InfluenceMap

Fossil Fuels Climate Lobbying Update: April 2023

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Overview

This briefing contains an overview of the corporate lobbying detected by InfluenceMap related to fossil fuels for the month of April 2023.

- In **North America:** Industry associations representing companies along the fossil fuel chain strongly opposed the interim guidance released by the Council on Environmental Quality, which clarified how federal agencies should review the climate impacts of proposed federal projects. In addition, InfluenceMap released a briefing that analyzed the electric utility sector's negative engagement on the EPA's pre-proposal, which opened to gather input ahead of upcoming draft power plant rules.

- In advance of ConocoPhillips' AGM on May 16th, InfluenceMap released a *briefing* summarizing the company's climate and energy policy advocacy. The analysis follow's US President Biden's approval of the Willow Oil Project in Alaska in March 2023, and finds that ConocoPhillips and its industry associations pushed for the project's approval in multiple communications with policymakers between 2020 and 2023. Meanwhile, in the midst of the debate over energy permitting reform in the US, the US and Canadian fossil fuel sector has called for policies to attract oil and gas investment.

- In **Australia:** The Safeguard Mechanism policy changes that were recently agreed upon by the Labor and Greens parties have been met with resistance from a broad range of fossil fuel companies and industry associations in Australia.

North America

Strong cross-sector opposition to Interim Guidance on National Environmental Policy Act

Several sectors – including the utility, energy, chemicals, mining, and transportation sectors – demonstrated strong opposition to the new *Interim Guidance on Consideration of Greenhouse Gas Emissions and Climate Change*, which would streamline the process for approving renewable energy projects.

In January 2023, the Council on Environmental Quality (CEQ) released guidance to clarify how federal agencies should consider climate impacts in National Environmental Policy Act (NEPA) reviews. These reviews determine the approval of major federal actions and include both fossil fuel and renewable energy projects.

The interim guidance, which took immediate effect while the CEQ requested public comments, advises agencies to use a "rule of reason" in analyzing proposals that involve "net GHG emissions reductions or no net GHG increase," meaning that renewable energy projects would not demand an in-depth climate impacts analysis, as opposed to fossil fuel projects.

Industry associations that repeatedly advocated for the CEQ to rescind the interim guidance included the *American Gas Association*, *American Chemistry Council*, *American Exploration and Production Council*, *American Petroleum Institute*, and *Natural Gas Supply Association*, with many groups advocating for revisions that would facilitate the buildout of fossil fuel infrastructure.

During the public comment period – which was extended from March 2023 to April 2023 – a range of companies and industry groups engaged on the interim guidance. InfluenceMap noted the following trends:

- **At least 11 trade groups representing companies along the fossil fuel value chain advocated for CEQ to rescind or withdraw the guidance**, including *Airlines for America*, *American Chemistry Council (ACC)*, *American Fuel & Petrochemical Manufacturers (AFPM)*, *American Exploration and Production Council (AXPC)*, *American Gas Association (AGA)*, *American Iron and Steel Institute*, *American Petroleum Institute (API)*, *Natural Gas Supply Association (NGSA)*, *National Mining Association (NMA)*, and the *U.S. Chamber of Commerce*. In addition, the Natural Gas Council – composed of AGA, API, NGSA, and *Independent Petroleum Association of America* – submitted *comments* opposing the guidance and suggesting that the CEQ was acting beyond its legal boundary. Many of the above groups, including comments submitted by *Consumer Energy Alliance* and AGA, emphasized that review processes should facilitate fossil gas infrastructure buildout, often citing the crisis in Ukraine as justification for expediting U.S. fossil fuel exports.

- **At least 14 companies demonstrated negative engagement on the interim guidance.** *Enbridge* and *Williams* both pushed for the CEQ to withdraw the interim guidance, while *bp* stated support while still advocating for approval processes that would facilitate the construction of new fossil fuel infrastructure, including pipelines and LNG terminals. The utility sector similarly advocated against the interim guidance, with *joint letters* by utilities – including *AES*, *Alliant*, *Ameren*, *Dominion*, *Duke*, *Entergy*, *Evergy*, *PPL Corp* subsidiaries LG&E/KU, *National Grid*, *NRG*, and *Xcel* – requesting for the guidance to be withdrawn. Utility group *Edison Electric Institute* offered some support while still advocating for amendments to support fossil gas infrastructure. Only a few companies and industry associations offered support for the interim guidance, namely *American Clean Power Association*, *Ørsted*, and *Solar Energy Industries Association*.

