmental Protection Agency, "National Air Quality: Status and Trends of Key Air Pollutants" https://www.epa.gov/air-trends

[17] A. Elgowainy, , "Cradle-to-Grave…"

[18] Massachusetts Institute of Technology, "On the Road Toward 2050: Potential for Substantial Reduction in Light-Duty Vehicle Energy Use and Greenhouse Gas Emissions," 2015 http://web.mit.edu/sloan-auto-lab/research/beforeh2/files/On-the-Road-toward-2050.pdf

[19] US Environmental Protection Agency,2014, "Final Rule for Control of Air Pollution from Motor Vehicles: Tier 3 Motor Vehicle Emission and Fuel Standards," https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-control-air-pollution-motor-vehicles-tier-3

[20] A. Elgowainy, "Cradle to Grave…"

[21] Massachusetts Institute of Technology, *"Road Towards 2050:…"*

those vehicles are staying on the road longer[22] and are going farther on a gallon of cleaner Tier 3 gasoline. Transportation policies that attempt to force changes in behavior through an inequitable distribution of rates onto the vast majority of Maryland motorists and those who take public transportation, who do not, and may never, choose to own and/or operate an electric vehicle should be considered with caution as they may impose undue costs on consumers and taxpayers with diminishing environmental benefits and unintended consequences.

There will be consumers for whom electric vehicles work well for their taste, their lifestyle, and their finances, and there will be consumers who will continue to prefer vehicles powered by the internal combustion engine and gasoline and diesel. But as you consider the Petition of the Electric Vehicle Work Group, the public policy should ensure an equitable footing for all technologies and all consumers. Public policy should not favor a small group of upper-income households who use EVs at the cost of the lower-income households. Instead, we encourage you to create a level playing field for all technologies and more importantly for all consumers in the state.

If you have any questions or would like to further discuss these issues, please contact Drew Cobbs at [redacted]@api.org or [redacted].

Sincerely,

(Signed electronically)

Drew Cobbs
Executive Director
Maryland Petroleum Council
60 West St # 403
Annapolis, MD 21401

[22] IHS Automotive/R. L. Polk Annual Press Releases. Release *November 22, 2016*

Document Withheld for Privilege

Date: Thursday, March 25 2021 12:24 PM
Subject: American Energy's Climate Action Framework
From: Mike Sommers
To: Jennifer Bulcao [redacted]
Attachments: image001.png

Dear [First Name],

Confronting the risks of climate change and building a lower-carbon future will require novel approaches, new partnerships, smart policies and continuous innovation. The U.S. natural gas and oil industry is committed to bold climate solutions, and our operators continue to drive widespread energy and environmental progress.

Today, the American Petroleum Institute (API) proudly unveiled a policy framework for meeting the world's long-term energy needs, while reducing greenhouse gas emissions at scale. Our industry's work to shape a cleaner energy future is not new, but we know that cross-sector collaboration can accelerate meaningful development toward addressing the risks of climate change.

API member companies have long delivered affordable, reliable and cleaner energy for everyday consumers. Given global population growth, future generations will require even more energy, and natural gas and oil are projected to supply nearly half of the world's demand for energy through 2040 and beyond.

This energy must be produced, transported and used in ways that align with our vision for a cleaner future – one with fewer greenhouse gas emissions.

API is focused on advancing a five-solution framework for climate action, including:

- **Accelerate Technology and Innovation** *to reduce emissions while meeting growing energy needs.*
- **Further Mitigate Emissions from Operations** *to speed additional environmental progress.*
- **Endorse a Carbon Price Policy** *to drive economy-wide, market-based solutions.*
- **Advance Cleaner Fuels** *to power lower-carbon choices for consumers*.
- **Drive Climate Reporting** *to provide consistency and transparency*.

For additional details, view the full framework *here*.

We share the global goal of economy-wide emissions reductions. This will require a combination of policymaking and private-sector initiatives. With an approach routed in technology and innovation, the U.S. can shrink our emissions profile while maintaining our global energy leadership.

As the 26th Conference of the Parties (COP 26) approaches and the U.S. determines its contribution to the Paris Agreement, API is sharing this policy framework with elected leaders and government officials at every level, journalists and experts to elevate the industry's investments and action in climate-focused conversations. The U.S. can – and must – advance economic recovery, energy security and climate solutions, and we can achieve progress on all fronts by working together to further modernize the natural gas and oil sector.

We look forward to working with government at every level to support America's hard-earned energy progress and develop the technologies to fight climate change. Let's do both.

All the best,
Mike

Mike Sommers
President and CEO
o: [redacted]
e: [redacted]
EA: JB Bulcao
o: [redacted]
e: [redacted]
200 Massachusetts Ave NW
Washington, DC 20001
www.api.org

Date:	Wednesday, June 22 2016 10:00 AM
Subject:	FYI: API Comments to CT DEEP - Comprehensive Energy Strategy
From:	Julia Godshaw
To:	Natural Gas Markets Subcommittee [redacted]
CC:	Amy Farrell [redacted]; Sari Fink [redacted]; Brett Barrus [redacted] >; Katie Ehly [redacted]; Marty Durbin [redacted];
Attachments:	API Comments to CT DEEP - Comprehensive Energy Strategy.pdf; image001.png

Good morning NGMS,
The API Market Development team submitted the attached comments to the Connecticut Department of Energy & Environmental Protection regarding the CT Comprehensive Energy Strategy last night.

Sincerely,
Julia Godshaw

Julia Godshaw
Executive Assistant, Market Development
American Petroleum Institute
1220 L Street NW, Washington, DC 20005
Redacted - Privacy Direct
[redacted]

Date: Monday, March 14 2016 01:06 PM

Subject: Reminder, Agenda and Review Request: API Redacted Call

From: Amy Farrell

To: Redacted

CC: Sari Fink [redacted]; Brett Barrus [redacted]; Julia Godshaw [redacted]>; Marty Durbin [redacted]>; Erica Bowman [redacted]>; Nicole Daigle [redacted]>; Erik Baptist [redacted]; Market Development Consultants [redacted]>;

Attachments: 03182016 Natural Gas Markets Subcommittee Agenda.doc; Proposed NARUC Panels_external updated 3_14.docx; Draft Outline of FERC Comments - Offer Cap NOPR 3_14_16.docx; LA LTC for NGMS.docx; NY PSC - API Comment DRAFT 3.11.16.docx; Natural Gas Markets Subcommittee.pdf; mdc committee.doc; UG-132019 - Notice of Workshop 3-28-16.pdf; UG-132019 Natural Gas Hedging Practices White Paper July 2015.pdf; MISO Planning Advisory Committee Agenda.pdf; Petition for Public Participation Office at FERC.pdf; MA DPU 16-05 - API Comment 3.10.16.pdf; MISO Modeling FYI for NGMS.docx

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Happy Monday Redacted

We look forward to our upcoming call, this Friday morning at 10:00 am EST Redacted - Privacy
If you have not gotten a calendar invite for the call, please let us know so we can make sure any remaining IT issues are resolved. As always, please let me know if there are any items you would like to add to the agenda.

In addition to the agenda, I've attached read-ahead material for Friday's call Redacted

Redacted

We look forward to talking to everyone on Friday morning.
Thanks,
Amy

Amy Farrell
Sr. Director, Market Development
American Petroleum Institute
[redacted](direct)
[redacted]

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American Petroleum Institute
[redacted]

********** END OF PAGE **********

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Bloomgren" [redacted]@api.org>, "Paul McKay [redacted]@ingaa.org)"
[redacted]@ingaa.org>, 'Jennifer O'Shea' [redacted]@aga.org>, [redacted]@ipaa.org'"
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From: Michael Tadeo
. ,
. Redacted .
—
Redactedj Megan B. Bloomgren [redacted]
To:
Redacted
Attachments: image001.png; image002.png; image004.png
Good Afternoori_ Redacted j,
i Redacted !
----------.
i Redacted !Below is our release, as well as a link to the release
i
and link to our twitter post on the subject.
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http://www.api.org/news-policy-and-issues/news/2018/02/06/api- nei-false-nuclear-narratives-bailouts-
subsidies
Link to my tweet (@mtadeo) where I was a bit more pointed:
Redacted
Original Tweet: https://twitter.com/mtadeo/status/9609662992 10977280
Link to API tweet:
Natural gas is critical to a reliable, resilient electric power system https://t.co/OVBYxBIGnn
https://t.co/7Nc7qLCvLE
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Redacted
Mike Tadeo
Michael Tadeo
Spokesman
American Petroleum Institute
1220 LStreet NW, Washington, DC 20005
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Subject: API: Natural gas is critical to a reliable, resilient electric power system
[redacted]l pressapi.org

API: Natural gas is critical to a reliable, resilient electric power system
WASHINGTON, February 6, 2018 —API released the following statement highlighting the positive impacts that natural gas brings to power generation and corrected the record following testimony by nuclear energy advocates at today's House Energy and Commerce Subcommittee hearing.

"Our nation's electric grid is as reliable as it has ever been as data during the recent cold snap indicates," said API Market Development Group Director Todd Snitchler. "Creating false narratives about unfounded reliability concerns and advocating for subsidies that benefit one fuel type over another only hurt efforts to improve the reliability and resilience of the electric grid.

"Further, competitive electricity markets are best suited to determine how to value individual fuel sources and their reliability characteristics and natural gas earned its share of the market. Bailing out and subsidizing one fuel type to the detriment of another is bad policy and even worse for consumers. Even NextEra Energy, a utility with multiple nuclear plants in its fleet, has recently stated that subsidies for nuclear power would distort the energy markets.

"Natural gas is critical to the reliability of our nation's electric power system. This affordable and abundant resource provides the flexibility needed to meet the ever-changing demands put on our power system and to incorporate increased amounts of renewable sources of power generation. As the resilience discussion continues, we look forward actively participating in the conversation to ensure that consumers across the country can keep receiving the benefits of clean, reliable, affordable, natural gas."

API is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API's more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 40 million Americans.

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From: Michael Tadeo [redacted]
To: Daphne Magnuson [redacted]@ngsa.org>, Jeff Eshelman
[redacted]@ipaa.org>, Catherine Landry [redacted]@ingaa.org>, "Megan B.
Bloomgren" [redacted]@api.org>, "Paul McKay [redacted]@ingaa.org)"
[redacted]@ingaa.org>, 'Jennifer O'Shea' [redacted]@aga.org>, [redacted]@ipaa.org'"
[redacted]@ipaa.org>, Hinson Peters [redacted]@ngsa.org>, Patricia Jagtiani
[redacted]@ngsa.org>, "Martin E. Edwards [redacted]@ingaa.org>
Subject: API responds to NEI's false narratives surrounding grid resilience
Thread-Topic: API responds to NEI's false narratives surrounding grid
resilience
Thread-Index: AdOfkbqDgO7aegJxQf+m4FZ6iLXpUQ==
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Subject: API responds to NEI's false narratives surrounding grid resilience
From: Michael Tadeo
. ,
. Redacted .
—
Redactedj Megan B. Bloomgren [redacted] >;
To:
Redacted
Attachments: image001.png; image002.png; image004.png
Good Afternoori_ Redacted j,
i Redacted !
----------.
i Redacted !Below is our release, as well as a link to the release
i
and link to our twitter post on the subject.
Link to release:
http://www.api.org/news-policy-and-issues/news/2018/02/06/api- nei-false-nuclear-narratives-bailouts-subsidies
Link to my tweet (@mtadeo) where I was a bit more pointed:
Redacted
Original Tweet: https://twitter.com/mtadeo/status/9609662992 10977280
Link to API tweet:
Natural gas is critical to a reliable, resilient electric power system https://t.co/OVBYxBIGnn https://t.co/7Nc7qLCvLE
Original Tweet: https://twitter.com/API News/status/960958908880838658
Redacted
Mike Tadeo
Michael Tadeo
Spokesman
American Petroleum Institute
1220 LStreet NW, Washington, DC 20005
[redacted] Phone
i Redacted - Privacy
L._
202-682-8114 Media Line
TadeoMPapi.org
Twitter: @mtadeo
POWER
PAST
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From: API Press
Sent: Tuesday, February 06, 2018 2:22 PM
To: API Press
Subject: API: Natural gas is critical to a reliable, resilient electric power system
[redacted] pressapi.org

API: Natural gas is critical to a reliable, resilient electric power system
WASHINGTON, February 6, 2018 —API released the following statement highlighting the positive impacts that natural gas brings to power generation and corrected the record following testimony by nuclear energy advocates at today's House Energy and Commerce Subcommittee hearing.

"Our nation's electric grid is as reliable as it has ever been as data during the recent cold snap indicates," said API Market Development Group Director Todd Snitchler. "Creating false narratives about unfounded reliability concerns and advocating for subsidies that benefit one fuel type over another only hurt efforts to improve the reliability and resilience of the electric grid.

"Further, competitive electricity markets are best suited to determine how to value individual fuel sources and their reliability characteristics and natural gas earned its share of the market. Bailing out and subsidizing one fuel type to the detriment of another is bad policy and even worse for consumers. Even NextEra Energy, a utility with multiple nuclear plants in its fleet, has recently stated that subsidies for nuclear power would distort the energy markets.

"Natural gas is critical to the reliability of our nation's electric power system. This affordable and abundant resource provides the flexibility needed to meet the ever-changing demands put on our power system and to incorporate increased amounts of renewable sources of power generation. As the resilience discussion continues, we look forward actively participating in the conversation to ensure that consumers across the country can keep receiving the benefits of clean, reliable, affordable, natural gas."

API is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API's more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 40 million Americans.

********** END OF PAGE **********

For Action

Attachment
API Board of
March 25, 2021

Directors

CLIMATE CHANGE PROPOSAL

Objective: Provide an overview of API's climate change proposal and plan for next steps on public engagement including with the Biden administration, Congress and the broader public.

Background: During the month of February, the API policy committees met at the direction of the API Executive Committee to enhance the industry's policies and initiatives on climate change. The purpose of this effort was two-fold. First to enhance our climate change advocacy with the Biden administration and Congress as the US seeks to establish a nationally determined contribution consistent with the Paris Agreement.

The proposal includes the following five points:

1. **Support a Carbon Price Policy** *to drive market-based solutions*
2. **Promote Technology and Innovation** *to reduce emissions while meeting energy needs*
3. **Mitigate Emissions from Operations** *to accelerate environmental progress*
4. **Advance Cleaner Fuels** *to provide lower carbon choices for consumers*
5. **Establish Comparable Climate Reporting** *to provide consistency and transparency*

1. Support a Carbon Price Policy

API proposes the following position on carbon pricing:

API supports well-designed, market-based, economy-wide carbon pricing as the most impactful government climate policy instrument to reduce CO2 emissions while helping keep energy affordable, instead of mandates or prescriptive regulatory action.

As policymakers consider various policies and approaches to address the risks of climate change, API will continue to engage based upon its climate principles and issue specific framework on carbon pricing (See Attachment 1) and work to integrate legislation that prices carbon across sectors and political jurisdictions while avoiding duplication.

2. Promote Technology and Innovation

API currently supports government funding of basic research toward the objective of reducing emissions, with a focus on technologies evaluated based on the potential for the largest scale and most economic GHG emissions abatement opportunity across the economy.

Based upon our industry's history and expertise we can help to further develop and promote the commercial promise of carbon capture, utilization and storage, and hydrogen technologies. **API proposes** to work with policymakers and other trade associations to:

- Fully appropriate funding for low carbon RD&D programs authorized in the Energy Act of 2020.
- Increase substantially Congress-appropriated funding for government research on a range of low or no carbon technologies, including capturing and storing carbon and production and supply of hydrogen, with formal assessment of funded technologies on the basis of potential for GHG abatement at the lowest cost.

- Implement federal policies consistent with the NPC study to substantially increase support for CCUS to achieve "at-scale phase" deployment.
- Implement policies to expand the infrastructure needed to secure a place for these low carbon technologies in the economy.

3. Mitigate Emissions from Operations

Flaring:

API proposes to advance to the second phase of its two-phased Flare Management Program under The Environmental Partnership to address associated gas flaring. This includes API analysis of existing/planned infrastructure and projected oil and natural gas production to better understand and ultimately inform the consideration of an associated gas flaring reduction target or goal.

API maintains that the regulation of flaring is best managed at the state level and we will continue to work with both state and federal agencies to address routine gas flaring and proceed with the development of an operational guidance document on flaring, based on the best practices identified by The Environmental Partnership.

API proposes to encourage members to individually commit to no routine flaring by a certain date (e.g., World Bank's Zero Routing Flaring Initiative by 2030), and promote the development of a common definition of routine flaring.

Methane: API currently supports cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect, and mitigate emissions.

API proposes to engage in a two-year aerial survey project, managed by The Environmental Partnership, supported by supplemental funding from interested member companies. To collect meaningful data as quickly as possible, the project is purposefully designed to be iterative. Each phase of the project, starting in the second quarter of 2021, will inform subsequent project design and data collection to advance EPA approval of the aerial survey technology to satisfy regulatory requirements. As part of this effort, API will also support investigation, testing, and advancement of additional detection technologies. These projects can help inform API's advocacy with the Biden administration as the EPA considers regulatory requirements to address emissions from existing sources and to continue to reduce methane emissions through voluntary collaborative industry efforts.

API proposes to engage proactively in the national debate regarding abandoned wells as a potential contributing factor to methane, by actively working with the Interstate Oil and Gas Compact Commission (IOGCC) to determine where opportunities exist for collaboration on state priorities associated with abandoned wells; to develop a stand-alone federal initiative that will provide federal grant money to meet the needs of the states while reducing potential environmental impacts from abandoned wells; and to participate as a thought partner with authors of federal initiatives focused on abandoned wells.

Refining: **API proposes** to establish a voluntary program for carbon emissions reductions available to all refineries to reduce GHG emissions. Further discussions are necessary to develop a meaningful program to incentivize and measure significant carbon emissions reductions. Such a program would identify a recommended target that is achievable and would result in meaningful GHG emissions reductions, along with a third-party reporting mechanism (i.e., Solomon or OGCI).

Additionally, **API proposes** to conduct forums to share information on topics such as refinery carbon emissions reduction efforts, and energy efficiency that protect company intellectual property and conform to API antitrust guidelines.

4. Advance Cleaner Fuels

Differentiated Natural Gas and LNG: API currently supports policies that expand the use of US natural gas in both domestic and global markets. As investors and large natural gas customers increasingly look to understand the emissions impact of their suppliers, there has been a rising interest in a standardized and transparent market for natural gas differentiated by its emissions intensity.

Differentiated, or "responsible" natural gas is becoming increasingly important to buyers in both domestic and international gas markets. **API proposes** supporting the ongoing development of markets for differentiated natural gas, recognizing the significance of these efforts in ensuring natural gas continues to be viewed as a major component of a lower carbon energy future. API will continue to seek opportunities to engage with entities in the process of developing these initiatives and will explore the possibility of leveraging the work of API Global Industry Services in establishing criteria and methodologies for certifying differentiated natural gas.

Electricity: In promoting the sustained role for natural gas in an increasingly carbon constrained electricity sector, API has current principles for evaluating—and potentially supporting—Clean Energy Standard (CES) proposals that are inclusive of natural gas. In recognition of API's newly proposed position in support of an economy-wide carbon pricing (outlined above), **API proposes** that its framework position on CES should be retained. API will make it clear that carbon pricing is the most impactful government policy instrument to reduce emissions. However, we will be prepared to engage on CES proposals consistent with our framework position.

Transportation Fuels: **API proposes** supporting technology neutral polices at the federal level that drive GHG emission reductions in the transportation sector using a holistic approach for fuels, vehicles and infrastructure systems.

More specifically, **this proposal** includes: 1) fuel standards, 2) vehicle standards based on a technology neutral, lifecycle approach for lower GHG emissions, 3) fuel/vehicle system optimization to improve efficiency and 4) supportive infrastructure measures.

Regarding fuel standards, **API proposes** supporting well-designed (technology neutral, lifecycle-based, and feasible) federal standard to reduce the carbon intensity of fuels.

API proposes engagement with EPA and renewable fuel stakeholders to develop strategies that eliminate the annual deadlock over RFS volume mandates, and result in a well-designed fuel standard for 2023 and beyond, either through regulation or legislation.

Regarding vehicle standards, **API proposes** support for the use of technology neutral fuel economy and GHG standards as an effective method to reduce the carbon impact of all transportation modes.

API proposes support for transitioning the standards from a tailpipe basis to a full lifecycle approach that encompasses both vehicles and fuels.

Finally, **API proposes** considering support for the adoption of a 95 RON octane standard for new vehicles to facilitate cost effective fuel economy improvements, as part of a holistic policy framework to reduce CO_2 emissions from transportation in conjunction with the fuel and vehicle standards mentioned above. API would not support a 95 RON standard on a stand-alone basis.

5. Establish Comparable Climate Reporting

API recognizes that policy makers, financial stakeholders and others seek to understand GHG emissions across the entire oil and natural gas value chain.

API proposes supporting industry sustainability reporting consistent with the *IPIECA-API-IOGP Sustainability Reporting Guidance* and promoting member efforts in this space.

API proposes supporting consistent climate-related financial risk and opportunity disclosures amongst the industry, including reporting consistent with or leveraging Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) frameworks. API will continue to monitor and seek to influence the further evolution of external reporting frameworks.

Next Steps: API will release a climate action framework outlining the above policy recommendations and new industry initiatives, including support for carbon pricing, accelerating technological advancements, emissions reductions, cleaner fuels and uniform GHG reporting, following approval by API's Board of Directors. API will highlight the industry's climate framework as building on the industry's climate progress to date and supporting the U.S. government's new contribution to the Paris Agreement.