US Electric Utilities Regroup to Fight Biden's Power Plant Rules

The EPA is expected to propose formal rules to regulate GHG emissions from new and existing coal and gas-fired power plants as soon as early May. The proposal will mark the first attempt by the Biden administration to regulate GHGs from the power sector. In April 2022, InfluenceMap released a *briefing* summarizing utility engagement on the EPA's pre-proposal, which gathered industry comments before the actual regulation.

The briefing finds that nearly the exact same collective of electric utilities that fought against the Clean Power Plan between 2014 and 2019 are lining up to oppose the Biden Administration's upcoming draft power plant rules on new and existing fossil gas and coal plants. Utility engagement on the *pre-proposal non-rulemaking docket*, which the EPA opened from September 2022 to March 2023, centered on advocating for flexibility in compliance, exemptions for coal-fired retirements, and a long-term role for fossil gas in the energy transition.

InfluenceMap finds that utility members of the now-disbanded Utility Air Regulatory Group that opposed the Clean Power Plan during the Obama Administration are engaging through other coalitions, including the *Power Generators Air Coalition* and the *Midwest Power Sector Collaborative*, to push back on the Biden Administration's first step toward addressing power plant GHG emissions. Key members of these groups, which also opposed the Clean Power Plan, include *American Electric Power Company*, *CMS Energy* subsidiary Consumers Energy, *DTE Energy*, and *Southern Company*. Complete details on utility engagement on the pre-proposal can be accessed *here*.

InfluenceMap also noted a narrative shift over the past decade, as utilities have pivoted their messaging from challenging the EPA's authority to regulate GHG emissions to emphasizing reliability and environmental justice concerns with a rapid transition to a renewables-dominant power system. For example, the Power Generators Air Coalition – whose members include *American Electric Power*, *CMS Energy*, *DTE Energy*, *PPL Corp* subsidiaries LG&E and KU, *Southern Company*, and *Vistra Corp* – submitted *comments* on the pre-proposal that emphasized that "significant negative environmental justice ramifications" could result from regulation that "does not provide adequate compliance flexibility."

New InfluenceMap *Briefing* shows how ConocoPhillips and its industry associations advocated for Willow Project approval between 2020-2023

With ConocoPhillips' AGM approaching later this month, InfluenceMap released a briefing overviewing the company's climate-related policy engagement. The briefing finds that ConocoPhillips and its industry associations frequently advocate the need and demand for oil globally, despite IPCC and IEA warnings about new production.

The analysis also follows U.S. President Biden's approval of the ConocoPhillips' Willow oil drilling project in the National Petroleum Reserve in Alaska. It finds that the company and its industry associations pushed for approval of the project in multiple communications with government decision makers between 2020 and 2023. ConocoPhillips *maintains* that production from Willow would generate some of the most "socially and environmentally responsible" barrels of oil, thus enabling what the company describes as an "orderly" energy transition, narratives that are echoed by its industry associations.

US and Canadian fossil fuel sector calls for permitting reform and policies to attract oil and gas investment

In August 2022, a promise to pass permitting reform was the *key compromise* struck by Democratic leadership in Congress that gained Senator Manchin's support for the Inflation Reduction Act. Since then, the debate over energy permitting -- including the extent to which it should advantage the fossil fuel industry -- has taken various forms, from different pieces of legislation to proposed reform of NEPA. The debate is now coming to a head in the US, and in April 2023 the fossil fuel sector across the US and Canada called for policy changes that appear to promote fossil fuels in the energy mix. In Canada, *Enbridge* and the *Canadian Chamber of Commerce* have advocated for a quicker approval process for fossil fuel infrastructure projects. Meanwhile, in the US, the *American Petroleum Institute (API)* and *Natural Gas Supply Association (NGSA)* advocated for permitting reform that would enable expedited timelines for energy infrastructure project approvals.

- Enbridge & Canadian Chamber of Commerce advocated for permitting reform in Canada for fossil fuel projects, according to Yahoo Finance. Enbridge CEO, Greg Ebel, *stated* that swift regulatory approval "remains key" in the oil and gas sector. Canadian Chamber CEO Perrin Beaty *criticized* permitting timelines that have slowed pipeline projects and LNG industry development in Canada, emphasizing that the lengthy process generates regulatory uncertainty for the energy sector.

- In the US, API Pennsylvania wrote a letter to Reading Eagle, a regional news outlet, in *support* of permitting legislation – seemingly the Lower Energy Costs Act – and encouraged Pennsylvania Senators Bob Casey and John Fetterman to support the bill's passage. Similarly, the NGSA tweeted in *support* of “common sense” permitting reform, stating that it would “unlock the climate and economic benefits” of fossil gas.

- Separately, in March and April, the Canadian Association of Petroleum disclosed through its Tweets that it had engaged directly with *US Deputy Chief of Mission Katherine Brucker* and *Japan Ambassador Kanji Yamanouchi* and advocated for increased fossil gas production and exports from Canada.

Australia

Fossil fuel companies and associations voice opposition to the Labor's Safeguard deal

After months of negotiations, the Safeguard Mechanism Reforms bill was *finally passed* in the upper house on March 27th, with an agreement reached between Australian Labor and the Greens. While the Greens had *originally pushed* for a complete ban on new gas and coal projects under the policy, the final agreement introduced a hard cap on overall emissions from facilities covered by the Safeguard Mechanism. Previously, entities under the Safeguard Mechanism were allowed to increase their emissions and offset them with purchased credits. The new reforms include an absolute cap on emissions and more stringent restrictions on new gas developments, which will need to be net-zero for scope 1 emissions from the outset.

In response, the Australian fossil fuel industry has expressed opposition to the reforms throughout April. Several companies and associations have released statements questioning the effectiveness and feasibility of the new regulations, arguing that they will harm the industry and the Australian economy:

- Several industry associations came out against the changes to the reforms. The Australian Petroleum Production and Exploration Association's (APPEA) Chief Executive, Samantha McCulloch, *stated that* the Labor-Greens deal will make Australia's climate change targets harder and more costly to achieve, adding that “new gas supply is essential to support the country's climate objectives, avoid energy shortfalls, and reduce prices.” Meanwhile, the CEO of the Australian Pipeline and Gas Association, Steve Davies, also *stressed the importance* of gas and stated that any additional restrictions on gas supply may result in additional costs for Australian households and businesses. Likewise, South Australia Chamber Of Minerals and Energy (SACOME) CEO Steve Knott *stated that* changes to rules for new gas projects were of particular concern. He argued that new gas supply is needed to support Australia's climate change objectives, avoid future energy shortfalls, and to put downward pressure on prices.

- Oil and gas company CEOs also responded to news of the deal. Santos CEO Kevin Gallagher *appeared to criticize* the Australian government for ‘handing power to the Greens’ in the final design of the Safeguard Mechanism reforms, saying that this has escalated sovereign risk in Australia for investors. Tamboran's CEO, Joel Riddle, *refuted claims* that the Safeguard Mechanism reforms restrict the Beetaloo Basin's development and claimed that their sustainability plan aligns with the amendments. He also added that the deal "is a decisive political failure for the Greens, who have campaigned to destroy industry, jobs and real progress on emission reductions."

- The news also sparked a reaction from cross-sectoral organizations, with *BCA* and *Ai Group* broadly welcoming the deal and the passage of legislation. However, the CEO of the Australian Chamber of Commerce and Industry *stated that* gas remains a crucial fuel and expressed concerns that the reforms may result in shortages and called on the government to ensure that fossil gas production is not inhibited.

The opposition of the Australian fossil fuel industry to a more ambitious Safeguard Mechanism Reform reflects their reluctance to policies that aim to limit the growth of fossil fuels. This opposition runs counter to the recommendations of the Intergovernmental Panel on Climate Change (IPCC), which has emphasized the urgent need to phase out the use of fossil fuels.