Following Board approval, API will release the framework

Action: To approve the five-point climate change proposal and supporting advocacy plan.

Message

From: Kristin A. Westmoreland [redacted]
Sent: 3/9/2021 8:23:45 AM
To: Megan B. Bloomgren [redacted]; Frank Macchiarola [redacted]
Subject: RE: Draft climate

Thanks! I'll add this to both the EC and BOD pre-reads.

From: Megan B. Bloomgren [redacted]
Sent: Tuesday, March 9, 2021 8:05 AM
To: Frank Macchiarola [redacted]; Kristin A. Westmoreland [redacted]
Subject: RE: Draft climate

That makes sense to me - updated here.

Next Steps: API will release a climate action framework outlining the above policy recommendations and new industry initiatives, following approval by API's Board of Directors. API will highlight the industry's climate framework as building on the industry's climate progress to date and supporting the U.S. government's new contribution to the Paris Agreement.

Following Board approval, API will release the framework

From: Frank Macchiarola [redacted]
Sent: Tuesday, March 9, 2021 7:42 AM
To: Megan B. Bloomgren [redacted]; Kristin A. Westmoreland [redacted]
Subject: Re: Draft climate

Looks good. One edit – we should keep consistent w/ the titles of each category – but would not list here anyway as we have them throughout doc.

American Petroleum Institute

Frank J. Macchiarola
Senior Vice President
Policy, Economics & Regulatory Affairs

[redacted]

From: "Megan B. Bloomgren" [redacted]
Date: Tuesday, March 9, 2021 at 7:37 AM
To: Frank Macchiarola [redacted] "Kristin A. Westmoreland" [redacted]
Subject: RE: Draft climate

Here's

Next Steps: API will release a climate action framework outlining the above policy recommendations and new industry initiatives, ~~including support for carbon pricing, accelerating technological advancements, emissions reductions, cleaner fuels and uniform GHG reporting~~, following approval by API's Board of Directors. API will highlight the industry's climate framework as building on the industry's climate progress to date and supporting the U.S. government's new contribution to the Paris Agreement.
Communications Committee, our intent is to drive news cycles ahead of the Leaders' Climate Summit on Earth Day (April 22nd, 2021) and API has initiated significant outreach among Members of Congress, Administration officials and allies, business and labor leaders, environmental and conservation groups, think tanks, and
Following Board
approval, API will release the framework

From: Frank Macchiarola [redacted]
Sent: Monday, March 8, 2021 3:44 PM
To: Kristin A. Westmoreland [redacted]; Megan B. Bloomgren [redacted]
Subject: Re: Draft climate

I think so

API
American Petroleum Institute

Frank J. Macchiarola
Senior Vice President
Policy, Economics & Regulatory Affairs
[redacted]

From: "Kristin A. Westmoreland" [redacted]
Date: Monday, March 8, 2021 at 3:27 PM
To: Frank Macchiarola [redacted], "Megan B. Bloomgren" [redacted]
Subject: RE: Draft climate

Are y'all good with the following actions?

EC: To endorse the five-point climate change proposal and supporting advocacy plan.

BOD: To approve the five-point climate change proposal and supporting advocacy plan.

From: Frank Macchiarola [redacted]
Sent: Monday, March 8, 2021 3:01 PM
To: Megan B. Bloomgren [redacted]; Kristin A. Westmoreland [redacted]
Subject: Re: Draft climate

Meg, attached is similar language to the EC on climate plan

American Petroleum Institute

Frank J. Macchiarola
Senior Vice President
Policy, Economics & Regulatory Affairs
[redacted]

From: Frank Macchiarola [redacted]
Date: Monday, March 8, 2021 at 9:03 AM
To: "Megan B. Bloomgren" [redacted], "Kristin A. Westmoreland" [redacted]
Subject: Draft climate

Draft climate doc to board

American Petroleum Institute

Frank J. Macchiarola
Senior Vice President
Policy, Economics & Regulatory Affairs
[redacted]

American Petroleum Institute

Mike Sommers
President and CEO
API
[redacted]

March 10, 2021

API Executive Committee,

Enclosed please find background materials to facilitate your preparation for our upcoming Executive Committee (EC) meeting on Wednesday, March 24, 2021
We will meet from 1:00 p.m. until 3:00 p.m. CT. Attire is business.

API follows CDC guidelines regarding social distancing as well as federal and local regulations. Enclosed are health and safety protocols that we ask you to adhere to. While we look forward to meeting in-person, we are prepared to transition to a virtual meeting if necessary and will accommodate Committee Members that wish to participate virtually.

API management will present an advocacy plan for our framework for climate action

The agenda for this meeting also contains several matters that require the EC's attention, including:

- The election of a new EC member,
-
- A discussion on API's Diversity, Equity and Inclusion initiative, and
- The Center for Offshore Safety's annual business plan.

We will send additional materials for the Board of Directors Meeting in a separate mailing. Please let me know if you would like to discuss any of these materials in advance of the meeting.

All the best,

Mike

Mike

American Petroleum Institute

Health and Safety Protocols

As always, the health and safety of our members and staff is a top priority. As such, API and have established the following protocols for participation in the March 24, 2021 Executive Committee Meeting:

1. If you have been exposed to COVID-19 within 14 days of the meeting or have experienced flu-like symptoms or a fever within 5 days of the meeting, please stay home and participate virtually. If attending in person, please see the attached COVID-19 screening questionnaire.

2. Points of entry will be limited to allow for touch-free temperature checks via temperature monitors located at the front door. We recommend

3. Touchless sanitation stations have been placed throughout , including in all meeting rooms. API will also provide individual hand sanitizer.

4. The Executive Committee meeting will take place . The meeting room will be set to ensure social distancing.

5. Masks are required in all common areas of and during our meeting. Please maintain social distancing and sanitize/wash hands frequently.

6. Restrooms, elevator buttons, door handles and other high touch areas are sanitized every hour .

7. To minimize risk, we will not provide lunch. Individually wrapped snacks and beverages will be available.

8. AV equipment will be sanitized before use.

As of March 10, 2021

American Petroleum Institute

API Executive Committee Meeting
Self-Certification COVID-19 Screening Questionnaire

1. Have you had signs of fever, cough, sore throat, chills, or shortness of breath in the past 24 hours?

   Yes ____ No ____

2. Have you had contact with a person who is suspected to have or confirmed to have COVID-19 in the past 2 weeks?

   Yes ____ No ____

3. Have you been asked to self-isolate or quarantine by your doctor or a local public health official in the past 2 weeks?

   Yes ____ No ____

4. Have you had contact with any person with unexplained flulike symptoms in the past 2 weeks?

   Yes ____ No ____

If you have answered 'yes' to any of the above questions, please coordinate with JB Bulcao [redacted] to facilitate virtual participation at the March 24 meeting.

American Petroleum Institute

API Executive Committee & Board of Directors Meetings

2021

ALL TIMES CENTRAL

March 24 (Wed.)	Executive Committee In-Person Meeting	1:00 p.m. - 3:00 p.m.
March 25 (Thurs.)	Board of Directors Virtual Meeting	Zoom: 9:00 a.m. - 11:00 a.m.
June 8 (Tues.)	Executive Committee Dinner	
June 9 (Wed.)	Executive Committee Meeting	
October 14 (Thurs.)	Executive Committee Virtual Meeting	Zoom: 1:00 p.m. - 3:00 p.m.
November 7 - 8 (Sun. and Mon.)	Chairman's Reception and Dinner Annual Meeting Governance Meetings*	
December 7 (Tues.)	Executive Committee Virtual Meeting	Zoom: 1:00 p.m. - 2:00 p.m.

Board of Directors Reception and Dinner Executive Committee Meeting Board of Directors Meeting	
Executive Committee Dinner Executive Committee Meeting	
Executive Committee Meeting	Conference Call
Chairman's Reception and Dinner Annual Meeting Governance Meetings*	
Executive Committee Meeting	Conference Call

* Governance Meetings denotes meetings of the following API Committees: Executive Committee, Board of Directors, Climate, Communications, Downstream, General Membership, Labor Management, Midstream, Natural Gas Markets, PAC Board and Upstream.

American Petroleum Institute

API Executive Committee Meeting

Agenda

Wednesday, March 24, 2021

1:00 p.m. – 3:00 p.m. CT

1. **Call to Order and Antitrust**
   Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API

2. **Governance Items**
   Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API
   - Approval of the March 1, 2021 Executive Committee Meeting Minutes *(Attachment A)*
   - Election of a New Member to the Executive Committee *(Attachment B-1)*
   - Election of Board Level Committee Chairs *(Attachment B-2)*
   - API Gold Medal Award Nomination *(Attachment C)*

3. **Finance Committee Report** *(Attachments D and E)*
   Chairman, API Finance Committee

4. **President and CEO Report**
   Mike Sommers, President and CEO, API

5. **Climate Change Proposal and Advocacy Plan** *(Attachment F)*
   Megan Bloomgren, Senior Vice President, Communications, API
   Frank Macchiarola, Senior Vice President, Policy, Economics and Regulatory Affairs, API

6. *(Attachment G)*
   Megan Bloomgren, Senior Vice President, Communications, API
   Bill Koetzle, Senior Vice President, Government Affairs

7. **Communications Update:** *(Attachment H)*
   Megan Bloomgren, Senior Vice President, Communications, API

8. **Diversity, Equity and Inclusion Initiative** *(Attachment I)*
   Amanda Eversole, Executive Vice President and COO, API

9. **API Safety and Environmental Programs Report: Center for Offshore Safety** *(Attachment J)*
   Debra Phillips, Senior Vice President, Global Industry Services, API
   Russel Holmes, Director, Center for Offshore Safety

10. **Wrap-up**
    Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API

MINUTES OF THE EXECUTIVE COMMITTEE MEETING
AMERICAN PETROLEUM INSTITUTE

Monday, March 1, 2021
5:00 p.m. – 6:00 p.m. ET
Video Conference Call

The Executive Committee (EC) met with the following members:

Greg Garland, Chairman and Chief Executive Officer of Phillips 66 & Chairman of the API Board

Mike Sommers, President and Chief Executive Officer of API

Absent:

Staff in Attendance:

Amanda Eversole, Executive Vice President and Chief Operating Officer
Paul G. Afonso, Senior Vice President, Chief Legal Officer and Corporate Secretary
Megan Bloomgren, Senior Vice President, Communications
Bill Koetzle, Senior Vice President, Government Relations
Frank Macchiarola, Senior Vice President, Policy, Economics and Regulatory Affairs

1. **Welcoming Remarks**
   Greg Garland, API Chairman of the Board, called the meeting to order and reminded the Committee of its anti-trust obligations.

2. **Governance Items**
   Mr. Garland called for the approval of the minutes from the February 3, 2021, meeting. The minutes were approved. Mr. Garland informed the Committee that nomination will be formally considered at the March 24 meeting. Mr. Garland motioned that the Executive Committee, acting as the Nominating Committee, formally consider the following candidates to serve on the API Board of Directors:

The Committee approved these nominations. The API Board will consider approval of their nominations at the March 25, 2021 meeting.

3. **President and CEO Report**

Mike Sommers, President and CEO, provided an update on API's Climate Change Proposals based on a series of discussions with API policy committees. The elements of the plan include:

1) Support a Carbon Price Policy
2) Promote Technology and Innovation
3) Mitigate Emissions from Operations
4) Advance Cleaner Fuels
5) Establish Comparable Climate Reporting

Mr. Sommers turned the discussion over to Frank Macchiarola, Senior Vice President, Policy, Economics and Regulatory Affairs for further discussion. API staff will prepare an update to be discussed with the Executive Committee on March 24 and the API Board on March 25, 2021.

4. **Adjourn**

There being no further business, the meeting adjourned at 6:00 p.m.

Respectfully submitted,

Paul G. Afonso
Senior Vice President, Chief Legal Officer
and Corporate Secretary

For Action

Attachment B-1
API Executive Committee
March 24, 2021

ELECTION OF A NEW MEMBER TO THE API EXECUTIVE COMMITTEE

Objective: The Executive Committee to endorse the election of to the API Executive Committee (EC), effective March 25, 2021.

Discussion: has served on API's Board of Directors since 2017. also actively participates in civic and industry groups including sitting on the boards of

Action: The EC to endorse the election of effective March 25, 2021. The API Board will formally consider election to the EC at the March 25, 2021 meeting.

For Action

Attachment B-2
API Executive Committee
March 24, 2021

NOMINATION OF BOARD LEVEL COMMITTEE CHAIRS

Objective: Endorse the nomination of
as the Midstream Policy Committee Chair effective April 1, 2021 and
as the Climate Committee Chair effective after June 1, 2021.

Discussion: API management recommends to be nominated as the Midstream Policy Committee Chair. The current chair, , and will assume position within API also recommends to be nominated as the Climate Committee Chair to take over upon transition of the current chair, has been an active member of the Committee since its inception in March 2020.

Action: Endorse the nomination of as the Midstream Policy Committee Chair effective April 1, 2021 and as the Climate Committee Chair effective after June 1, 2021.

For Action

Attachment C
API Executive Committee
March 24, 2021

2021 API GOLD MEDAL AWARD NOMINATIONS REQUEST

Objective: Call for nominations for the 2021 API Gold Medal for Distinguished Achievement.

Background: The API Board of Directors created the Gold Medal for Distinguished Achievement in September 1946. In September 2009, the API Executive Committee (EC) broadened the criteria for Gold Medal Award recipients as follows:

> *The API Gold Medal annual award is to recognize individuals who have made substantial contributions of particular and outstanding benefit to the oil and natural gas industry which have enabled the industry to better serve the public welfare. Such contributions may include enhancing industry's ability to collaborate with the government to address matters of national concern, fostering development of comprehensive and economically viable energy policies, promoting the interests of the industry in all its branches, promoting the mutual improvement of industry members, or advancing developments in the arts and sciences connected with the oil and natural gas industry.*

The EC serves as the Committee on Awards and may elect to award more than one person, or it may elect not to grant the award if the required criteria are not met. Recipients must be present at the API Annual Meeting in order to receive the award.

We will also present Gary Heminger the 2020 API Gold Medal at the API Annual Meeting this November.

A ballot for voting will be created and sent to you after the nominations are finalized. The recipient(s) will be announced at the June EC meeting. Attached is a list of past API Gold Medal Recipients **(Attachment C-1)**.

Action: Please send your 2021 API Gold Medal for Distinguished Achievement nomination(s) via the attached form **(Attachment C-2)** to Kristin Westmoreland by close of business Friday, April 22, 2021.

Recipients

of

The Gold Medal for Distinguished Achievement

(Gold Medal not Awarded Every Year)

1946	Henry Ford	**1988**	Rawleigh Warner, Jr.
1947	William M. Burton	**1989**	Maurice F. Granville
1948	Charles F. Kettering	**1990**	John F. Bookout
1949	J. Howard Pew	**1991**	Fred L. Hartley
1950	Walter C. Teagle		C. C. Garvin, Jr.
1951	Ernest O. Thompson	**1992**	Richard M. Morrow
1953	Otto D. Donnell	**1993**	George M. Keller
1954	Wallace E. Pratt	**1994**	Collis P. Chandler, Jr.
1956	J. Frank Drake	**1995**	C. J. (Pete) Silas
1957	Warren K. Lewis	**1996**	Constantine S. Nicandros
1958	W. S. S. Rodgers	**1997**	Allen E. Murray
1960	Eugene Holman	**1998**	Richard J. Stegemeier
1965	M. J. Rathbone	**1999**	Robert L. Parker, Sr.
1966	A. C. Rubel	**2000**	Kenneth T. Derr
1967	A. Jacobsen	**2001**	H. Leighton Steward
1968	R. Swin Follis	**2002**	Michel T. Halbouty
1969	Hugo A. Anderson	**2003**	Roy M. Huffington
	J. Ed Warren	**2005**	James W. Kinnear
1971	Michael L. Haider	**2006**	Lee R. Raymond
1972	Leonard F. McCollum	**2007**	James C. Day
1973	Albert L. Nickeron	**2008**	James Justiss, Jr.
1974	Jake L. Hamon	**2009**	Ray L. Hunt
1975	Robert G. Dunlop	**2010**	David J. O'Reilly
1977	James C. Donnell, II	**2011**	Claiborne Deming
1979	Frank N. Ikard	**2012**	James J. Mulva
1980	Charles E. Spahr	**2013**	James T. Hackett
1981	Dean A. McGee	**2014**	Clarence P. Cazalot
1982	George R. Brown	**2015**	J. Larry Nichols
1983	John E. Swearingen	**2016**	Stephen I. Chazen
1984	Jerry McAfee	**2017**	David J. Lesar
1985	H. A. (Dave) True, Jr.	**2018**	Rex W. Tillerson
1986	Robert O. Anderson	**2019**	John Watson
1987	M. A. Wright	**2020**	Gary Heminger*

** Will be presented at the 2021 API Annual Meeting*

For Action

Attachment C-2
API Executive Committee
March 24, 2021

NOMINATION FORM

To: API Committee on Awards

Subject: Candidate Nomination Form
2021 API Gold Medal for Distinguished Achievement

Please send your 2021 API Gold Medal for Distinguished Achievement nomination(s) to Kristin Westmoreland (email [redacted] prior to the close of business on Friday, April 22, 2021. Should you have any questions, do not hesitate to call [redacted].

I recommend the following candidate(s) be considered by the Committee on Awards for the 2021 API Gold Medal for Distinguished Achievement:

_____

_____

_____

_____ I do not have a recommendation for 2021.

The following comments are offered in support of the above recommendation:

_____

_____

_____

_____

_____

_____

_____

_____

Submitted by: _____ Date: _____

For Information

Attachment D
API Executive Committee
March 24, 2021

API FINANCE COMMITTEE REPORT

API Finance Committee

Objective: Provide an update on the 2020 unaudited financial statements and the annual audit.

Discussion:

2020 Year-End Results

The unaudited financial statements for the year ending December 31, 2020 shows that API's from 2020 general operations is . This is than the forecasted presented to the Finance Committee in September 2020. The over forecast is primarily the result of an

Including the impact of the retirement plans and other non-cash activities (i.e. depreciation expense and lease standard adjustments) the total

Annual Audit

At the December 29, 2020 meeting, the Finance Committee unanimously approved API's recommendation to replace RSM USA LLP and engage CliftonLarsonAllen (CLA) for API's 2020 fiscal audits.

CLA will meet with the Finance Committee on March 23, 2021 to finalize the audit process. The completed audit report will be presented to the Finance Committee in June and the results will be reported to the Executive Committee in June and the API Board of Directors in November.

API Membership

API management continues to monitor the impact of the economic environment, industry developments and a changed political landscape on API's membership retention and recruitment efforts. Despite ongoing challenges to the industry, we feel the overall health of the membership remains strong.

API membership currently stands at members. This is consistent with 2020 year-end numbers and includes a balance of additions and resignations, with fluctuations primarily in the General Membership.

Action: None. For information only.

For Action

Attachment E
API Executive Committee
March 24, 2021

RETIREMENT PROGRAM

Objective: API is recommending a retirement program "soft freeze." For employees who are younger than 45 and have less than 10 years of service this means amending the retirement plans to replace future accruals in its defined benefit plan with enhanced contributions in the defined contribution plan. Employees who are age 45 and older with 10 or more years of service will be "grandfathered" into the current program and will not be eligible for enhanced contributions.

Background: At the request of the Finance and Executive Committees, API conducted a thorough review of its Retirement Program. The review focused on "doing the right thing" regarding member resources, employee benefit perceived and real value and job market competitiveness for both current and future API staff. API considered several options and in September 2020, reported its findings to the Finance Committee with recommendations for program changes. The Committee endorsed those recommendations and approved presenting them to the Executive Committee.

Current Retirement Program: API's current program includes a defined benefit Retirement Income Plan (Pension Plan) based on the years of service and final average pay, and a Defined Contribution Plan (401(k) Plan) with an up to 5% match on employee contributions.

This structure was modeled on the retirement benefit programs of API's integrated members. However, API's trade association, not-for-profit peers and businesses in general, have moved away from offering pension plans towards an expanded 401(k) plan approach. Nationally, less than 8% of organizations offer employees a pension plan.

In addition, pension plans are no longer viewed to be an attractive benefit for the younger workforce (Gen Z, Gen Y, Millennials) who prefer the more easily understood and portable 401(k) plan. 85% of API's workforce falls into that younger group.

Recommendation: API recommends that, effective July 1, 2021, we transition to the following program:

1. **All new employees and current employees who are under 45 and have less than 10 years of service move to a full 401(k) approach which includes:**

    - The current matching contribution – which encourages staff to take ownership of their financial future; and,
    - A new age-based employer funded annual contribution that retains API's competitive benefits and rewards both longevity and experience.
        - **3% - under 35 years old**
        - **4% - 35 to 49 years old**
        - **5% - 50 years old +**
    - Current employees will maintain any pension plan benefits accrued as of June 30,2021. There will be no additional accruals.

2. **Employees who are 45 years or older with 10 or more years of service as of December 31, 2022, will be "grandfathered."** There are currently 70 employees in this group. They will:

    - Remain in the current pension program and continue to accrue benefits; and,
    - Remain eligible for the matching 401(k) contribution.
    - Grandfathered employees will not be eligible for the new age-based contribution.

Program Costs: The proposed program:

- Reduces costs by $1.2M in 2022 with cost savings increasing to approximately $3.4MM in annual savings in 2032.
- Provides a smooth and respectful transition for those are closer to retirement.
- Offers a benefit that is attractive and competitive to current and future staff.

Action: To approve the recommended API Retirement Program changes as outlined above and detailed in the resolution (**Attachment E-1**).

RESOLUTIONS OF THE

EXECUTIVE COMMITTEE

OF THE BOARD OF DIRECTORS OF THE

AMERICAN PETROLEUM INSTITUTE

WHEREAS, the American Petroleum Institute ("API") sponsors the American Petroleum Institute Retirement Income Plan ("Retirement Income Plan") and the American Petroleum Institute 401(k) Defined Contribution Plan ("401(k) Plan");

WHEREAS, pursuant to Section 11.01 of the Retirement Income Plan, API, acting in a settlor capacity, has the right to amend that plan at any time and from time to time;

WHEREAS, pursuant to Section 19.1 of the 401(k) Plan, API, acting in a settlor capacity, has the right to amend that plan at any time and from time to time;

WHEREAS, the Executive Committee ("Executive Committee") of the Board of Directors of API has reviewed the Retirement Program report, which is attached to these resolutions, and considered the discussion of these issues as presented to the Executive Committee on March 25, 2021[, and the corresponding recommendations of the API Finance Committee ("Finance Committee"); and

WHEREAS, the Executive Committee finds it desirable and in the best interest of API to make certain amendments to the Retirement Income Plan and the 401(k) Plan as described in the presentation, as recommended by the Finance Committee, and as further described in these resolutions.

NOW, THEREFORE, BE IT RESOLVED, that effective as of July 1, 2021 ("Effective Date"), the Retirement Income Plan be amended to achieve the following:

- Freeze Participation: No employee shall be eligible to become a participant in the Retirement Income Plan on or after the Effective Date. Current participants shall remain participants in the Retirement Income Plan until their accrued benefits are fully distributed or forfeited in accordance with the plan's provisions.

- Benefit Freeze for Participants Other than Grandfathered Participants:

    - Participants in the Retirement Income Plan who are age 45 or older *and* also have at least 10 years of benefit service as of December 31, 2022, shall be "Grandfathered Participants." All other participants in the plan shall be "Non-Grandfathered Participants."

    - Non-Grandfathered Participants shall: (i) not earn benefit service after the Effective Date; (ii) continue to earn vesting service after the Effective Date, (iii) not have their compensation paid after the Effective Date considered in determining their final average compensation; and (iv) generally have their benefit be calculated as of the Effective Date, except as otherwise provided under the plan or required by law. In accordance with Section 411(d)(6) of the Internal Revenue Code of 1986, as amended, in no event, shall the accrued benefit of any such participants be decreased.

- Grandfathered Participants shall (i) continue to earn benefit service after the Effective Date in accordance with the terms of the plan; (ii) have compensation paid to them after the Effective Date be considered in determining their final average compensation; and (iii) generally have their benefit be calculated as the date of such calculation, except as otherwise provided under the plan.

RESOLVED, FURTHER, that effective as of the Effective Date, the 401(k) Plan be amended to achieve the following:

- Enhanced Non-Elective Employer Contribution: For participants in the 401(k) Plan who are Non-Grandfathered Participants under the Retirement Income Plan, the 401(k) Plan shall provide for an age-based non-elective employer contribution of participant's base pay per plan year of 3% for employees under age 35, 4% for employees age 35 to 49 and 5% for employees 50 or older.

RESOLVED, FURTHER, that any actions taken pursuant to the foregoing resolutions are subject to (i) any required approval by the Internal Revenue Service, Department of Labor or any government agency having jurisdiction in such matters, (ii) any restrictions of applicable laws and regulations, and (iii) the requirement that it does not affect the continued qualification of the Retirement Income Plan or the 401(k) Plan under Code §401(a) or the tax-exempt status of any related trust under Code §501.

RESOLVED, FURTHER, that that Chairperson of the Executive Committee of API and the Executive Vice President and Chief Operating Officer of API ("Authorized Persons") be and hereby are authorized to take (or, to the extent previously taken, to ratify) any of the following actions:

- To execute or have executed plan amendments and such other documents as, in the judgment of the Authorized Persons, purpose may be necessary or appropriate to implement or otherwise carry out the intent and of the foregoing resolutions;

- As required or, as in the judgment of the Authorized Persons may be appropriate, to provide notice or make application for approval of the actions authorized by the foregoing resolutions to the Department of the Treasury, including the Internal Revenue Service, the Department of Labor or such other governmental agency as may have jurisdiction over such matters;

- To make any changes to such above-authorized actions as may be required by any such governmental agency pursuant to applicable law or regulations;

- As required or, as in the judgment of the Authorized Persons may be appropriate, to provide notice of these changes to participants and beneficiaries in the Retirement Income Plan and the 401(k) Plan, and to advise the fiduciaries of those plans of the changes so that the fiduciaries can determine what communications or other actions may be necessary to implement the changes; and

- To take any actions as, in the judgment of the Authorized Persons, may be necessary or appropriate to implement or otherwise carry out the intent and purpose of the foregoing resolutions.

For Action

Attachment F
API Executive Committee
March 24, 2021

CLIMATE CHANGE PROPOSAL

Objective: To endorse API's climate change proposal and advocacy plan for next steps on public engagement including with the Biden administration, Congress and the broader public.

Background: During the month of February, the API policy committees met at the direction of the API Executive Committee to enhance the industry's policies and initiatives on climate change. The purpose of this effort was two-fold. First to strengthen our climate change advocacy with the Biden administration and Congress as the U.S. seeks to establish a nationally determined contribution consistent with the Paris Agreement.

The proposal includes the following five points:

1. **Endorse Carbon Pricing** *to drive economy-wide, market-based solutions.*
2. **Accelerate Technology & Innovation** *to reduce emissions while meeting growing energy needs.*
3. **Further Mitigate Emissions from Operations** *to deliver environmental progress.*
4. **Advance Cleaner Fuels** *to provide lower-carbon choices for consumers.*
5. **Drive Climate Reporting** *to support consistency and transparency.*

1. Endorse Carbon Pricing

API proposes the following position on carbon pricing:

API supports well-designed, market-based, economy-wide carbon pricing as the most impactful government climate policy instrument to reduce CO_2 emissions while helping keep energy affordable, instead of mandates or prescriptive regulatory action.

As policymakers consider various policies and approaches to address the risks of climate change, API will continue to engage based upon its climate principles and issue specific framework on carbon pricing (**Attachment F-1**) and work to integrate legislation that prices carbon across sectors and political jurisdictions while avoiding duplication.

2. Accelerate Technology & Innovation

API currently supports government funding of basic research toward the objective of reducing emissions, with a focus on technologies evaluated based on the potential for the largest scale and most economic GHG emissions abatement opportunity across the economy.

Based upon our industry's history and expertise we can help to further develop and promote the commercial promise of carbon capture, utilization and storage, and hydrogen technologies. **API proposes** to work with policymakers and other trade associations to:

- Fully appropriate funding for low carbon RD&D programs authorized in the Energy Act of 2020.
- Increase substantially Congress-appropriated funding for government research on a range of low or no carbon technologies, including capturing and storing carbon and production and supply of hydrogen, with formal assessment of funded technologies on the basis of potential for GHG abatement at the lowest cost.

- Implement federal policies consistent with the NPC study to substantially increase support for CCUS to achieve "at-scale phase" deployment.
- Implement policies to expand the infrastructure needed to secure a place for these low carbon technologies in the economy.

3. Further Mitigate Emissions from Operations

Flaring:

API proposes to advance to the second phase of its two-phase Flare Management Program under The Environmental Partnership to address associated gas flaring. This includes API analysis of existing/planned infrastructure and projected oil and natural gas production to better understand and ultimately inform the consideration of an associated gas flaring reduction target or goal.

API maintains that the regulation of flaring is best managed at the state level, and we will continue to work with both state and federal agencies to address routine gas flaring and proceed with the development of an operational guidance document on flaring, based on the best practices identified by The Environmental Partnership.

API proposes to encourage members to individually commit to no routine flaring by a certain date (e.g., World Bank's Zero Routing Flaring Initiative by 2030), and promote the development of a common definition of routine flaring.

Methane: API currently supports cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect, and mitigate emissions.

API proposes to engage in a two-year aerial survey project, managed by The Environmental Partnership, supported by supplemental funding from interested member companies. To collect meaningful data as quickly as possible, the project is purposefully designed to be iterative. Each phase of the project, starting in the second quarter of 2021, will inform subsequent project design and data collection to advance EPA approval of the aerial survey technology to satisfy regulatory requirements. As part of this effort, API will also support investigation, testing, and advancement of additional detection technologies. These projects can help inform API's advocacy with the Biden administration as the EPA considers regulatory requirements to address emissions from existing sources and to continue to reduce methane emissions through voluntary collaborative industry efforts.

API proposes to engage proactively in the national debate regarding abandoned wells as a potential contributing factor to methane, by actively working with the Interstate Oil and Gas Compact Commission (IOGCC) to determine where opportunities exist for collaboration on state priorities associated with abandoned wells; to develop a stand-alone federal initiative that will provide federal grant money to meet the needs of the states while reducing potential environmental impacts from abandoned wells; and to participate as a thought partner with authors of federal initiatives focused on abandoned wells.

Refining: **API proposes** to establish a voluntary program for carbon emissions reductions available to all refineries to reduce GHG emissions. Further discussions are necessary to develop a meaningful program to incentivize and measure significant carbon emissions reductions. Such a program would identify a recommended target that is achievable and would result in meaningful GHG emissions reductions, along with a third-party reporting mechanism (i.e., Solomon or OGCI).

Additionally, **API proposes** to conduct forums to share information on topics such as refinery carbon emissions reduction efforts, and energy efficiency that protect company intellectual property and conform to API antitrust guidelines.

4. Advance Cleaner Fuels

Differentiated Natural Gas and LNG: API currently supports policies that expand the use of U.S. natural gas in both domestic and global markets. As investors and large natural gas customers increasingly look to understand the emissions impact of their suppliers, there has been a rising interest in a standardized and transparent market for natural gas differentiated by its emissions intensity.

Differentiated, or "responsible" natural gas is becoming increasingly important to buyers in both domestic and international gas markets. **API proposes** supporting the ongoing development of markets for differentiated natural gas, recognizing the significance of these efforts in ensuring natural gas continues to be viewed as a major component of a lower carbon energy future. API will continue to seek opportunities to engage with entities in the process of developing these initiatives and will explore the possibility of leveraging the work of API Global Industry Services in establishing criteria and methodologies for certifying differentiated natural gas.

Electricity: In promoting the sustained role for natural gas in an increasingly carbon constrained electricity sector, API has current principles for evaluating—and potentially supporting—Clean Energy Standard (CES) proposals that are inclusive of natural gas. In recognition of API's newly proposed position in support of an economy-wide carbon pricing (outlined above), **API proposes** that its framework position on CES should be retained. API will make it clear that carbon pricing is the most impactful government policy instrument to reduce emissions. However, we will be prepared to engage on CES proposals consistent with our framework position.

Transportation Fuels: **API proposes** supporting technology neutral polices at the federal level that drive GHG emission reductions in the transportation sector using a holistic approach for fuels, vehicles and infrastructure systems.

More specifically, **this proposal** includes: 1) fuel standards, 2) vehicle standards based on a technology neutral, lifecycle approach for lower GHG emissions, 3) fuel/vehicle system optimization to improve efficiency and 4) supportive infrastructure measures.

Regarding fuel standards, **API proposes** supporting well-designed (technology neutral, lifecycle-based, and feasible) federal standard to reduce the carbon intensity of fuels.

API proposes engagement with EPA and renewable fuel stakeholders to develop strategies that eliminate the annual deadlock over RFS volume mandates, and result in a well-designed fuel standard for 2023 and beyond, either through regulation or legislation.

Regarding vehicle standards, **API proposes** support for the use of technology neutral fuel economy and GHG standards as an effective method to reduce the carbon impact of all transportation modes.

API proposes support for transitioning the standards from a tailpipe basis to a full lifecycle approach that encompasses both vehicles and fuels.

Finally, **API proposes** considering support for the adoption of a 95 RON octane standard for new vehicles to facilitate cost effective fuel economy improvements, as part of a holistic policy framework to reduce CO_2 emissions from transportation in conjunction with the fuel and vehicle standards mentioned above. API would not support a 95 RON standard on a stand-alone basis.

5. Drive Climate Reporting

API recognizes that policy makers, financial stakeholders and others seek to understand GHG emissions across the entire oil and natural gas value chain.

API proposes supporting industry sustainability reporting consistent with the *IPIECA-API-IOGP Sustainability Reporting Guidance* and promoting member efforts in this space.

API proposes supporting consistent climate-related financial risk and opportunity disclosures amongst the industry, including reporting consistent with or leveraging Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) frameworks. API will continue to monitor and seek to influence the further evolution of external reporting frameworks.

For more information on API's existing Climate-Related Reporting Initiative see **Attachment F-2**.

Next Steps: API will release a climate action framework outlining the above policy recommendations and new industry initiatives, following approval by API's Board of Directors. API will highlight the industry's climate framework as building on the industry's climate progress to date and supporting the U.S. government's new contribution to the Paris Agreement.

. Following Board approval, API will release the framework

Action: To endorse the five-point climate change proposal and supporting advocacy plan.

Status:	Approved by Executive Committee in October 2019 and Board in November 2019

CARBON PRICING

Government policies to price the carbon intensity of economic activities to correspond with the externality associated with their GHG emissions; includes policies to calculate the social cost of carbon.

This document does not represent an endorsed API advocacy position; API will use the following principles to evaluate government policy proposals.

Issue-Specific Framework of API Policy Principles on Carbon Pricing

API expects continued efforts by policy makers to price carbon as a way to reduce GHG emissions. Any government policies to price carbon should include complementary policies that support significant investments in innovation to develop technologies that lower the cost of GHG emissions abatement across the economy. API will engage policy makers so that the design of a potential approach would price carbon at the outset for all relevant GHG emissions from all relevant sectors and account accurately for the benefits, costs and amounts of GHG emissions, according the following principles:

- Goal – The goal of policies to put a price on carbon should be to achieve GHG emissions reductions at the least cost to society, in order to meet the dual challenge of continued economic growth while addressing the risks of climate change.
- Scope of Coverage – Policies to put a price on carbon should be based on carbon-equivalent emissions only on a GWP100 basis and should cover the widest scope of GHG emissions US economy-wide as practically and economically achievable, including all emitters.
- Policy Duplication and Interoperability – If a price on carbon is introduced, it should minimize the burden of duplicative regulations: by *-either-* preempting other duplicative programs to reduce GHG emissions *-or-* being interoperable with these other policies, such that there is minimal duplication of the price on carbon that consumers or emitters pay.
- Setting the Ambition and Trajectory – API advocates that policy construct should be phased in over time and that, ultimately, the carbon price should not exceed the marginal cost of carbon emissions or the cost caused by an additional ton of carbon emitted into the atmosphere. [1]

[1] If a carbon pricing government policy uses the Social Cost of Carbon (SCC) to set a boundary on either a carbon price or a cap on emissions, it should adhere to the following criteria:

- Determined through a Notice and Comment Process.
- Based on transparent analyses (models, assumptions and inputs) that are subject to peer review.
- Calculated with discount rates of 3% and 7%, consistent with OMB Circular A-4.
- Based on a time horizon consistent with those most widely-used in integrated assessment models
- Account for US benefits as a share of global benefits.

- Rate or Cap Adjustments – The price on carbon or emissions cap should be adjusted periodically through a defined, rational, and transparent process to meet GHG emissions targets. Periodic rate adjustment should provide certainty for the economy and maintain the integrity of the carbon pricing policy.

- Uniform Treatment – A policy to put a price on carbon should ensure uniform cost of GHG emissions on a CO_2 equivalent basis throughout the economy.

- Transparency for Consumers – The carbon pricing system should be designed so that consumers have transparent incentives, based on actual GHG emissions if possible, to reduce GHG emissions efficiently. With respect to transportation fuels, a government policy-imposed carbon price should be disclosed at the point of retail sale.

- Baseline – As applicable, the point in time reference or baseline against which future targets for reducing GHG emissions are determined in the design of a policy to put a price on carbon should be 2005. This is already the baseline for which US economy-wide policy action has been determined in global climate negotiations.

- Credits –

  a. Accounting for net emissions. Credit should be provided for substances priced where GHG emissions are captured or sequestered downstream of the point where the price on carbon is assessed, such as for fossil fuels used as feedstocks in manufacturing activities where the carbon is permanently stored.

  b. Participation of parties. Allow any parties to generate emission reduction credits and participate in the carbon pricing program to incentivize broad participation.

  c. Credits. Allow for the trading of credits and their use in compliance.

  d. Early action. Provide credit for early and/or voluntary actions.

  e. Credit for other regulatory compliance. As applicable, credit should be granted for compliance with other non-climate related regulations that produce a corollary benefit of reducing GHG emissions.

- Global Carbon Markets – As applicable, allow for international trading in carbon mitigation through interoperability with other carbon pricing regimes outside the US.

- Avoidance of Carbon Leakage – A policy regime to put a price on carbon should include a WTO-compliant mechanism to prevent the movement, or "leakage," of industry or trade from the US that may create economic competitive disadvantages – and to prevent the offshoring or outsourcing of GHG emissions that would negate overall global GHG emissions reductions. A policy to put a price on carbon should be globally integrated so that US entities have the incentive to reduce their carbon footprint on a worldwide basis without being competitively disadvantaged.

For Information

Attachment F-2
API Executive Committee
March 24, 2021

CLIMATE-RELATED REPORTING INITIATIVE

Objective: Provide the API Executive Committee (EC) with a status report on Phase II of the API Climate-related Reporting Initiative (the Reporting Initiative).

Background: The purpose of the Reporting Initiative is to broaden support for the oil and natural gas industry and build a strategic relationship with the financial services industry by providing relevant information to enhance consistency and comparability in climate-related reporting. At its November 9, 2020 meeting, the EC endorsed moving to Phase II to consult with selected financial sector stakeholders to seek their input on the API Draft Template for Standardizing GHG Emissions Reporting (API Draft Template). In November 2020, the EC directed that Scope 3 GHG emissions indicators be removed from the API Draft Template for potential consideration at a later time.

Next Steps: For Phase II consultation, the Climate Committee has identified a *primary* set of members of the financial services industry

For Phase II consultation, the Climate Committee has endorsed the API Draft Template (**Attachment F-2i**).

Consultation with these primary stakeholders is intended to begin in April 2021 and continue into the summer 2020 after proxy season. In late summer or fall 2021 Phase II consultation will broaden to a *secondary* set of stakeholders with outreach to the Sustainability Accounting Standards Board (SASB) and the SASB Investor Advisory Group as well as a relevant third party such as an academic influential that understands the industry's broad scope and value.

Action: None. For information only.

API Draft Template for standardizing GHG emissions reporting

1. General

1.1	Date published:	
1.2	IPCC AR GWP:	*AR4*
1.3	Basis:	*Equity*

No.	Indicator	Units	2020	2021
2. Direct GHG Emissions (Scope 1)				
2.1	**Direct GHG Emissions (Scope 1) - All GHGs**	(million metric tons CO_2e)	-	
2.1.1	**Upstream - All GHGs**	(million metric tons CO_2e)		
2.1.1.1	CH_4	(million metric tons CO_2e)		
2.1.2	**Midstream - All GHGs**	(million metric tons CO_2e)		
2.1.2.1	CH_4	(million metric tons CO_2e)		
2.1.3	**Downstream - All GHGs**	(million metric tons CO_2e)		
2.1.4	**LNG - All GHGs**	(million metric tons CO_2e)		
2.1.5	**Oil and Natural Gas Field Services - All GHGs**	(million metric tons CO_2e)		
2.1.5.1	CH_4	(million metric tons CO_2e)		
2.2	***Flaring - All GHGs (subset of Direct Emissions - Scope 1)***	(million metric tons CO_2e)		
2.2.1.1	Volume of Flares	(mmcf)		
3. Indirect GHG Emissions from Imported Energy (Scope 2)				
3.1	**Indirect GHG Emissions from Imported Electricity + Heat + Steam + Cooling (Scope 2, *Market-based)***		-	-
3.1.1	**Upstream - All GHGs**	(million metric tons CO_2e)		
3.1.2	**Midstream - All GHGs**	(million metric tons CO_2e)		
3.1.3	**Downstream - All GHGs**	(million metric tons CO_2e)		
3.1.4	**LNG - All GHGs**	(million metric tons CO_2e)		
3.1.5	**Oil and Natural Gas Field Services - All GHGs**	(million metric tons CO_2e)		
4. GHG Mitigation				
4.1	**GHG Mitigation from CCUS, Credits, and Offsets**		-	-
4.1.1	**Carbon Capture Utilization or Storage (CCUS for Direct Emissions - Scope 1) - All GHGs**	(million metric tons CO_2e)		
4.1.2	**Renewable Energy Credits - (RECs for Indirect Emissions - Scope 2) - All GHGs**	(million metric tons CO_2e)		
4.1.3	**Offsets (Total) - All GHGs**	(million metric tons CO_2e)		
5. Intensity - Direct GHG Emissions (Scope 1)				
6.1	**Scope 1 Upstream Carbon Intensity**	*[ratio - options on tab 1a]*		
6.2	**Scope 1 Upstream Methane Intensity**	*[ratio - options on tab 1a]*		
6.3	**Scope 1 Upstream Flaring Intensity**	*[ratio - options on tab 1a]*		
6.4	**Scope 1 Midstream Methane Intensity**	*[ratio - options on tab 1a]*		
6.5	**Scope 1 Downstream Carbon Intensity**	*[ratio - options on tab 1a]*		
6.6	**Scope 1 LNG Carbon Intensity**	*[ratio - options on tab 1a]*		
6. Third-party Verification				
7.1	**Assurance Level**			
7.2	**Assurance Provider**			

For Information

Attachment H
API Executive Committee
March 24, 2021

COMMUNICATIONS UPDATE:

Note: this is the same pre-read found in the API Board of Directors packet (Attachment E-1ii)

Note: this is the same pre-read found in the API Board of Directors packet (Attachment E-1ii)

For Action

Attachment I
API Executive Committee
March 24, 2021

DIVERSITY EQUITY & INCLUSION INITIATIVE

Objective: Advance API's Diversity, Equity and Inclusion (DE&I) Initiative and confirm strategic direction.

Background: In response to the national debate on racial inequality, the Executive Committee (EC) directed API to establish a DE&I Initiative. The Initiative's primary focus was improving workforce and supplier diversity and two pilot programs were launched last summer with the support of EC member representatives.

According to a recent IHS Markit study, people of color and women make up 33% and 20% of our industry's workforce respectively.

With changing demographics and attitudes among younger generations, the

In addition, many executives have noted that the industry should demonstrate the same commitment to sparking local business growth and employee diversity in the U.S. as it has demonstrated internationally.

API Approach to DE&I: API has developed a 5-part strategy to support greater DE&I in the oil and natural gas industry. This includes incorporating a variety of elements from across API which together advance a more robust program.

1. **Accelerator:** Leverage pilot programs to demonstrate ability to create faster and more efficient diversity outcomes, starting with workforce and supplier diversity. The workforce pilot is focused on creating a more robust pipeline for recruiting diverse candidates for operations, maintenance and technical roles in the downstream segment. An upstream pilot leveraging lessons learned in the downstream will be discussed with the Upstream Committee in May. The supplier diversity pilot is initially focused on demand side solutions by providing education and best practices on supplier diversity programs. See **Attachment I-1** for additional information.
2. **Communications:** Ensure our industry's commitment to DE&I continues to be incorporated in the external industry narrative, including proof points and stories. Develop networks to share internal best practices and content.
3. **Education, Research and Industry Knowledge:** Support K-12 STEM education through the STEM Careers Coalition, powered by Discovery Education. Lead quantitative and qualitative research anchored by a series of IHS reports which look at the long-term U.S. demographic and labor market trends that will create future job opportunities for people of color and women in the industry. Provide accredited Minority Serving Institutions (MSI) with free access to API's standards – giving students a leg up in acquiring the practical knowledge needed to enter and succeed in the industry.

Governance: This topic is unlike other API policy or program areas and does not neatly fit within the purview of any one existing committee. Last summer, EC members designated senior level representatives with organization-wide responsibilities for DE&I to sit on a Working Group (WG) and provide input and oversight of our program of work. API feels it important to expand participation to all member companies, which is supported by the WG. Board companies will be invited to join the WG at the March meeting and all non-board companies will receive a follow up invitation.

Key Points:

1. **Target Audience.** This initiative started with a focus on Black Americans. It became clear as we developed the body of work that it is important to open the aperture to other opportunities to increase diversity in the industry. In the Houston workforce pilot in the downstream, for example, we felt it important to also focus on the Hispanic community given the local demographics.
2. **Scope.** API is proceeding within the defined scope of the two pilots and 5-part strategy outlined above.
3. **API Certification.** The workforce task force has faced a variety of complexities, including 1) labor market reductions across the industry, 2) industry consolidation/restructuring occupying attention of HR professionals and , the task force is scoping a proposed 6-month API certification which would be administered by approved partner professional/technical (P-tech) schools and complement existing programs. The concept is to provide a sponsored, defined pathway for entry-level oil and gas careers that would be attractive to diverse talent groups. A 6-month certification would jump-start students' ability to gain basic knowledge and skills required in the industry and career pathway opportunities ranging from internships to entry level positions to 2-year P-tech degrees. The concept will be initially tested in the Houston area where the industry has well-establish P-Tech relationships. Further work will be done to determine whether curricula should be tailored for business segments or positioned as an introduction to the broader industry.
4. **Existing Resources.** API has led this initiative by repurposing existing resources, and we plan to continue forward in this regard throughout 2021. If the EC envisions bolder steps for 2022 such as impacting the capacity of minority small businesses, we will need to resource the program accordingly. For now, we are letting groups such as the Greater Houston Partnership, the Business Roundtable, the National Association of Manufacturers, et. al. further develop their offerings so we can complement and not recreate efforts.

Action: Confirm API's approach to DE&I.

For Information

Attachment I-1
API Executive Committee
March 24, 2021

DE&I PILOT PROGRAM UPDATE

Objective: Provide an update on the progress of API's workforce and supplier diversity pilot programs which are being led by two task forces comprised of EC member companies. These pilots are meant to test the industry's ability to drive greater progress at a faster rate by learning from limited scope projects and eventually scaling the successful outcomes.

Supplier Diversity: The supplier diversity pilot program is focused on educating API members on the business case for supplier diversity and expanding the pipeline and capacity of diverse suppliers who can support the oil and natural gas industry. The pilot work plan is comprised of demand side and supply side programming:

1. **Establish a Baseline**: Efforts began with the first all-member survey on supplier diversity to establish a baseline and better understand the industry's current supplier diversity activities. The key takeaways verified task force assumptions that expertise is concentrated within a small subset of companies.

2. **Demand Side Programming**: API launched Diversity Matters, a series of in-depth discussions on DE&I topics. The first sessions in the Diversity Matters series are designed to increase awareness for API members on the business case for supplier diversity and share best practices. To learn more, contact API COO Amanda Eversole [redacted]
3. **Supply Side Programming**: The task force is scoping out opportunities to develop the capacity of diverse suppliers over the long-term. Initial program research includes capabilities assessments, industry-specific curricula that addresses education gaps and leveraging existing programs to make connections for growth capital.

Workforce: The task force is focused on joint training programs by leveraging existing partnerships and expanding allies to better recruit and serve minority skill seekers. The goal of these programs is to expand the industry's ability to hire from a diverse pipeline. The target audiences for these programs are high school and community college students and mid-career transitioners for positions in operations, maintenance and technical functions in the downstream.

The task force has identified two downstream-focused locations for initial implementation – San Francisco (spring cohort is underway) and Houston. After the pilot demonstrates scalability, the task force will consider expanding beyond the downstream and into other areas of our industry. In addition, the task force is establishing a broad framework of opportunities open to all API members. This includes engaging community partners and joint trade associations to provide opportunities for API members to: 1) learn industry best practices on workforce recruitment; 2) development, utilize communications toolkits; and 3) network with diverse stakeholders. Finally, the task force is scoping a 6-month API certification conducted in partnership with professional/technical schools, as part of their 2-year curriculum, which would provide basic skills and understanding of career pathways within the industry.

Action: None. For information only.

For Information

Attachment J
API Executive Committee
March 24, 2021

API SAFETY AND ENVIRONMENTAL PROGRAMS REPORT:
CENTER FOR OFFSHORE SAFETY

Objective: To share with the API Executive Committee (EC) API's intention to more regularly report on programs that support safety and environmental progress. This report will focus on upstream programs with emphasis on the Center for Offshore Safety (COS).

Background: API publishes standards and administers a variety of related programs that help to advance industry performance in safety, the environment and other aspects of operational integrity. To ensure appropriate focus remains on these important issues, API will periodically report progress to the EC and Board of Directors, with focus on particular segment programs as well as cross-sector initiatives.

In October 2020, API took a significant step forward in bringing together safety and environmental segment standards and programs under a common framework and commitment to accelerating safety and environmental progress through its new API Energy Excellence platform. Launched publicly during API's State of American Energy Event in January 2021, API Energy Excellence is a systems-based framework that contains 13 elements that are broadly applicable across industry segments. The elements serve as a roadmap for accelerating operational integrity, drawing upon existing segment standards and programs. API has incorporated the program into its messaging and boilerplate statement, promoted the new program in social media, and has planned for paid content to run in the *Houston Chronicle* in the coming weeks. In support of member reporting beginning in early 2022, API has formed an Energy Excellence Resource Network, with more than 100 companies nominating designees. This Network will be engaged in webinars and good practice sharing forums throughout the year, and nominations can be sent to Bradford Johnson [redacted] API will share further information with the EC and Board on progress throughout the year.

Each API Segment Committee has also created tailored tools and programs to support safety and environmental progress. For the past decade, the COS has provided a forum for companies operating in the offshore OCS to contribute to systems approaches for advancing safety and environmental protection; share good practices to facilitate their proliferation; and interact with BSSE on implementation and certification issues related to their adoption of API RP-75, *Recommended Practice for a Safety and Environmental Management System for Offshore Operations and Assets*.

Discussion: The Center for Offshore Safety has not only undergone several significant governance changes over the past year (e.g. new Director, new Chair, elimination of dues assessed for API members, etc.), it has also been delving more deeply into understanding offshore safety and environmental trends and developing responding actions. In the past year, there have been five offshore OCS fatalities, which have been a significant point of conversation. In addition, COS publishes an annual performance report, and the 2020 report (2019 data) included a mixed bag of both positive developments and concerning trends:

- Two incidents that resulted in three fatalities were reported in 2019 by COS member companies; only one fatality (2015) was reported to COS in the preceding six years.
- Twenty-three mechanical lifting/lowering incidents in 2019 were a significant increase over the seven reported in 2018. All incidents that involve mechanical lifting, regardless of the severity of the consequences were also up significantly in 2019 to 137 as compared to 38 in 2018.

- Both Days Away from Work, Restricted Work, Job Transfer (DART) and Recordable Injury Illness Frequency (RIIF) are down slightly from 2018 yet remain higher when compared to 2014-2016.
- 2019 marks 5 years in a row with zero Level 1 of Well Control Incidents (confirmed loss of well control), and 4 years with zero Level 2 Well Control Incidents (barriers failed, but no loss of well control).

Based on these trends, as well as an analysis of the third round of BSEE audits, COS 2021 priorities are three-fold: safety and environmental management systems, data and leadership. Focus areas for systems include expansion of good practices in risk-focused audits and process safety/verification of barriers of protection, adding to the six new systems documents published in 2020. Specific to the data relative to recent incidents, the COS Lifting Subcommittee will publish a *Guidance on Development of an Effective Crane Maintenance Tracker (CMT)* as well as recommendations for data collection following an offshore crane incident. These initiatives have received broad lifting-industry support, as well as BSEE involvement. These efforts also complement BSEE's initiative to reduce lifting incidents by 50% in 2021. Finally, in the area of leadership, COS is engaging in the area of worker fatigue (mental, emotional and physical) through a Fatigue Risk Management Work Group, which has been widely reported by industry as a key safety driver given the prevalence over the past year of natural disasters, industry downturn and organizational changes. COS also recently published *Guidelines for Leadership Site Engagement, 2nd edition* to support offshore visits from senior leaders to bolster and support a safety culture.

COS will continue to engage collaboratively with trade affiliates and the U.S. regulators, BSEE and USCG, on offshore safety. Both BSSE and the USCG are participating actively in COS work groups and good practice development activities through representatives at both the national and regional levels. COS looks forward to continued cooperative efforts with the new BSEE Director, once announced, and the new senior USCG leadership expected this summer.

Next Steps: During future EC meetings, reports will be provided on other segment programs, activities and progress, including upstream onshore (Onshore Safety Alliance); midstream (Pipeline Safety Management System Assessment program); Downstream (Process Safety Site Assessment Program); and API Energy Excellence.

Actions: None. For information only.

American Petroleum Institute

Mike Sommers
President and CEO
API
[redacted]

March 10, 2021

API Board of Directors,

Enclosed please find background materials to facilitate your preparation for our upcoming virtual Board Meeting on Thursday, March 25 from 9:00 a.m. until 11:00 a.m. CT. While I wish we could meet in-person, our commitment to health and safety remains our priority, and we look forward to hopefully convening in-person this November. To allow for dialogue among the Board, this meeting will be limited to Board Members only.

As we have shared, over the last several weeks API policy committees have accelerated work to develop a five-point climate change proposal to serve as a framework

API management will present an advocacy plan on these proposals for Board approval at the meeting.

In the meantime, please let me know if you have any questions. Thank you for your continued support and engagement.

All the best,

Mike

American Petroleum Institute

Board of Directors Meetings

2021

March 25 (Thurs.)	Board of Directors Virtual Meeting	Zoom: 9:00 a.m. - 11:00 a.m. Central
November 7 - 8 (Sun. and Mon.)	Chairman's Reception and Dinner Annual Meeting Governance Meetings*	
	Board of Directors Reception and Dinner Board of Directors Meeting	
	Chairman's Reception and Dinner Annual Meeting Governance Meetings*	

* Governance Meetings denotes meetings of the following API Committees: Executive Committee, Board of Directors, Climate, Communications, Downstream, General Membership, Labor Management, Midstream, Natural Gas Markets, PAC Board and Upstream.

American Petroleum Institute

API Board of Directors Meeting

Agenda

Thursday, March 25, 2021

9:00 a.m. - 11:00 a.m. CT

Via Zoom

1. **Call to Order and Antitrust**
   Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API

2.

Moderated by Mike Sommers, President and CEO, API

3. **Governance and Board Business**
   Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API
   - Approval of the November 9, 2020 Executive Session and Annual Meeting Minutes *(Attachment A)*
   - Election of New Members to the API Executive Committee and Board of Directors *(Attachment B-1)*
   - Election of Board Level Committee Chairs *(Attachment B-2)*
   - Report of the Executive Committee Meeting

4. **Finance Committee Report** *(Attachment C)*
   Chairman, API Finance Committee

5. **President and CEO Report**
   Mike Sommers, President and CEO, API

6. **Climate Change Proposal and Advocacy Plan** *(Attachment D)*
   Megan Bloomgren, Senior Vice President, Communications, API
   Frank Macchiarola, Senior Vice President, Policy, Economics and Regulatory Affairs, API

7. **Policy Updates**
   Frank Macchiarola, Senior Vice President, Policy, Economics and Regulatory Affairs, API
   - *(Attachment E-2i)*
   - *(Attachment E-2ii)*

8. **Wrap-up**
   Greg Garland, Chairman and CEO, Phillips 66 and Chairman, API

For Information

- *(Attachment E)*
- Onshore Safety Alliance *(Attachment F)*
- DE&I Pilot Program Update *(Attachment G)*

API Board of Directors
March 25. 2021

API Board of Directors
March 25. 2021

MINUTES OF THE BOARD EXECUTIVE SESSION AND ANNUAL MEMBERSHIP MEETING AMERICAN PETROLEUM INSTITUTE

Monday, November 9, 2020
1:00 p.m. – 2:30 p.m. ET
Conference Call

The Board of Directors of the American Petroleum Institute (API) met via conference call with the following members:

- Greg Garland, Chairman and Chief Executive Officer of Phillips 66 & API Chairman of the Board

Guests:

Staff in attendance:

- Amanda Eversole, Executive Vice President and Chief Operating Officer
- Paul G. Afonso, Senior Vice President and Chief Legal Officer
- Megan Bloomgren, Senior Vice President, Communications
- Stephen Comstock, Vice President, Corporate Policy
- Shannon DiBari, Senior Advisor
- Bill Koetzle, Senior Vice President, Government Relations
- Frank Macchiarola, Senior Vice President, Policy, Economics, and Regulatory Affairs
- Debra Phillips, Senior Vice President, Global Industry Services
- Kristin Westmoreland, Vice President and Chief of Staff

The meeting opened with an executive session of the Board of Directors. Following the executive session, others present for all or part of the annual meeting were:
API staff and other API member company representatives.

1. **Welcoming Remarks**
   Greg Garland, API Chairman of the Board, called the meeting to order.

2. **Board of Directors Executive Session Report**
   Mr. Garland reported the Board of Directors approved the following motions during the Executive Session:

   a. Resolutions conveying Board's condolences and sympathies to the families of the following industry leaders who passed in 2020:

   b. The minutes from the March 26, 2020 and September 22, 2020 meetings.
   c. The nomination of the slate of nominees for the 2021 API Officers, Executive Committee and Board of Directors.

d.
e. API Energy Excellence (API's Performance Management Framework)
f. Renaming of the Market Development Committee to the Natural Gas Markets Committee.

In addition, Amanda Eversole, Executive Vice President and Chief Operating Officer provided an update on API's ESG work and Stephen Comstock, Vice President of Corporate Policy provided an update on the Climate Committee's work to date.

3. **Budget Report**

API Finance Committee Chair, provided an API Membership Report an update on the 2020 budget and reviewed the 2021 budget which was approved by the Board during the Executive Session.

4. **Political Update and President and CEO Report**

Mike Sommers, President and Chief Executive Officer, moderated a discussion

Mr. Sommers reviewed

Bill Koetzle, Senior Vice President, Government Relations, Megan Bloomgren, Senior Vice President, Communications

5. **Diversity, Equity & Inclusion (DE&I) Update**

Ms. Eversole provided a briefing on API's Diversity, Equity and Inclusion (DE&I) initiative.

6. **Wrap-Up**

Mr. Garland concluded the meeting.

7. **Adjourn**

There being no further business, the meeting adjourned at 2:30 p.m.

Respectfully submitted,

Paul G. Afonso
Senior Vice President, Chief Legal Officer &
Corporate Secretary

For Action

Attachment B-1
API Board of Directors
March 25, 2021

ELECTION OF NEW MEMBERS TO THE API EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS

Issue: The API Board of Directors to elect to the API Executive Committee (EC), effective March 25, 2021; and the following executives to the API Board effective March 25, 2021:

Discussion: has served on API's Board of Directors since 2017. also actively participates in civic and industry groups including sitting on the boards of API management recommends that be elected to the EC, effective March 25, 2021.

API management recommends that be elected to the API Board to serve the balance of unexpired term, effective March 25, 2021.

API management recommends that be elected to the API Board, effective March 25, 2021.

API recommends that be elected to the API Board, effective March 25, 2021.

The EC, acting as the nominating committee, endorsed the elections of at the March 1 EC meeting. The EC will consider the endorsement of to the EC at the March 24 meeting.

Action: The API Board to elect:

- to the API Executive Committee, effective March 25, 2021;
- , to the API Board for the remainder of 2021, effective March 25, 2021; and
- and , to the API Board for a two-year term (2021-2022), effective March 25, 2021.

For Action

Attachment B-2
API Board of Directors
March 25, 2021

NOMINATION OF BOARD LEVEL COMMITTEE CHAIRS

Objective: Nomination of as the Midstream Policy Committee Chair effective April 1, 2021 and as the Climate Committee Chair effective after June 1, 2021.

Discussion: API management recommends to be nominated as the Midstream Policy Committee Chair. The current chair, is retiring, and will assume position within . API also recommends to be nominated as the Climate Committee Chair to take over upon transition of the current chair, . has been an active member of the Committee since its inception in March 2020.

Action: Approve the nomination of as the Midstream Policy Committee Chair effective April 1, 2021 and as the Climate Committee Chair effective after June 1, 2021.

For Information

Attachment C
API Board of Directors
March 25, 2021

API FINANCE COMMITTEE REPORT

API Finance Committee

Objective: Provide an update on the 2020 unaudited financial statements and the annual audit.

Discussion:

2020 Year-End Results

The unaudited financial statements for the year ending December 31, 2020 shows that API's from 2020 general operations is . This is higher than the forecasted presented to the Finance Committee in September 2020. The over forecast is primarily the result of an .

Including the impact of the retirement plans and other non-cash activities (i.e. depreciation expense and lease standard adjustments) the total .

Annual Audit

At the December 29, 2020 meeting, the Finance Committee unanimously approved API's recommendation to replace RSM USA LLP and engage CliftonLarsonAllen (CLA) for API's 2020 fiscal audits.

CLA will meet with the Finance Committee on March 23, 2021 to finalize the audit process. The completed audit report will be presented to the Finance Committee in June and the results will be reported to the Executive Committee in June and the Board of Directors in November.

API Membership

API management continues to monitor the impact of the economic environment, industry developments and a changed political landscape on API's membership retention and recruitment efforts. Despite ongoing challenges to the industry, we feel the overall health of the membership remains strong.

API membership currently stands at members. This is consistent with 2020 year-end numbers and includes a balance of additions and resignations, with fluctuations primarily in the General Membership.

Action: None. For information only.

For Action

Attachment D
API Board of Directors
March 25, 2021

CLIMATE CHANGE PROPOSAL

Objective: Obtain approval of API's climate change proposal and advocacy plan for next steps on public engagement including with the Biden administration, Congress and the broader public.

Background: During the month of February, the API policy committees met at the direction of the API Executive Committee to enhance the industry's policies and initiatives on climate change. The purpose of this effort was two-fold. First to enhance our climate change advocacy with the Biden administration and Congress as the U.S. seeks to establish a nationally determined contribution consistent with the Paris Agreement.

The proposal includes the following five points:

1. **Endorse Carbon Pricing** *to drive economy-wide, market-based solutions.*
2. **Accelerate Technology & Innovation** *to reduce emissions while meeting growing energy needs.*
3. **Further Mitigate Emissions from Operations** *to deliver environmental progress.*
4. **Advance Cleaner Fuels** *to provide lower-carbon choices for consumers.*
5. **Drive Climate Reporting** *to support consistency and transparency.*

1. Endorse Carbon Pricing

API proposes the following position on carbon pricing:

API supports well-designed, market-based, economy-wide carbon pricing as the most impactful government climate policy instrument to reduce CO_2 emissions while helping keep energy affordable, instead of mandates or prescriptive regulatory action.

As policymakers consider various policies and approaches to address the risks of climate change, API will continue to engage based upon its climate principles and issue specific framework on carbon pricing (**Attachment D-1**) and work to integrate legislation that prices carbon across sectors and political jurisdictions while avoiding duplication.

2. Accelerate Technology & Innovation

API currently supports government funding of basic research toward the objective of reducing emissions, with a focus on technologies evaluated based on the potential for the largest scale and most economic GHG emissions abatement opportunity across the economy.

Based upon our industry's history and expertise we can help to further develop and promote the commercial promise of carbon capture, utilization and storage, and hydrogen technologies. **API proposes** to work with policymakers and other trade associations to:

- Fully appropriate funding for low carbon RD&D programs authorized in the Energy Act of 2020.
- Increase substantially Congress-appropriated funding for government research on a range of low or no carbon technologies, including capturing and storing carbon and production and supply of hydrogen, with formal assessment of funded technologies on the basis of potential for GHG abatement at the lowest cost.

- Implement federal policies consistent with the NPC study to substantially increase support for CCUS to achieve "at-scale phase" deployment.
- Implement policies to expand the infrastructure needed to secure a place for these low carbon technologies in the economy.

3. Further Mitigate Emissions from Operations

Flaring:

API proposes to advance to the second phase of its two-phase Flare Management Program under The Environmental Partnership to address associated gas flaring. This includes API analysis of existing/planned infrastructure and projected oil and natural gas production to better understand and ultimately inform the consideration of an associated gas flaring reduction target or goal.

API maintains that the regulation of flaring is best managed at the state level, and we will continue to work with both state and federal agencies to address routine gas flaring and proceed with the development of an operational guidance document on flaring, based on the best practices identified by The Environmental Partnership.

API proposes to encourage members to individually commit to no routine flaring by a certain date (e.g., World Bank's Zero Routing Flaring Initiative by 2030), and promote the development of a common definition of routine flaring.

Methane: API currently supports cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect, and mitigate emissions.

API proposes to engage in a two-year aerial survey project, managed by The Environmental Partnership, supported by supplemental funding from interested member companies. To collect meaningful data as quickly as possible, the project is purposefully designed to be iterative. Each phase of the project, starting in the second quarter of 2021, will inform subsequent project design and data collection to advance EPA approval of the aerial survey technology to satisfy regulatory requirements. As part of this effort, API will also support investigation, testing, and advancement of additional detection technologies. These projects can help inform API's advocacy with the Biden administration as the EPA considers regulatory requirements to address emissions from existing sources and to continue to reduce methane emissions through voluntary collaborative industry efforts.

API proposes to engage proactively in the national debate regarding abandoned wells as a potential contributing factor to methane, by actively working with the Interstate Oil and Gas Compact Commission (IOGCC) to determine where opportunities exist for collaboration on state priorities associated with abandoned wells; to develop a stand-alone federal initiative that will provide federal grant money to meet the needs of the states while reducing potential environmental impacts from abandoned wells; and to participate as a thought partner with authors of federal initiatives focused on abandoned wells.

Refining: **API proposes** to establish a voluntary program for carbon emissions reductions available to all refineries to reduce GHG emissions. Further discussions are necessary to develop a meaningful program to incentivize and measure significant carbon emissions reductions. Such a program would identify a recommended target that is achievable and would result in meaningful GHG emissions reductions, along with a third-party reporting mechanism (i.e., Solomon or OGCI).

Additionally, **API proposes** to conduct forums to share information on topics such as refinery carbon emissions reduction efforts, and energy efficiency that protect company intellectual property and conform to API antitrust guidelines.

4. Advance Cleaner Fuels

Differentiated Natural Gas and LNG: API currently supports policies that expand the use of U.S. natural gas in both domestic and global markets. As investors and large natural gas customers increasingly look to understand the emissions impact of their suppliers, there has been a rising interest in a standardized and transparent market for natural gas differentiated by its emissions intensity.

Differentiated, or "responsible" natural gas is becoming increasingly important to buyers in both domestic and international gas markets. **API proposes** supporting the ongoing development of markets for differentiated natural gas, recognizing the significance of these efforts in ensuring natural gas continues to be viewed as a major component of a lower carbon energy future. API will continue to seek opportunities to engage with entities in the process of developing these initiatives and will explore the possibility of leveraging the work of API Global Industry Services in establishing criteria and methodologies for certifying differentiated natural gas.

Electricity: In promoting the sustained role for natural gas in an increasingly carbon constrained electricity sector, API has current principles for evaluating—and potentially supporting—Clean Energy Standard (CES) proposals that are inclusive of natural gas. In recognition of API's newly proposed position in support of an economy-wide carbon pricing (outlined above), **API proposes** that its framework position on CES should be retained. API will make it clear that carbon pricing is the most impactful government policy instrument to reduce emissions. However, we will be prepared to engage on CES proposals consistent with our framework position.

Transportation Fuels: **API proposes** supporting technology neutral polices at the federal level that drive GHG emission reductions in the transportation sector using a holistic approach for fuels, vehicles and infrastructure systems.

More specifically, **this proposal** includes: 1) fuel standards, 2) vehicle standards based on a technology neutral, lifecycle approach for lower GHG emissions, 3) fuel/vehicle system optimization to improve efficiency and 4) supportive infrastructure measures.

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API proposes support for transitioning the standards from a tailpipe basis to a full lifecycle approach that encompasses both vehicles and fuels.

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5. Drive Climate Reporting

API recognizes that policy makers, financial stakeholders and others seek to understand GHG emissions across the entire oil and natural gas value chain.

API proposes supporting industry sustainability reporting consistent with the *IPIECA-API-IOGP Sustainability Reporting Guidance* and promoting member efforts in this space.

API proposes supporting consistent climate-related financial risk and opportunity disclosures amongst the industry, including reporting consistent with or leveraging Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) frameworks. API will continue to monitor and seek to influence the further evolution of external reporting frameworks.

Next Steps: API will release a climate action framework outlining the above policy recommendations and new industry initiatives, following approval by the API Board of Directors. API will highlight the industry's climate framework as building on the industry's climate progress to date and supporting the U.S. government's new contribution to the Paris Agreement.

Following API Board approval, API will release the framework

Action: To approve the five-point climate change proposal and supporting advocacy plan.

Status:	Approved by Executive Committee in October 2019 and Board in November 2019

CARBON PRICING

Government policies to price the carbon intensity of economic activities to correspond with the externality associated with their GHG emissions; includes policies to calculate the social cost of carbon.

This document does not represent an endorsed API advocacy position; API will use the following principles to evaluate government policy proposals.

Issue-Specific Framework of API Policy Principles on Carbon Pricing

API expects continued efforts by policy makers to price carbon as a way to reduce GHG emissions. Any government policies to price carbon should include complementary policies that support significant investments in innovation to develop technologies that lower the cost of GHG emissions abatement across the economy. API will engage policy makers so that the design of a potential approach would price carbon at the outset for all relevant GHG emissions from all relevant sectors and account accurately for the benefits, costs and amounts of GHG emissions, according the following principles:

- Goal – The goal of policies to put a price on carbon should be to achieve GHG emissions reductions at the least cost to society, in order to meet the dual challenge of continued economic growth while addressing the risks of climate change.
- Scope of Coverage – Policies to put a price on carbon should be based on carbon-equivalent emissions only on a GWP100 basis and should cover the widest scope of GHG emissions US economy-wide as practically and economically achievable, including all emitters.
- Policy Duplication and Interoperability – If a price on carbon is introduced, it should minimize the burden of duplicative regulations: by *-either-* preempting other duplicative programs to reduce GHG emissions *-or-* being interoperable with these other policies, such that there is minimal duplication of the price on carbon that consumers or emitters pay.
- Setting the Ambition and Trajectory – API advocates that policy construct should be phased in over time and that, ultimately, the carbon price should not exceed the marginal cost of carbon emissions or the cost caused by an additional ton of carbon emitted into the atmosphere.[1]

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[1] If a carbon pricing government policy uses the Social Cost of Carbon (SCC) to set a boundary on either a carbon price or a cap on emissions, it should adhere to the following criteria:

- Determined through a Notice and Comment Process.
- Based on transparent analyses (models, assumptions and inputs) that are subject to peer review.
- Calculated with discount rates of 3% and 7%, consistent with OMB Circular A-4.
- Based on a time horizon consistent with those most widely-used in integrated assessment models
- Account for US benefits as a share of global benefits.

- Rate or Cap Adjustments – The price on carbon or emissions cap should be adjusted periodically through a defined, rational, and transparent process to meet GHG emissions targets. Periodic rate adjustment should provide certainty for the economy and maintain the integrity of the carbon pricing policy.
- Uniform Treatment – A policy to put a price on carbon should ensure uniform cost of GHG emissions on a CO_2 equivalent basis throughout the economy.
- Transparency for Consumers – The carbon pricing system should be designed so that consumers have transparent incentives, based on actual GHG emissions if possible, to reduce GHG emissions efficiently. With respect to transportation fuels, a government policy-imposed carbon price should be disclosed at the point of retail sale.
- Baseline – As applicable, the point in time reference or baseline against which future targets for reducing GHG emissions are determined in the design of a policy to put a price on carbon should be 2005. This is already the baseline for which US economy-wide policy action has been determined in global climate negotiations.
- Credits –
    a. Accounting for net emissions. Credit should be provided for substances priced where GHG emissions are captured or sequestered downstream of the point where the price on carbon is assessed, such as for fossil fuels used as feedstocks in manufacturing activities where the carbon is permanently stored.
    b. Participation of parties. Allow any parties to generate emission reduction credits and participate in the carbon pricing program to incentivize broad participation.
    c. Credits. Allow for the trading of credits and their use in compliance.
    d. Early action. Provide credit for early and/or voluntary actions.
    e. Credit for other regulatory compliance. As applicable, credit should be granted for compliance with other non-climate related regulations that produce a corollary benefit of reducing GHG emissions.
- Global Carbon Markets – As applicable, allow for international trading in carbon mitigation through interoperability with other carbon pricing regimes outside the US.
- Avoidance of Carbon Leakage – A policy regime to put a price on carbon should include a WTO-compliant mechanism to prevent the movement, or "leakage," of industry or trade from the US that may create economic competitive disadvantages – and to prevent the offshoring or outsourcing of GHG emissions that would negate overall global GHG emissions reductions. A policy to put a price on carbon should be globally integrated so that US entities have the incentive to reduce their carbon footprint on a worldwide basis without being competitively disadvantaged.

For Information

Appendix E-1iii
API Board of Directors
March 25, 2021

GLOBAL INDUSTRY SERVICES

Objective: To report on API's efforts to fully utilize and leverage its Global Industry Services (GIS) Division, which offers standards-setting, field assessments, certifications, licensing and training programs across industry segments.

Background: The mission of API's GIS Division is to provide world-class standards, training, assessment and certification services that enable the oil and natural gas industry to operate efficiently, safely, reliably, profitably and sustainably. Comprised of approximately 115 staff, the GIS Division

Each year, API publishes approximately 80 new and revised standards as part of its library of more than 700 ANSI-accredited standards and other statistical products

In addition to its standards-setting activities, GIS operates business including the Monogram®/APIQR Program; Engine Oil Licensing and Certification Program, Individual Certification Program for inspectors; and training programs for industry employees and contractors, GIS also administers programs to drive safety and environmental protection across the industry, including the API Energy Excellence initiative, the Upstream's Center for Offshore Safety (COS), Midstream's Pipeline Safety Management System Assessment Program and Downstream's Process Safety Site Assessment Program (PSSAP®). The activities of the GIS Division are overseen by the Global Industry Services Committee (GISC).

Discussion:

Supporting Operational Excellence and Contributing to Segment Priorities

Another key role played by GIS is setting industry standards and providing supporting services that help companies advance performance, share good practices and benchmark against peers. API took a significant step forward in bringing together segment standards and programs under a common framework and commitment to accelerating safety and environmental progress through its new API Energy Excellence platform. Launched publicly during API's State of American Energy Event in January 2021, API Energy Excellence is a systems-based framework that contains 13 elements that are broadly applicable across industry segments. The elements serve as a roadmap for accelerating operational integrity, drawing upon existing segment standards and programs.

We will also elevate the initiative in agency meetings as appropriate. In support of member progress reporting beginning in early 2022, API has formed an Energy Excellence Resource Network, with more than 100 companies already nominating designees. This Network will be engaged in webinars and good practice sharing forums throughout the year, and nominations can be sent to Bradford Johnson [redacted].

API ENERGY EXCELLENCE
Accelerating Safety and Environmental Progress

In support of segment priorities and contributing to API Energy Excellence, API plans to publish 75 standards this year, and industry participation in their development thus far in 2021 has been strong. API has prioritized partnerships with other standards-setting organizations globally, including the International Association of Oil and Gas Producers (IOGP) and others in Brazil, Russia, Saudi Arabia and the UAE, to harmonize approaches, drive operational efficiencies and create a level playing field where possible around the world. To continue to progress these objectives, in the initial months of the year, GIS has signed Memorandums of Understanding with the State Oil Company of Azerbaijan Republic (SOCAR), the Center for Local Busines Development in Guyana and the African Energy Chamber (AEC). We are already seeing positive results in standards adoption and business development from the cultivation of these new relationships.

Enabling Future Industry Trends and Technologies, Ensuring Business Resilience

As GIS considers the evolving needs of API members as well as the trajectory of our existing revenue-generating businesses amid market trends shaping the future energy landscape, potential new areas for GIS contributions have emerged. These range from standards setting in the electric vehicle (EV) fluids space to measurement and infrastructure standards related to carbon capture, use and storage (CCUS), hydrogen or other types of "new energy" infrastructure to use of API work in differentiated natural gas definitions. In some cases, such as differentiated hydrocarbons, GIS supporting efforts could enhance API advocacy to expand markets for U.S. natural gas. In other areas, this work mitigates risks to and creates new opportunities within existing API businesses.

GIS is working closely with its policy counterparts and the GISC to explore and prioritize these opportunities.

Action: None. For information only.

For Information

Attachment F
API Board of Directors
March 25, 2021

THE ONSHORE SAFETY ALLIANCE

Objective: At the request of the API Executive Committee (EC), API is establishing a joint-industry onshore safety program to promote the highest level of safety in operations for the U.S. onshore oil and natural gas industry and to continuously work to achieve zero incidents within its operations.

Background: The Onshore Safety Alliance (OSA) is a voluntary industry program seeking to drive step-change to significantly reduce serious injury and fatality (SIF) events in U.S. onshore E&P operations. A cornerstone of the program is worker safety and promotion of life saving actions that educate workers on the most critical safety hazards and emphasize key actions that workers can take to protect themselves and their colleagues from the hazards. The OSA program will be available to any industry company or organization involved in Upstream E&P activities including operators, contractors and service providers. A company would not need to be an API member to join the program and there will not be any fees required to join. Through joining the program, a company commits to carry out defined safety actions within their organization and to support the following OSA Guiding Principles:

- We are an industry committed to the elimination of fatalities and life altering events.
- We will use and make recommendations for the development of best practices that drive consistency for safe planning and execution of work.
- We will partner together as operators, contractors and suppliers to learn and share best practices to drive collective industry improvement in both personal and process safety.
- We will create a work environment where everyone feels accountable for their safety and the safety of others.

OSA participating companies will carry out the following safety actions within their organization:

- Participate in and support the Onshore Safety Alliance;
- Implement a Life Saving Actions Program;
- Ensure worker awareness and knowledge of Life Saving Actions;
- Implement an incident investigation and learning program;
- Perform risk assessments for common process safety hazards; and
- Improve effectiveness in preventing and mitigating high consequence well control incidents

The OSA will provide resources, guidance, tools and peer-to-peer support to help companies implement these safety actions.

To support benchmarking and industry trends, the OSA will collect industry data from OSA participating companies for SIF events and well control incidents. The focus for this information collection is on industry learning. Individual company information will not be shared publicly or with other OSA participants. Only aggregated data will be shared publicly (or with attribution removed and company permission).

The OSA will publish an annual performance report, safety alerts and periodic newsletters to raise awareness of and promote good safety practices. It will also conduct conferences, forums, workshops and webinars to support OSA participating companies and the industry at large.

The OSA Program Executive Steering Committee (PESC) will provide leadership and oversight of the program. It will be made up of a maximum of nine producer/operator seats (to include a Chair and Rising Chair), a maximum of four drilling contractor seats, and a maximum of four well service/supply company seats. OSA-affiliated trade associations (API, IADC, Energy Workforce & Technology Council, AXPC and IPAA) will also sit on the PESC in a non-voting, advisory capacity. API's Vice President of Upstream Policy, in coordination with API management, shall ensure that appropriate staff and resources are provided to accomplish the goals and objectives of the OSA Program.

Next Steps: PESC is finalizing the program and plans to launch it in May 2021 (pending Upstream Committee approval). Prior to launch, we will finalize substantive programmatic materials to support OSA participants and develop a messaging and marketing strategy, including the design of an OSA website, that fosters strong recruitment and participation in the program.

The API Upstream Committee will consider approval of the Program by its May 13 meeting, the EC will receive an update at its June 9 meeting and the API Board will receive an update at its November meeting.

After the May launch, the PESC will conduct virtual topic-targeted workshops and webinars throughout 2021 as both a recruitment tool as well as to support and promote good safety practices across the industry. The PESC will also consider program growth opportunities for 2022 and 2023, including phasing in additional participant actions and an OSA assessment component.

Action: None. For information only.

For Information

Attachment G
API Board of Directors
March 25, 2021

DIVERSITY EQUITY & INCLUSION PILOT PROGRAM UPDATE

Objective: Provide an update on the progress of API's workforce and supplier diversity pilot programs which are being led by two task forces comprised of Executive Committee (EC) member companies.

Background: In response to the national debate on racial inequality, the EC directed API to establish a Diversity, Equity & Inclusion (DE&I) Initiative. The Initiative's primary focus was improving workforce and supplier diversity and two pilot programs were launched last summer with the support of EC member representatives. These pilots are meant to test the industry's ability to drive greater progress at a faster rate by learning from limited scope projects and eventually scaling the successful outcomes.

Supplier Diversity: The supplier diversity pilot program is focused on educating API members on the business case for supplier diversity and expanding the pipeline and capacity of diverse suppliers who can support the oil and natural gas industry. The pilot work plan is comprised of demand side and supply side programming:

1. **Establish a Baseline**: Efforts began with the first all-member survey on supplier diversity to establish a baseline and better understand the industry's current supplier diversity activities. The key takeaways verified task force assumptions that expertise is concentrated within a small subset of companies.

2. **Demand Side Programming**: API launched Diversity Matters, a series of in-depth discussions on DE&I topics. The first sessions in the Diversity Matters series are designed to increase awareness for API members on the business case for supplier diversity and share best practices. To learn more, contact API COO Amanda Eversole [redacted]
3. **Supply Side Programming**: The task force is scoping out opportunities to develop the capacity of diverse suppliers over the long-term. Initial program research includes capabilities assessments, industry-specific curricula that addresses education gaps and leveraging existing programs to make connections for growth capital.

Workforce: The task force is focused on joint training programs by leveraging existing partnerships and expanding allies to better recruit and serve minority skill seekers. The goal of these programs is to expand the industry's ability to hire from a diverse pipeline. The target audiences for these programs are high school and community college students and mid-career transitioners for positions in operations, maintenance and technical functions in the downstream.

The task force has identified two downstream-focused locations for initial implementation – San Francisco (spring cohort is underway) and Houston. After the pilot demonstrates scalability, the task force will consider expanding beyond the downstream and into other areas of our industry. In addition, the task force is establishing a broad framework of opportunities open to all API members. This includes engaging community partners and joint trade associations to provide opportunities for API members to: 1) learn industry best practices on workforce recruitment; 2) development, utilize communications toolkits; and 3) network with diverse stakeholders. Finally, the task force is scoping a 6-month API certification conducted in partnership with professional/technical schools, as part of their 2-year curriculum, which would provide basic skills and understanding of career pathways within the industry.

Action: None. For information only.

For Action

API Board of Directors
March 25, 2021

CLIMATE CHANGE PROPOSAL

Objective: Obtain approval of API's climate change proposal and advocacy plan for next steps on public engagement including with the Biden administration, Congress and the broader public.

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API proposes supporting consistent climate-related financial risk and opportunity disclosures amongst the industry, including reporting consistent with or leveraging Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) frameworks. API will continue to monitor and seek to influence the further evolution of external reporting frameworks.

Next Steps: API will release a climate action framework outlining the above policy recommendations and new industry initiatives, following approval by the API Board of Directors. API will highlight the industry's climate framework as building on the industry's climate progress to date and supporting the U.S. government's new contribution to the Paris Agreement.

Following API Board approval, API will release the framework

Action: To approve the five-point climate change proposal and supporting advocacy plan.

For Information

API Board of Directors
March 25, 2021

March 25, 2021

March 25, 2021

For Information

Appendix E-1iii
API Board of Directors
March 25, 2021

GLOBAL INDUSTRY SERVICES

Objective: To report on API's efforts to fully utilize and leverage its Global Industry Services (GIS) Division, which offers standards-setting, field assessments, certifications, licensing and training programs across industry segments.

Background: The mission of API's GIS Division is to provide world-class standards, training, assessment and certification services that enable the oil and natural gas industry to operate efficiently, safely, reliably, profitably and sustainably. Comprised of approximately 115 staff, the GIS Division

Each year, API publishes approximately 80 new and revised standards as part of its library of more than 700 ANSI-accredited standards and other statistical products

In addition to its standards-setting activities, GIS operates business including the Monogram®/APIQR Program; Engine Oil Licensing and Certification Program, Individual Certification Program for inspectors; and training programs for industry employees and contractors, GIS also administers programs to drive safety and environmental protection across the industry, including the API Energy Excellence initiative, the Upstream's Center for Offshore Safety (COS), Midstream's Pipeline Safety Management System Assessment Program and Downstream's Process Safety Site Assessment Program (PSSAP®). The activities of the GIS Division are overseen by the Global Industry Services Committee (GISC).

Discussion:

Supporting Operational Excellence and Contributing to Segment Priorities

Another key role played by GIS is setting industry standards and providing supporting services that help companies advance performance, share good practices and benchmark against peers. API took a significant step forward in bringing together segment standards and programs under a common framework and commitment to accelerating safety and environmental progress through its new API Energy Excellence platform. Launched publicly during API's State of American Energy Event in January 2021, API Energy Excellence is a systems-based framework that contains 13 elements that are broadly applicable across industry segments. The elements serve as a roadmap for accelerating operational integrity, drawing upon existing segment standards and programs.

We will also elevate the initiative in agency meetings as appropriate. In support of member progress reporting beginning in early 2022, API has formed an Energy Excellence Resource Network, with more than 100 companies already nominating designees. This Network will be engaged in webinars and good practice sharing forums throughout the year, and nominations can be sent to Bradford Johnson [redacted]

API ENERGY EXCELLENCE
Accelerating Safety and Environmental Progress

In support of segment priorities and contributing to API Energy Excellence, API plans to publish 75 standards this year, and industry participation in their development thus far in 2021 has been strong. API has prioritized partnerships with other standards-setting organizations globally, including the International Association of Oil and Gas Producers (IOGP) and others in Brazil, Russia, Saudi Arabia and the UAE, to harmonize approaches, drive operational efficiencies and create a level playing field where possible around the world. To continue to progress these objectives, in the initial months of the year, GIS has signed Memorandums of Understanding with the State Oil Company of Azerbaijan Republic (SOCAR), the Center for Local Busines Development in Guyana and the African Energy Chamber (AEC). We are already seeing positive results in standards adoption and business development from the cultivation of these new relationships.

Enabling Future Industry Trends and Technologies, Ensuring Business Resilience

As GIS considers the evolving needs of API members as well as the trajectory of our existing revenue-generating businesses amid market trends shaping the future energy landscape, potential new areas for GIS contributions have emerged. These range from standards setting in the electric vehicle (EV) fluids space to measurement and infrastructure standards related to carbon capture, use and storage (CCUS), hydrogen or other types of "new energy" infrastructure to use of API work in differentiated natural gas definitions. In some cases, such as differentiated hydrocarbons, GIS supporting efforts could enhance API advocacy to expand markets for U.S. natural gas. In other areas, this work mitigates risks to and creates new opportunities within existing API businesses.

GIS is working closely with its policy counterparts and the GISC to explore and prioritize these opportunities.

Action: None. For information only.

For Information

Directors

Attachment E-2ii
API Board of
March 25, 2021

Directors

Message

From: Ron Chittim [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D6C823A969BC4281AE6A9F749E4B8C10-RONALD C. C]
Sent: 1/25/2021 1:13:54 PM
To: Stephen Comstock [redacted]
Subject: RE: API GHG Emission One-Pagers

Yep – I'll ask Lynne to set it up. I am currently planning to take PTO on Friday so we'll target the next 3 days, if possible.

From: Stephen Comstock [redacted]
Sent: Monday, January 25, 2021 1:12 PM
To: Ron Chittim [redacted]
Subject: RE: API GHG Emission One-Pagers

Agree. We should see what expected refinery capacity will be over the next 10 years and then energy savings generated from that. I wonder how much some of that savings would be from shutting down or repurposing refineries. I would like to set up a meeting this week with you, Andrew, Brian and Aaron to nail this down.

Regards,

Stephen Comstock
Vice President – Corporate Policy
Policy, Economics & Regulatory Affairs

o: [redacted]
e: [redacted]

www.api.org

American Petroleum Institute

From: Ron Chittim [redacted]
Sent: Monday, January 25, 2021 1:03 PM
To: Stephen Comstock [redacted]
Subject: Re: API GHG Emission One-Pagers

I had a similar thought yesterday when I was working on this, especially in light of recent comments. We may need to work with Solomon on setting a hypothetical baseline and then get their input on how to answer your question. Let's discuss.

Get Outlook for iOS

From: Stephen Comstock [redacted]
Sent: Monday, January 25, 2021 12:54:27 PM
To: Ron Chittim [redacted]; Ron Chittim [redacted]
Subject: RE: API GHG Emission One-Pagers

This is great. In thinking about the larger effort, though, do we have a path to assume what a 10% increase in energy efficiency over 10 years would mean as far as emission reductions?

Regards,

Stephen Comstock
Vice President – Corporate Policy
Policy, Economics & Regulatory Affairs

o: [redacted]
e: [redacted]

www.api.org

American Petroleum Institute

From: Ron Chittim [redacted]
Sent: Monday, January 25, 2021 12:24 PM
To: Matthew Todd [redacted]; Howard Feldman [redacted]
Cc: Stephen Comstock [redacted]; Aaron P. Padilla [redacted]; Frank Macchiarola [redacted]; Andrew P. Broadbent [redacted]
Subject: RE: API GHG Emission One-Pagers

Attached is the draft write-up on Refinery Energy Efficiency/GHG Emissions prepared by Andrew and I.

From: Matthew Todd [redacted]
Sent: Thursday, January 21, 2021 4:20 PM
To: Ron Chittim [redacted]; Andrew P. Broadbent [redacted]; Marcus Koblitz [redacted] Dustin Meyer [redacted]; Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted]; Howard Feldman [redacted]; Stephen Comstock [redacted]; Aaron P. Padilla [redacted]
Subject: API GHG Emission One-Pagers
Importance: High

Team:

The API Executive Committee plans to have a conversation on climate in the next week or two. To prepare for this conversation, Frank would like us to build upon our previous plans and expeditiously develop an issue paper that outlines what our industry is doing that speaks to the core topics we outlined identified in the planned one-pagers (see outline below). *Frank has asked us for two things:*

1) To review and build out slightly the summaries below for inclusion in the issue paper.

We want to be informative and not abstract, and we could recognize next steps underway on the specific efforts.

2) To prioritize the development of the one-pagers as background for the issue paper.

I'll look at calendars to connect with the team on a call tomorrow (or Monday if necessary) to discuss further.

Thanks,

Matt

==========

Issue Paper

API is conducting an overview of our current policies and industry initiatives on climate change, and the tangible benefits these measures will have on reducing greenhouse gas emissions. This review includes the following items:

- **CCUS** - API supports policy reforms to infrastructure permitting and development for CCUS as well as research, development and deployment funding to support technology breakthrough. API also supports federal tax provisions incentivizing CCUS investment and deployment.
- **Methane** – API supports cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect, and mitigate emissions.
- **Flaring** - API recently created the Flare Management Program as part of The Environmental Partnership. As part of the program, participating companies will advance best practices that reduce flare volumes, promote the beneficial use of associated gas, improve flare reliability and efficiency when flaring does occur, and collect data to calculate flare intensity as a key metric to gauge year-over-year progress.
- **Refining Efficiency** - In 2021 under the direction of the Downstream Committee, API will establish refinery energy efficiency targets that will set an emissions reductions goal over a set period of time for participating member companies.
- **Fuels -**
- **LNG Exports** –
- **Natural Gas in Power Sector** -

==========

API GHG Emission One-Pagers

Task Description: Develop a one-pager that qualifies and, if possible, quantifies past industry efforts that achieved greenhouse gas emission reductions and projects future emission reductions for key industry operations/sources.

Topics - Lead

1. CCUS – Marcus K
2. Methane – Matt T
3. Flaring – Matt T
4. Refining Efficiency – Ron C and Andrew B
5. Fuels – Patrick K
6. LNG Exports – Dustin M and Jeff S
7. Nat Gas in Power Generation – Dustin M and Jeff S

Outline

Topic: e.g., Methane

Brief Description of Topic/Industry Source: 2-3 sentences

API Policy (if available):

Trends Summary: Provide a description of the current source trends to date; emission reductions accomplished to through 2020; other industry achievements/efforts to reduce emissions.

Note: Include any available charts that "tell the story" of past trends and future projections.

Message

From: Ron Chittim [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D6C823A969BC4281AE6A9F749E4B8C10-RONALD C. C]
Sent: 1/25/2021 12:24:09 PM
To: Matthew Todd [redacted]; Howard Feldman [redacted]
CC: Stephen Comstock [redacted]; Aaron P. Padilla [redacted]; Frank Macchiarola [redacted]; Andrew P. Broadbent [redacted]
BCC: Ron Chittim [redacted]
Subject: RE: API GHG Emission One-Pagers
Attachments: API GHG Emissions - One Pager Outline - Refinery Initiative - Draft (Ver 3).docx

Attached is the draft write-up on Refinery Energy Efficiency/GHG Emissions prepared by Andrew and I.

From: Matthew Todd [redacted]
Sent: Thursday, January 21, 2021 4:20 PM
To: Ron Chittim [redacted]; Andrew P. Broadbent [redacted]; Marcus Koblitz [redacted] Dustin Meyer [redacted] Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]
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We want to be informative and not abstract, and we could recognize next steps underway on the specific efforts.

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Outline

Topic: e.g., Methane

Brief Description of Topic/Industry Source: 2-3 sentences

API Policy (if available):

Trends Summary: Provide a description of the current source trends to date; emission reductions accomplished to through 2020; other industry achievements/efforts to reduce emissions.

Note: Include any available charts that "tell the story" of past trends and future projections.

API Refinery Energy Efficiency – Potential Program

Topic: Refinery Initiative – Energy Efficiency Improvement/GHG Emissions Reduction Program

Brief Description of Topic/Industry Source:

According to EPA, refineries currently represent the largest emitters on a per facility basis in the U.S. In addition, the refining industry consumes a significant amount of energy to operate the nation's refineries. To demonstrate a commitment to GHG reductions, the API Refining Subcommittee is currently evaluating a potential API program related to improving refinery energy efficiency (i.e., GHG emissions reductions) by a target amount over a set period of time for API members. Such a program would enable API to convey a broader message to the public on how the U.S. refining industry is "part of the solution" to climate change. At this time, there is no other refining industry program focused on energy efficiency improvements/GHG emissions reductions.

API Policy:

The is no specific API policy related to refinery GHG reductions or energy efficiency improvement. Rather, this potential API Refinery Energy Efficiency program supports API's overall Climate Position by providing a platform for refineries to reduce greenhouse gas emissions through an industry-led solution.

Trends Summary:

Though not the largest source of greenhouse gas (GHG) emissions across the economy, according to EPA, refineries currently represent the largest emitters on a per facility basis, averaging 1.29 million metric tons of CO_2 equivalent per facility in 2018. EPA data shows that greenhouse gas emissions from the refining industry have remained relatively constant from 2011-2018, increasing just 1.3% over that period. In comparison to other industries, the level of GHG emissions has been fairly level despite an increase in total refining industry utilization rate of nearly 7 percentage points over that timeframe. Following the same trend, overall greenhouse gas intensity of the refining industry, measured as CO_2 equivalent per barrel of gross input, has fallen 10.5% over the 2011-2018 period.

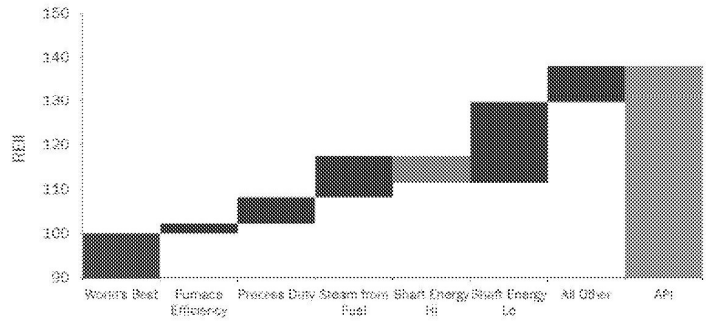
Relatedly, the refining industry is a significant energy consumer in the U.S. although competitive benchmarking data shows refiners have been improving their energy efficiency performance recently. According to the U.S. Census, the petroleum refining industry spent around $6.3 billion on energy purchases in 2016, which is down from almost $10B in 2014. However, according to EIA, overall fuel consumed by refineries and refinery net production totals have remained fairly constant from 2013 to 2018. These GHG emissions/energy consumption (i.e., energy efficiency) situations present attractive opportunities for potential regulatory actions.

A drive to greater energy efficiency remains a significant path towards lowering emissions from refining operations. Individual refiners are engaged in efforts to drive energy efficiencies and many refiners also provide energy efficiency data to third parties on their energy and carbon intensity to benchmark performance and identify opportunities for improvements. While these actions are noteworthy, there is no coordinated API or industry program to drive energy efficiency improvement and capture energy efficiency performance information.

Projections:

The API member company refineries have opportunities for energy reduction in the areas of (see red "waterfall" sections):

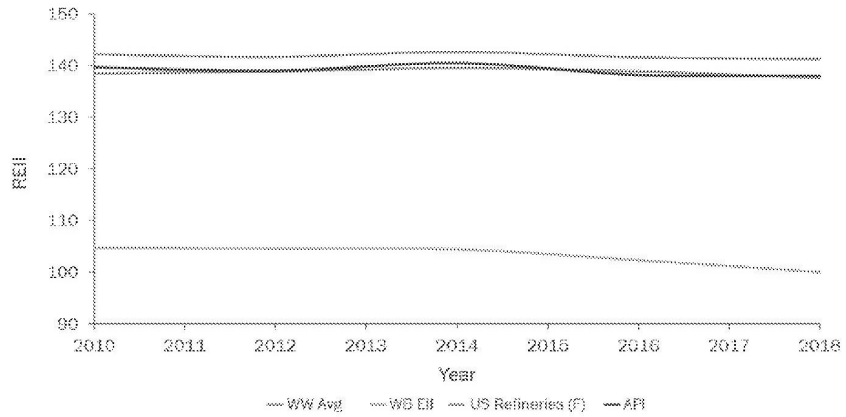
API Member Gaps Relative to World's Best



Shaft Energy Lo gap is driven by more steam turbines vs. electric motors

The chart below shows the opportunity that API member refineries (dark blue line) have for reducing energy intensity (i.e., improving energy efficiency) and thereby reducing GHG emissions. For this chart, the lower the REII number (Y-axis) the better. API member refineries, as an aggregate, are tracking better than U.S. refineries, equivalent to world-wide refineries, but are not performing as well as the "world's best" refineries. This data shows there are still significant opportunities to improve refinery energy efficiency and reduce refinery GHG emissions.

REII Trend 2010–2018



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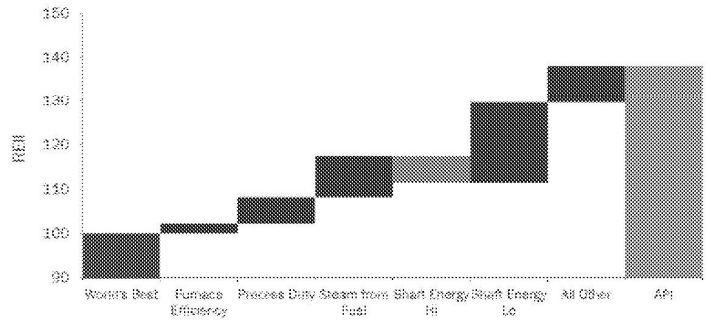

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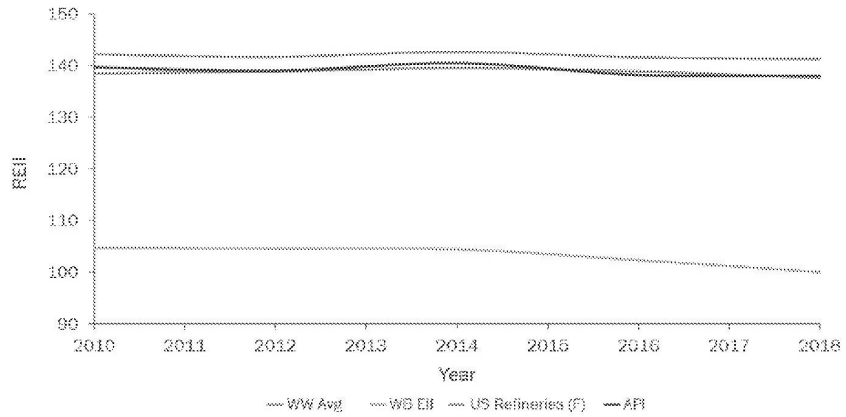

Message

From: Marcus Koblitz [redacted]
Sent: 1/27/2021 3:14:59 PM
To: Matthew Todd [redacted]; Frank Macchiarola [redacted]; Stephen Comstock [redacted]; Ron Chittim [redacted]; Andrew P. Broadbent [redacted]; Dustin Meyer [redacted]; Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]
CC: Howard Feldman [redacted]; Aaron P. Padilla [redacted]
Subject: RE: API GHG Emission One-Pagers
Attachments: API GHG Emissions - One Pager Outline - CCUS.docx

Frank and Team:

A draft one-pager for CCUS is attached. Feedback and edits welcome.
I have also loaded this paper to the Teams site.

Marcus

From: Matthew Todd [redacted]
Sent: Wednesday, January 27, 2021 3:06 PM
To: Frank Macchiarola [redacted]; Stephen Comstock [redacted] Ron Chittim [redacted]; Andrew P. Broadbent [redacted]; Marcus Koblitz [redacted]; Dustin Meyer [redacted] Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]>
Cc: Howard Feldman [redacted]>; Aaron P. Padilla [redacted]
Subject: RE: API GHG Emission One-Pagers

Frank and Team:

Attached are my two drafts for **Methane** and **Flaring**. They are NOT one-pagers and I can work to whittle them down further if that's the direction from the group. Welcome any feedback on the drafts.

Thanks,

Matt

From: Frank Macchiarola [redacted]
Sent: Wednesday, January 27, 2021 11:35 AM
To: Stephen Comstock [redacted]>; Matthew Todd [redacted]>; Ron Chittim [redacted]
Andrew P. Broadbent <BroadbentA@api.org>; Marcus Koblitz [redacted]; Dustin Meyer [redacted]
Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]
Cc: Howard Feldman [redacted]; Aaron P. Padilla [redacted]
Subject: Re: API GHG Emission One-Pagers

Please copy me on those as well.

thanks

American Petroleum Institute

Frank J. Macchiarola
Senior Vice President
Policy, Economics & Regulatory Affairs
[redacted]

From: Stephen Comstock [redacted]
Date: Wednesday, January 27, 2021 at 8:21 AM
To: Matthew Todd [redacted], Ron Chittim [redacted], "Andrew P. Broadbent" [redacted] Marcus Koblitz [redacted], Dustin Meyer [redacted], "Jeffrey I. Stein" [redacted], Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted] Howard Feldman [redacted] "Aaron P. Padilla" [redacted]
Subject: RE: API GHG Emission One-Pagers

Team:

Just wanted to send out a reminder that Aaron and I are looking for the one-pagers by COB today. Please let us know if there are any issue with that deadline.

Regards,

Stephen Comstock
Vice President – Corporate Policy
Policy, Economics & Regulatory Affairs

o: [redacted]
e: [redacted]

www.api.org

American Petroleum Institute

From: Stephen Comstock
Sent: Monday, January 25, 2021 5:13 PM
To: Matthew Todd [redacted]; Ron Chittim [redacted]; Andrew P. Broadbent [redacted] Marcus Koblitz [redacted]; Dustin Meyer [redacted] Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted]; Howard Feldman [redacted]; Aaron P. Padilla [redacted]
Subject: RE: API GHG Emission One-Pagers

Please set the deadline for the summaries and one pagers to **COB 1/27** so that we can get it into Frank on the morning of the 28th

Regards,

Stephen Comstock
Vice President – Corporate Policy
Policy, Economics & Regulatory Affairs

o: [redacted]

e: [redacted]

www.api.org

American Petroleum Institute

From: Matthew Todd [redacted]
Sent: Monday, January 25, 2021 5:08 PM
To: Ron Chittim [redacted]; Andrew P. Broadbent [redacted]; Marcus Koblitz [redacted]; Dustin Meyer [redacted] Jeffrey I. Stein [redacted] Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted] Howard Feldman [redacted]; Stephen Comstock [redacted] Aaron P. Padilla [redacted]
Subject: RE: API GHG Emission One-Pagers

Team:

Welcome any corrections to the proposed path forward.

1/28 Deadline
1. Stephen and Aaron – draft issue paper
2. Team – provide your 2-3 sentence summaries for each topic to Stephen and Aaron at earliest convenience
3. Team – continue development of one-pagers

Thanks,

Matt

From: Matthew Todd
Sent: Thursday, January 21, 2021 4:20 PM
To: Ron Chittim [redacted]; Andrew P. Broadbent [redacted]; Marcus Koblitz [redacted] Dustin Meyer [redacted] Jeffrey I. Stein [redacted] Patrick Kelly [redacted]
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API GHG Emission One-Pagers

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Outline

Topic: e.g., Methane

Brief Description of Topic/Industry Source: 2-3 sentences

API Policy (if available):

Trends Summary: Provide a description of the current source trends to date; emission reductions accomplished to through 2020; other industry achievements/efforts to reduce emissions.

Note: Include any available charts that "tell the story" of past trends and future projections.

Topic: Carbon Capture, Use, and Storage (CCUS)

Brief Description of Topic/Industry Source:
CCUS is a carbon dioxide (CO_2) removal technology typically associated with electric power generation and other industrial processes, such as ethanol production, natural gas processing and hydrogen production. Carbon dioxide emissions are captured from the emissions stream and either converted to a secondary product for use or stored underground in a dedicated storage well or via enhanced oil recovery. CCUS is not an oil-and-gas specific technology but enables the use of petroleum and natural gas by providing an opportunity to capture and/or offset emissions, while also offering the opportunity to lower the carbon profile of oil and natural gas production through CO_2-EOR. The IPCC has concluded that the costs for achieving atmospheric CO_2 levels consistent with the Paris Agreement will be more than twice as expensive without CCUS.[1] Similarly, in the IEA Sustainable Development Scenario of the World Energy Outlook 2020, CCUS accounts for nearly 15% of the cumulative reduction in emissions compared with the Stated Policies Scenario.[2]

API Policy:
API supports the advancement of the RD&D to lower the costs associated with and enable the further deployment of CCUS technologies, as well as policy reforms to infrastructure permitting and development for carbon dioxide transportation. Additionally, API supports the findings of the National Petroleum Council's 2019 report "Meeting the Dual Challenge: A Roadmap to At-Scale Deployment of Carbon Capture, Use, and Storage".

Trends Summary:
The United States is the world leader in the deployment of CCUS technology. The U.S. has 13 commercial-scale carbon capture facilities in operation, with the capacity to capture on the order of 25 million metric tons (MMT) of CO2 annually. Four of the commercially operating facilities are associated with natural gas processing, with an additional facility associated with hydrogen production through steam-methane reformation (blue hydrogen). In 2018, operators reported capturing more than 13 MMT CO_2 for use with EOR, another 46 MMT CO_2 was extracted from natural CO_2 bearing formations and could be substituted in the future with CO_2 captured from waste streams. An additional 22 carbon capture facilities are in various development stages in the U.S. including those already under construction. Many of the in-development facilities are associated with natural gas power generation, though oil and natural gas firms are also partnering with other industrial firms to expand usage in heavy industry. One direct air capture (DAC) project is under development with industry involvement. Other members are involved in research and development to find ways to lower the cost of the technology, such as alternative separation capture methods.

CCUS has been supported in recent years by the 45Q tax credit, providing support for deployment, and by increased federal research and development funding and focus in the 2020 Omnibus bill. CCUS appears to have broad-based bipartisan support as a viable approach for reducing greenhouse gas emissions from energy-intensive industries and industries with significant process emissions.

---

[1] IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp.
[2] IEA (2020), Energy Technology Perspectives 2020, IEA, Paris https://www.iea.org/reports/energy-technology-perspectives-2020

Message

From: Matthew Todd [redacted]
Sent: 1/27/2021 3:05:55 PM
To: Frank Macchiarola [redacted] Stephen Comstock [redacted] Ron Chittim [redacted] Andrew P. Broadbent [redacted] Marcus Koblitz [redacted] Dustin Meyer [redacted] Jeffrey I. Stein [redacted] Patrick Kelly [redacted]
CC: Howard Feldman [redacted] Aaron P. Padilla [redacted]
Subject: RE: API GHG Emission One-Pagers
Attachments: API GHG Emissions - One Pager Outline - Flaring.docx; API GHG Emissions - One Pager Outline - Methane.docx

Frank and Team:

Attached are my two drafts for **Methane** and **Flaring**. They are NOT one-pagers and I can work to whittle them down further if that's the direction from the group. Welcome any feedback on the drafts.

Thanks,

Matt

From: Frank Macchiarola [redacted]
Sent: Wednesday, January 27, 2021 11:35 AM
To: Stephen Comstock [redacted]; Matthew Todd [redacted]; Ron Chittim [redacted] Andrew P. Broadbent [redacted]; Marcus Koblitz [redacted]; Dustin Meyer [redacted] Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]
Cc: Howard Feldman [redacted]; Aaron P. Padilla [redacted]
Subject: Re: API GHG Emission One-Pagers

Please copy me on those as well.

thanks

American Petroleum Institute

Frank J. Macchiarola
Senior Vice President
Policy, Economics & Regulatory Affairs

[redacted]

From: Stephen Comstock [redacted]
Date: Wednesday, January 27, 2021 at 8:21 AM
To: Matthew Todd [redacted], Ron Chittim [redacted], "Andrew P. Broadbent" [redacted], Marcus Koblitz [redacted] Dustin Meyer [redacted] "Jeffrey I. Stein" [redacted], Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted], Howard Feldman [redacted] "Aaron P. Padilla" [redacted]
Subject: RE: API GHG Emission One-Pagers

Team:

Just wanted to send out a reminder that Aaron and I are looking for the one-pagers by COB today. Please let us know if there are any issue with that deadline.

Regards,

Stephen Comstock
Vice President – Corporate Policy
Policy, Economics & Regulatory Affairs

o: [redacted]
e: [redacted]

www.api.org

American Petroleum Institute

From: Stephen Comstock
Sent: Monday, January 25, 2021 5:13 PM
To: Matthew Todd [redacted]; Ron Chittim [redacted]; Andrew P. Broadbent [redacted] Marcus Koblitz [redacted]; Dustin Meyer [redacted]; Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted]; Howard Feldman [redacted]; Aaron P. Padilla [redacted]
Subject: RE: API GHG Emission One-Pagers

Please set the deadline for the summaries and one pagers to **COB 1/27** so that we can get it into Frank on the morning of the 28th

Regards,

Stephen Comstock
Vice President – Corporate Policy
Policy, Economics & Regulatory Affairs

o: [redacted]
e: [redacted]

www.api.org

American Petroleum Institute

From: Matthew Todd [redacted]
Sent: Monday, January 25, 2021 5:08 PM
To: Ron Chittim [redacted]; Andrew P. Broadbent [redacted]; Marcus Koblitz [redacted] Dustin Meyer [redacted] Jeffrey I. Stein [redacted]; Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted]; Howard Feldman [redacted] Stephen Comstock

[redacted]; Aaron P. Padilla [redacted]
Subject: RE: API GHG Emission One-Pagers

Team:

Welcome any corrections to the proposed path forward.

1/28 Deadline
1. Stephen and Aaron – draft issue paper
2. Team – provide your 2-3 sentence summaries for each topic to Stephen and Aaron at earliest convenience
3. Team – continue development of one-pagers

Thanks,

Matt

From: Matthew Todd
Sent: Thursday, January 21, 2021 4:20 PM
To: Ron Chittim [redacted]; Andrew P. Broadbent [redacted] Marcus Koblitz [redacted]
Dustin Meyer [redacted]; Jeffrey I. Stein [redacted] Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted]; Howard Feldman [redacted] Stephen Comstock
[redacted] Aaron P. Padilla [redacted]
Subject: API GHG Emission One-Pagers
Importance: High

Team:

The API Executive Committee plans to have a conversation on climate in the next week or two. To prepare for this conversation, Frank would like us to build upon our previous plans and expeditiously develop an issue paper that outlines what our industry is doing that speaks to the core topics we outlined identified in the planned one-pagers (see outline below). *Frank has asked us for two things:*

1) To review and build out slightly the summaries below for inclusion in the issue paper.

We want to be informative and not abstract, and we could recognize next steps underway on the specific efforts.

2) To prioritize the development of the one-pagers as background for the issue paper.

I'll look at calendars to connect with the team on a call tomorrow (or Monday if necessary) to discuss further.

Thanks,

Matt
==========

Issue Paper

API is conducting an overview of our current policies and industry initiatives on climate change, and the tangible benefits these measures will have on reducing greenhouse gas emissions. This review includes the following items:

- **CCUS** - API supports policy reforms to infrastructure permitting and development for CCUS as well as research, development and deployment funding to support technology breakthrough. API also supports federal tax provisions incentivizing CCUS investment and deployment.
- **Methane** – API supports cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect, and mitigate emissions.
- **Flaring** - API recently created the Flare Management Program as part of The Environmental Partnership. As part of the program, participating companies will advance best practices that reduce flare volumes, promote the beneficial use of associated gas, improve flare reliability and efficiency when flaring does occur, and collect data to calculate flare intensity as a key metric to gauge year-over-year progress.
- **Refining Efficiency** - In 2021 under the direction of the Downstream Committee, API will establish refinery energy efficiency targets that will set an emissions reductions goal over a set period of time for participating member companies.
- **Fuels -**
- **LNG Exports** –
- **Natural Gas in Power Sector** -

==========

API GHG Emission One-Pagers

Task Description: Develop a one-pager that qualifies and, if possible, quantifies past industry efforts that achieved greenhouse gas emission reductions and projects future emission reductions for key industry operations/sources.

Topics - Lead

1. CCUS – Marcus K
2. Methane – Matt T
3. Flaring – Matt T
4. Refining Efficiency – Ron C and Andrew B
5. Fuels – Patrick K
6. LNG Exports – Dustin M and Jeff S
7. Nat Gas in Power Generation – Dustin M and Jeff S

Outline

Topic: e.g., Methane

Brief Description of Topic/Industry Source: 2-3 sentences

API Policy (if available):

Trends Summary: Provide a description of the current source trends to date; emission reductions accomplished to through 2020; other industry achievements/efforts to reduce emissions.

Note: Include any available charts that “tell the story” of past trends and future projections.

Topic: Flaring

Brief Description of Topic/Industry Source:

Increased public attention to climate change has led to intense focus on greenhouse gas emissions associated with the oil and natural gas industry's operations. While industry has taken measures to reduce emissions both voluntarily and under federal and state regulatory requirements, there is an opportunity to further secure the industry's license to operate by improving current practices to further reduce greenhouse gas emissions and minimizing natural resource loss from flaring of associated gas.

Natural gas flaring frequently occurs at oil-rich production sites with associated natural gas deposits and at natural gas processing plants. Flaring provides a means for handling the associated natural gas, especially when processing and transportation capacities are unavailable. A growing share of U.S. natural gas production is associated gas, which is the result of increased crude oil production from the Permian, Bakken, Eagle Ford, Niobrara, and Anadarko formations.

To reduce emissions associated with flaring, operators may do the following:

- Align production, gas gathering and processing infrastructure to provide environmental benefits and promote resource conservation.
- Identify and utilize an alternative beneficial use of the associated gas to prevent flaring where gas gathering infrastructure is not available.
- Ensure good combustion when flaring is unavoidable.

While each option poses unique challenges, the primary challenge has been the inability for gas gathering infrastructure to keep pace with the significant increase in U.S. oil production. As a result, associated gas has been increasingly vented and flared in order to manage this undeliverable natural gas production from flowing oil wells. Even with the additional gas processing planned in the Bakken and gas pipeline capacity from the Permian, building gas-gathering infrastructure and coordination between production and midstream operations will remain a challenge.

While industry has taken measures to reduce emissions both voluntarily and under federal and state regulatory requirements, there is an opportunity to further secure the industry's license to operate by improving current practices.

API Policy:

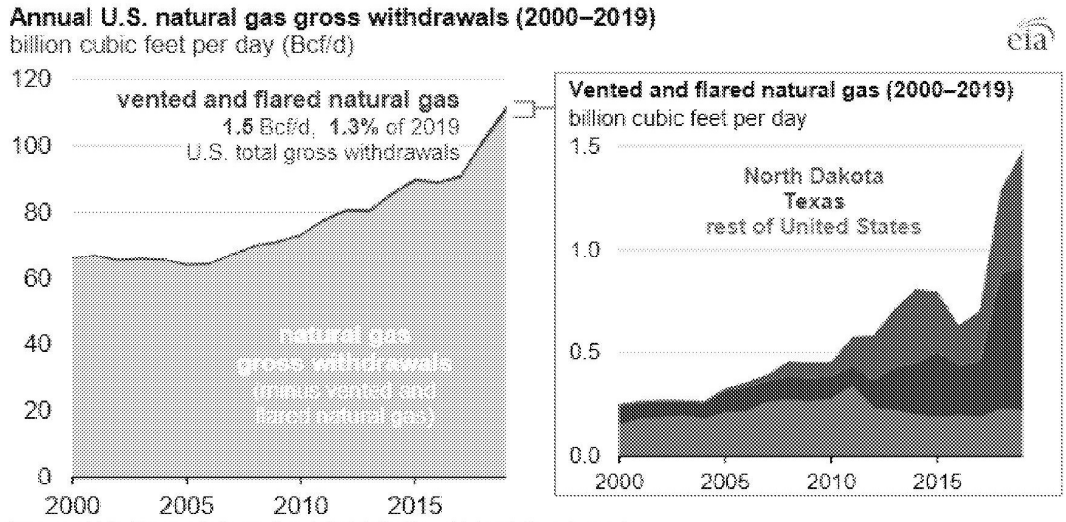
API has not developed an official position regarding the flaring of associated gas. In 2020, The Environmental Partnership, developed a new Environmental Performance Program that takes a holistic approach by addressing all key opportunities, including:

- Sharing and advancing the use of best practices, site design, and current technologies to reduce flaring and ensure good combustion when flaring is necessary
- Advance development of technologies for alternative beneficial use
- Appropriate reporting that demonstrates progress and captures all approaches (gas capture, beneficial use, and good combustion)
- Reporting flare intensity as key metric to gauge progress.

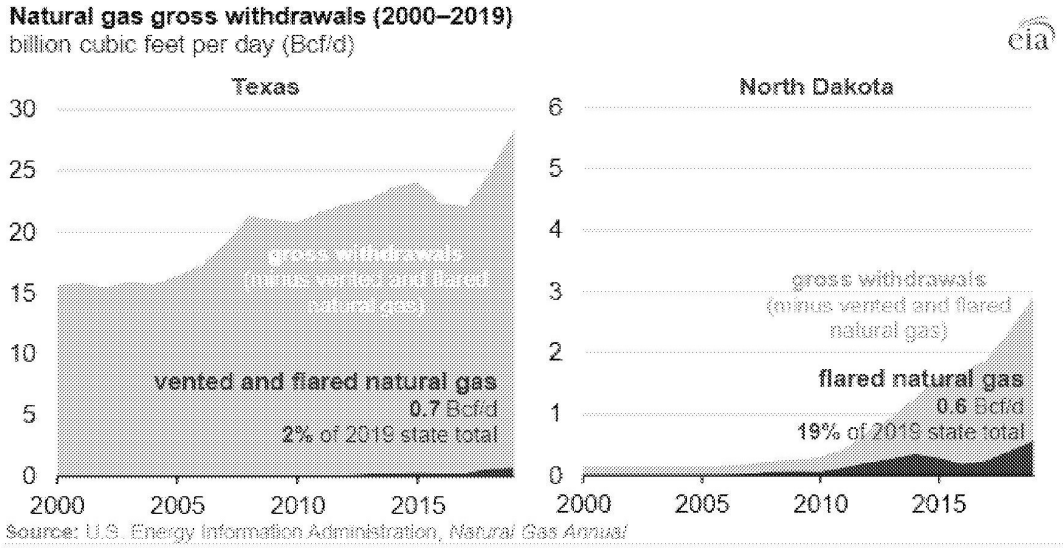
Trends Summary:

The U.S. Energy Information Administration's (EIA) 2020 *Natural Gas Annual* reports that the volume of U.S. natural gas that was vented and flared in 2019 was 1.48 billion cubic feet per day (Bcf/d), a record high annual average. The percentage of U.S. natural gas that was vented and flared in 2019 increased to 1.3% of gross withdrawals, the highest share recorded in EIA data. As crude oil production has outpaced the construction of necessary infrastructure to transport the natural gas extracted during oil production, or associated natural gas, it has been increasingly vented and flared.

In 2019, North Dakota and Texas combined accounted for 85%, or 1.3 Bcf/d, of the reported U.S. vented and flared natural gas. Texas accounted for 47% and North Dakota accounted 38% of the total U.S. vented and flared natural gas. State agencies in Texas and North Dakota are working with oil producers to limit the need for flaring without shutting down or affecting crude oil production from new wells. Venting is banned in North Dakota and restricted in Texas.



Source: U.S. Energy Information Administration, *Natural Gas Annual*
Note: The *Natural Gas Annual* relies on vented and flared natural gas data reporting by the states, and some states do not collect or publish any data on vented and flared amounts.



Projections:

As part of the second phase of API's flaring initiative, API has initiated a robust analysis of existing/planned infrastructure and projected oil and gas production to better understand and inform the impacts of a potential associated gas flaring reduction target or goal. The study is expected to be completed in the first half of 2021.

Topic: Methane

Brief Description of Topic/Industry Source:

Methane emissions associated with the production, processing, and transmission of oil and natural gas have undergone intense scrutiny within the public discourse and policy debates to address the risks of climate change. Since 2012, new sources of emissions from the oil and natural gas sector have been regulated by the EPA's New Source Performance Standards (NSPS OOOO). The 2012 rule regulated emissions of volatile organic compounds, which has the co-benefit of reducing methane emissions. In 2016, the Obama Administration expanded the 2012 rule to cover additional sources and added methane as a regulated pollutant (NSPS OOOOa). This action – the addition of methane as a regulated pollutant— compels the EPA under the Clean Air Act to develop guidelines for the states to regulate existing sources. In March 2017, President Trump directed EPA to review NSPS OOOOa and take action to suspend, revise or rescind the rule.

In September of last year, EPA promulgated two separate rules. The "policy rule" removed the transmission segment from the coverage of the rule and removed methane as a pollutant that is regulated by the standard. The "technical rule" secured additional clarity regarding storage tank applicability, reduced burden for leak detection and repair, incorporated an exemption from LDAR for low production wells, and eased approval and use of new detection technologies.

On January 20th, President Biden signed an Executive Order on "Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis." The executive order directs the EPA Administrator to propose "new regulations to establish comprehensive standards of performance and emission guidelines for methane and volatile organic compound emissions from existing operations in the oil and gas sector, including the exploration and production, transmission, processing, and storage segments, by September 2021."

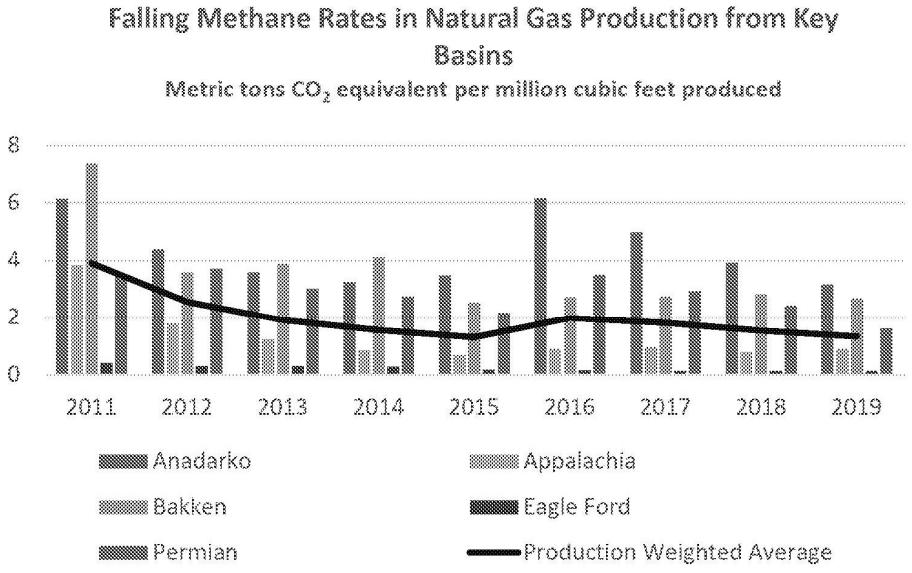
API Policy:

To effectively engage the Biden Administration and influence additional efforts to address emissions from operations, the API Upstream Committee reviewed and agreed to modify the API position to better represent member positions regarding the regulation of methane to address existing source emissions. The following public position was adopted:

> *Reducing methane emissions is a priority for our industry to address the risks of climate change. We support cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect, and mitigate emissions.*

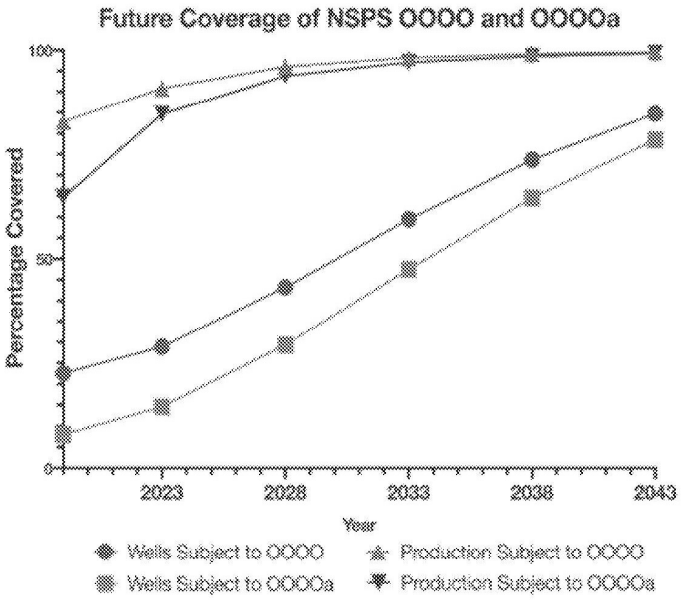
Trends Summary:

Methane emissions account for approximately 10% of total US greenhouse gas emissions on a carbon dioxide-equivalent basis. Among methane sources, oil and natural gas production, processing, and transmission contribute approximate one-third of anthropogenic emissions in US. Emission trends relative to production continue to trend downward in key basins.



Projections:

API analyzed the coverage, both production and affected facilities, of the current federal regulations addressing new sources (see table). By 2043, 78% of wells are covered by the current EPA requirements for new sources, and an additional 6% are covered by the original OOOO requirements. When evaluated on a production basis, the coverage of NSPS requirements increases rapidly, exceeding 90% of production by 2028.



Overall, the impact of an existing source rule, if low-production wells are exempt, on methane emissions is small. In the first year of implementation (2028), the model predicted a 5% decrease in methane

emissions, which declines to less than 1% by 2043. Additionally, all new wells added in the future simulations meet current state and federal requirements, and the model estimates that federal NSPS OOOOa requirements cover 78% of the total well population and 99% of total production by 2043. To better characterize impacts from an existing source rule, additional modeling analyses are warranted to reflect impacts from new state regulations that address existing sources.

Message

From: Ron Chittim [redacted]
Sent: 1/27/2021 2:06:17 PM
To: Patrick Kelly [redacted]
CC: Ron Chittim [redacted]
Subject: RE: Fuels Climate Policy one pager
Attachments: Transportation Fuels - GHG 1-Pager (1-27-21)(Ver 2).docx; API GHG Emission One-Pagers

Patrick – see attached. In addition to trying to capture an overall broad Fuels Policy, I added some "Sub-policies" that I thought were the most important. I also organized it in the template from Matt (attached also) and shorten it some as this will be for Executive Committee CEOs.

Can you take a stab at this Projections section based on this guidance? I can review your input later today or tomorrow.

Let me know if you have any questions.

Thanks -- Ron

From: Patrick Kelly [redacted]
Sent: Wednesday, January 27, 2021 11:37 AM
To: Ron Chittim [redacted]
Subject: Fuels Climate Policy one pager

Ron,
Would you please take a look at the attached draft work in progress to ensure I am on the right track? I need to prepare for the fuels call (12:00-2:00) and will continue working on the one pager this afternoon. Your feedback is much appreciated.
Thanks,
Patrick

Topic: Transportation Fuels

Brief Description of Topic/Industry Source:
API is committed to delivering transportation fuels solutions that reduce greenhouse gas emissions while meeting society's demands for petroleum products. To enable API to have positive engagement in policy discussions to reduce the carbon impact of transportation, we are evaluating transportation fuels policy options involving fuels, vehicles, and infrastructure. This evaluation will include how these fuels policy options align with API's Transportation Specific Climate Principles as well as our Fuels Policy Principles. The goal of this effort is to identify select future fuels policy options that reduce the downstream segment's carbon impact that API can support.

API Policy:
API's broad fuels policy is to promote the competitiveness of the domestic refining and marketing industry and the use of petroleum-based fuels while ensuring these products meet consumer demand and adhere to environmental, health, safety, performance and availability standards. API supports policies that are market-based and provide a level playing field for vehicle technologies and fuel options.

- Renewable Fuel Standard (RFS): API supports the repeal or significant reform of the RFS, which imposes a burdensome ethanol volume mandate on refiners and importers. In addition, API will only support annual ethanol volume requirements that recognize the vehicle and infrastructure limitations of the ethanol blend wall.
- E15 Fuel: API opposes efforts to prematurely force E15 (i.e., 15% ethanol content) into the marketplace. The majority of automobiles on the road today as well as small engines, boats and motorcycles were not designed for E15 fuel and could be damaged from its use. In addition, the U.S. currently lacks adequate infrastructure to allow for year-round sale of E15 across the entire country.
- Fuel Economy and Tailpipe Greenhouse Gas Emissions (GHG) Standards: API policy supports all transportation technologies equally and believes such policies should provide a level playing field for vehicles/engines propelled by gasoline, diesel, and alternative fuels. Consumer choice and a competitive market should determine the mix of energy sources and drive the selection of cost-effective solutions to mobility demand. Measures which distort the commercial market by providing regulatory credit, tax, subsidy and/or other incentives for the production and the use of government-selected alternative fuels and technologies should be avoided.
- Electric Vehicles (EV): – API does not oppose EVs but API does oppose zero-emission vehicle mandates as well as internal combustion engine vehicle bans. API also opposes subsidies and tax credits for the purchase of EVs. API believes that rate payer should not have to fund EV infrastructure build-out via their electricity bills and that all vehicles should pay an equitable road tax. Government policies to reduce emissions should be market-based, technology neutral, promote a level-playing field, and preserve consumer choice.

Trends:
Emissions from vehicles have reduced significantly due to cleaner burning fuels and advancements in the internal combustion engines. In fact, many of today's automobiles are 99% cleaner than they were in 1970 and emissions generated from numerous modern internal combustion engine vehicles are on par with the lifecycle of emission from electric vehicles. However, as noted above, API is evaluating several future transportation fuels policy options in an effort to identify policies that we can support that will reduce the downstream segment's carbon impact. While not necessarily "trends", several of the policy options being evaluated by API have been implemented or are being considered in the U.S. such as low carbon fuel standards, cap and trade programs such as TCI, and Corporate Average Fuel Economy (CAFE) standards among others.

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Message

From: Marcus Koblitz [redacted]
Sent: 1/25/2021 1:58:56 PM
To: Stephen Comstock [redacted]
CC: Aaron P. Padilla [redacted]
Subject: RE: API GHG Emission One-Pagers
Attachments: ExComm Issue Paper - CCUS draft 20210125.docx

Stephen,
Per our discussion on Friday, here's a draft (or at least a start) for the 1-pager/issue paper on CCUS for the ExCom application. I think I might need to take out the references to specific members. I can build out a little more on API's support for the Omnibus changes and 45Q changes, if we want to take a little bit of credit.

Marcus

From: Matthew Todd [redacted]
Sent: Thursday, January 21, 2021 4:20 PM
To: Ron Chittim [redacted]; Andrew P. Broadbent [redacted]; Marcus Koblitz [redacted]
Dustin Meyer [redacted] Jeffrey I. Stein [redacted] Patrick Kelly [redacted]
Cc: Frank Macchiarola [redacted] Howard Feldman [redacted] Stephen Comstock [redacted]; Aaron P. Padilla [redacted]
Subject: API GHG Emission One-Pagers
Importance: High

Team:

The API Executive Committee plans to have a conversation on climate in the next week or two. To prepare for this conversation, Frank would like us to build upon our previous plans and expeditiously develop an issue paper that outlines what our industry is doing that speaks to the core topics we outlined identified in the planned one-pagers (see outline below). *Frank has asked us for two things:*

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Matt

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- **LNG Exports** –
- **Natural Gas in Power Sector** -

==========

API GHG Emission One-Pagers

Task Description: Develop a one-pager that qualifies and, if possible, quantifies past industry efforts that achieved greenhouse gas emission reductions and projects future emission reductions for key industry operations/sources.

Topics - Lead

1. CCUS – Marcus K
2. Methane – Matt T
3. Flaring – Matt T
4. Refining Efficiency – Ron C and Andrew B
5. Fuels – Patrick K
6. LNG Exports – Dustin M and Jeff S
7. Nat Gas in Power Generation – Dustin M and Jeff S

Outline

Topic: e.g., Methane

Brief Description of Topic/Industry Source: 2-3 sentences

API Policy (if available):

Trends Summary: Provide a description of the current source trends to date; emission reductions accomplished to through 2020; other industry achievements/efforts to reduce emissions.

Note: Include any available charts that "tell the story" of past trends and future projections.

Outline

Topic: Carbon Capture, Use, and Storage (CCUS)

Brief Description of Topic/Industry Source: CCUS is a carbon dioxide removal technology typically associated with electric power generation and other industrial processes, such as ethanol production, natural gas processing and hydrogen production. Carbon dioxide emissions are captured from the emissions stream and either converted to a second product for use, or stored underground in a dedicated storage well or via enhanced oil recovery. CCUS is not an oil-and-gas specific technology but enables the use of petroleum and natural gas by providing an opportunity to capture and/or offset emissions, while also offering the opportunity to lower the carbon profile oil and gas production through CO_2-EOR.

API Policy (if available): API supports the advancement of the research, development, and demonstration of carbon capture utilization and storage (CCUS). Additionally, API supports policy reforms to infrastructure permitting and development for CCUS as well as research, development and deployment funding to support technology breakthrough. API also supports federal tax provisions incentivizing CCUS investment and deployment.

Trends Summary: The United States is the world leader in the deployment of CCUS technology. The U.S. has 13 commercial-scale carbon capture facilities operating today, with the capacity to capture on the order of 25 million tons of CO2 annually. Four of the commercially operating facilities are associated with natural gas processing, with an additional facility associated with hydrogen production through steam-methane reformation (blue hydrogen).

CCUS has been supported in recent years by the 45Q tax credit, providing support for deployment, and by increased federal research and development funding and focus in the 2020 Omnibus bill.

An additional 22 carbon capture facilities are in various development stages including under construction. Many of the in-development facilities are associated with natural gas power generation. One "Direct Air Capture" project is under development with API member Oxy. Other members, including ExxonMobil are involved in research and development to find ways to lower the cost of the technology, such as alternative capture methods.

Note: Include any available charts that "tell the story" of past trends and future projections.

MEMORANDUM

TO: API Board of Directors
FROM: Mike Sommers
DATE: March 4, 2021
RE: API Climate Change Proposal

The following memo outlines API's 5-point climate change proposal, which reflects discussions in the API policy committees at the direction of the API Executive Committee (EC). The proposal provides a framework for API engagement with the Biden administration and Congress on the issue of climate change, and also serves as an alternative to harmful and counterproductive policies offered by some policymakers. API staff will present an advocacy plan on this proposal at the upcoming API Board of Directors Meeting. The proposal includes the following five points:

1. **Support a Carbon Price Policy** *to drive market-based solutions*
2. **Promote Technology and Innovation** *to reduce emissions while meeting energy needs*
3. **Mitigate Emissions from Operations** *to accelerate environmental progress*
4. **Advance Cleaner Fuels** *to provide lower carbon choices for consumers*
5. **Establish Comparable Climate Reporting** *to provide consistency and transparency*

1. Support a Carbon Price Policy
API proposes the following position on carbon pricing:

API supports well-designed, market-based, economy-wide carbon pricing as the most impactful government climate policy instrument to reduce CO_2 emissions while helping keep energy affordable, instead of mandates or prescriptive regulatory action.

As policymakers consider various policies and approaches to address the risks of climate change, API will continue to engage based upon its climate principles and issue specific framework on carbon pricing (see attachment) and work to integrate legislation that prices carbon across sectors and political jurisdictions while avoiding duplication.

2. Promote Technology and Innovation
API currently supports government funding of basic research toward the objective of reducing emissions, with a focus on technologies evaluated based on the potential for the largest scale and most economic GHG emissions abatement opportunity across the economy.

Based upon our industry's history and expertise we can help to further develop and promote the commercial promise of carbon capture, utilization and storage, and hydrogen technologies. **API proposes** to work with policymakers and other trade associations to:

- Fully appropriate funding for low carbon RD&D programs authorized in the Energy Act of 2020.
- Increase substantially Congress-appropriated funding for government research on a range of low or no carbon technologies, including capturing and storing carbon and production and supply of hydrogen, with formal assessment of funded technologies on the basis of potential for GHG abatement at the lowest cost.
- Implement federal policies consistent with the NPC study to substantially increase support for CCUS to achieve "at-scale phase" deployment.

- Implement policies to expand the infrastructure needed to secure a place for these low carbon technologies in the economy.

3. Mitigate Emissions from Operations

Flaring: There is an opportunity to further secure the industry's license to operate by improving current practices to continue reducing greenhouse gas emissions and minimize natural resource loss from flaring of associated gas. **API proposes** to advance to the second phase of its two-phased Flare Management Program under The Environmental Partnership to address associated gas flaring. This includes API analysis of existing/planned infrastructure and projected oil and natural gas production to better understand and ultimately inform the consideration of an associated gas flaring reduction target or goal.

API maintains that the regulation of flaring is best managed at the state level and we will continue to work with both state and federal agencies to address routine gas flaring and proceed with the development of an operational guidance document on flaring, based on the best practices identified by The Environmental Partnership.

API proposes to encourage members to individually commit to no routine flaring by a certain date (e.g., World Bank's Zero Routing Flaring Initiative by 2030), and promote the development of a common definition of routine flaring.

Methane: API currently supports cost-effective policies and direct regulation that achieve methane emission reductions from new and existing sources across the supply chain. Additionally, the oil and natural gas industry remains committed to the development and deployment of new technologies and practices through industry initiatives, like The Environmental Partnership, to better understand, detect and mitigate emissions.

API proposes to engage in a two-year aerial survey project, managed by The Environmental Partnership, supported by supplemental funding from interested member companies. To collect meaningful data as quickly as possible, the project is purposefully designed to be iterative. Each phase of the project, starting in the second quarter of 2021, will inform subsequent project design and data collection to advance EPA approval of the aerial survey technology to satisfy regulatory requirements. As part of this effort, API will also support investigation, testing, and advancement of additional detection technologies. These projects can help inform API's advocacy with the Biden administration as the EPA considers regulatory requirements to address emissions from existing sources and to continue to reduce methane emissions through voluntary collaborative industry efforts.

API proposes to engage proactively in the national debate regarding abandoned wells as a potential contributing factor to methane, by actively working with the Interstate Oil and Gas Compact Commission (IOGCC) to determine where opportunities exist for collaboration on state priorities associated with abandoned wells; to develop a stand-alone federal initiative that will provide federal grant money to meet the needs of the states while reducing potential environmental impacts from abandoned wells; and to participate as a thought partner with authors of federal initiatives focused on abandoned wells.

Refining: **API proposes** to establish a voluntary program for carbon emissions reductions available to all refineries to reduce GHG emissions. Further discussions are necessary to develop a meaningful program to incentivize and measure significant carbon emissions reductions. Such a program would identify a

recommended target that is achievable and would result in meaningful GHG emissions reductions, along with a third-party reporting mechanism (i.e., Solomon or OGCI).

Additionally, **API proposes** to conduct forums to share information on topics such as refinery carbon emissions reduction efforts, and energy efficiency that protect company intellectual property and conform to API antitrust guidelines.

4. Advance Cleaner Fuels

Differentiated Natural Gas and LNG: API currently supports policies that expand the use of US natural gas in both domestic and global markets. As investors and large natural gas customers increasingly look to understand the emissions impact of their suppliers, there has been a rising interest in a standardized and transparent market for natural gas differentiated by its emissions intensity.

Differentiated, or "responsible" natural gas is becoming increasingly important to buyers in both domestic and international gas markets. **API proposes** supporting the ongoing development of markets for differentiated natural gas, recognizing the significance of these efforts in ensuring natural gas continues to be viewed as a major component of a lower carbon energy future. API will continue to seek opportunities to engage with entities in the process of developing these initiatives and will explore the possibility of leveraging the work of API Global Industry Services in establishing criteria and methodologies for certifying differentiated natural gas.

Electricity: In promoting the sustained role for natural gas in an increasingly carbon constrained electricity sector, API has current principles for evaluating—and potentially supporting—Clean Energy Standard (CES) proposals that are inclusive of natural gas. In recognition of API's newly proposed position in support of an economy-wide carbon pricing (outlined above), **API proposes** that its framework position on CES should be retained. API will make it clear that carbon pricing is the most impactful government policy instrument to reduce emissions. However, we will be prepared to engage on CES proposals consistent with our framework position.

Transportation Fuels: **API proposes** supporting technology neutral polices at the federal level that drive GHG emission reductions in the transportation sector using a holistic approach for fuels, vehicles and infrastructure systems.

More specifically, **this proposal** includes: 1) fuel standards, 2) vehicle standards based on a technology neutral, lifecycle approach for lower GHG emissions, 3) fuel/vehicle system optimization to improve efficiency and 4) supportive infrastructure measures.

Regarding fuel standards, **API proposes** supporting well-designed (technology neutral, lifecycle-based, and feasible) federal standard to reduce the carbon intensity of fuels.

API proposes engagement with EPA and renewable fuel stakeholders to develop strategies that eliminate the annual deadlock over RFS volume mandates, and result in a well-designed fuel standard for 2023 and beyond, either through regulation or legislation.

Regarding vehicle standards, **API proposes** support for the use of technology neutral fuel economy and GHG standards as an effective method to reduce the carbon impact of all transportation modes.

API proposes support for transitioning the standards from a tailpipe basis to a full lifecycle approach that encompasses both vehicles and fuels.

Finally, **API proposes** considering support for the adoption of a 95 RON octane standard for new vehicles to facilitate cost effective fuel economy improvements, as part of a holistic policy framework to reduce CO_2 emissions from transportation in conjunction with the fuel and vehicle standards mentioned above. API would not support a 95 RON standard on a stand-alone basis.

5. Establish Comparable Climate Reporting

API recognizes that policy makers, financial stakeholders and others seek to understand GHG emissions across the entire oil and natural gas value chain.

API proposes supporting industry sustainability reporting consistent with the *IPIECA-API-IOGP Sustainability Reporting Guidance* and promoting member efforts in this space.

API proposes supporting consistent climate-related financial risk and opportunity disclosures amongst the industry, including reporting consistent with or leveraging Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) frameworks. API will continue to monitor and seek to influence the further evolution of external reporting frameworks.

Status:	Approved by Executive Committee in October 2019 and Board in November 2019

CARBON PRICING

Government policies to price the carbon intensity of economic activities to correspond with the externality associated with their GHG emissions; includes policies to calculate the social cost of carbon.

This document does not represent an endorsed API advocacy position;
API will use the following principles to evaluate government policy proposals.

Issue-Specific Framework of API Policy Principles on Carbon Pricing

API expects continued efforts by policy makers to price carbon as a way to reduce GHG emissions. Any government policies to price carbon should include complementary policies that support significant investments in innovation to develop technologies that lower the cost of GHG emissions abatement across the economy. API will engage policy makers so that the design of a potential approach would price carbon at the outset for all relevant GHG emissions from all relevant sectors and account accurately for the benefits, costs and amounts of GHG emissions, according the following principles:

- Goal – The goal of policies to put a price on carbon should be to achieve GHG emissions reductions at the least cost to society, in order to meet the dual challenge of continued economic growth while addressing the risks of climate change.
- Scope of Coverage – Policies to put a price on carbon should be based on carbon-equivalent emissions only on a GWP100 basis and should cover the widest scope of GHG emissions US economy-wide as practically and economically achievable, including all emitters.
- Policy Duplication and Interoperability– If a price on carbon is introduced, it should minimize the burden of duplicative regulations: by -*either*- preempting other duplicative programs to reduce GHG emissions -*or*- being interoperable with these other policies, such that there is minimal duplication of the price on carbon that consumers or emitters pay.
- Setting the Ambition and Trajectory – API advocates that policy construct should be phased in over time and that, ultimately, the carbon price should not exceed the marginal cost of carbon emissions or the cost caused by an additional ton of carbon emitted into the atmosphere.[1]

[1] If a carbon pricing government policy uses the Social Cost of Carbon (SCC) to set a boundary on either a carbon price or a cap on emissions, it should adhere to the following criteria:

- Determined through a Notice and Comment Process.
- Based on transparent analyses (models, assumptions and inputs) that are subject to peer review.
- Calculated with discount rates of 3% and 7%, consistent with OMB Circular A-4.
- Based on a time horizon consistent with those most widely-used in integrated assessment models
- Account for US benefits as a share of global benefits.

- Rate or Cap Adjustments – The price on carbon or emissions cap should be adjusted periodically through a defined, rational, and transparent process to meet GHG emissions targets. Periodic rate adjustment should provide certainty for the economy and maintain the integrity of the carbon pricing policy.
- Uniform Treatment – A policy to put a price on carbon should ensure uniform cost of GHG emissions on a CO_2 equivalent basis throughout the economy.
- Transparency for Consumers – The carbon pricing system should be designed so that consumers have transparent incentives, based on actual GHG emissions if possible, to reduce GHG emissions efficiently. With respect to transportation fuels, a government policy-imposed carbon price should be disclosed at the point of retail sale.
- Baseline – As applicable, the point in time reference or baseline against which future targets for reducing GHG emissions are determined in the design of a policy to put a price on carbon should be 2005. This is already the baseline for which US economy-wide policy action has been determined in global climate negotiations.
- Credits –
    a. Accounting for net emissions. Credit should be provided for substances priced where GHG emissions are captured or sequestered downstream of the point where the price on carbon is assessed, such as for fossil fuels used as feedstocks in manufacturing activities where the carbon is permanently stored.
    b. Participation of parties. Allow any parties to generate emission reduction credits and participate in the carbon pricing program to incentivize broad participation.
    c. Credits. Allow for the trading of credits and their use in compliance.
    d. Early action. Provide credit for early and/or voluntary actions.
    e. Credit for other regulatory compliance. As applicable, credit should be granted for compliance with other non-climate related regulations that produce a corollary benefit of reducing GHG emissions.
- Global Carbon Markets – As applicable, allow for international trading in carbon mitigation through interoperability with other carbon pricing regimes outside the US.
- Avoidance of Carbon Leakage – A policy regime to put a price on carbon should include a WTO- compliant mechanism to prevent the movement, or "leakage," of industry or trade from the US that may create economic competitive disadvantages – and to prevent the offshoring or outsourcing of GHG emissions that would negate overall global GHG emissions reductions. A policy to put a price on carbon should be globally integrated so that US entities have the incentive to reduce their carbon footprint on a worldwide basis without being competitively disadvantaged.