Bureau of Economic Geology/Center for Energy Economics
21st Annual Meeting
December 13, 2017
Nancy L. Sauer
G.R.C.

The Government Relations Perspective

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Eek!onomics Reflections

- Industry is B2B while GR requires B2C
- Trump Admin.: Pause or shift?
- Friends in high places: Be careful what you wish for…
- Millennials see industry as blue collar and are focused on safety and lifestyle hence the need to invest in recruitment and executive education
- New levels of government involvement in industry
- Emerging land use v. air quality debate
- Industry struggles with PR/GR at same time as regulation and geopolitics are major concerns
- Increasing disasters and inadequate government responses
- Climate is energy policy plus more
- Substantial corporate tax reform
- Tech magnifies renewables

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Key Thoughts

1. Truth is profitable…over time. Is the industry focused on truth or narrative? Does it have the patience to make the distinction?
2. The energy industry attracts linear thinkers but needs nonlinear thinking for GR impact
3. False narratives require significant investment in PR and message control
4. Government seeks to tax, regulate and monitor. Energy industry needs to understand how its "outside the box" operations affect stakeholders
5. Pace of technology and crises are outpacing regulators' abilities
6. Normalcy bias affects 70% of us and that leads to hubris. Industry needs to identify the 15% within the workforce who can anticipate and prevent crisis
7. Hubris-Crisis-Response cycles lead to increased energy regulation
8. Thoughts-Attitudes-Actions progression is a reality and the energy industry needs to view engaged thought leadership as critical to its future
9. Climate management is borderless enterprise now organizing itself globally through the 2030 Agenda with support of key financial institutions
10. Voters compete with outside (and increasingly foreign) influencers for the hearts and minds of elected officials.
11. News is transformed by technology, bias, increasing censorship and scandal. Truth is the casualty.

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Truth

Truth is profitable…over time.

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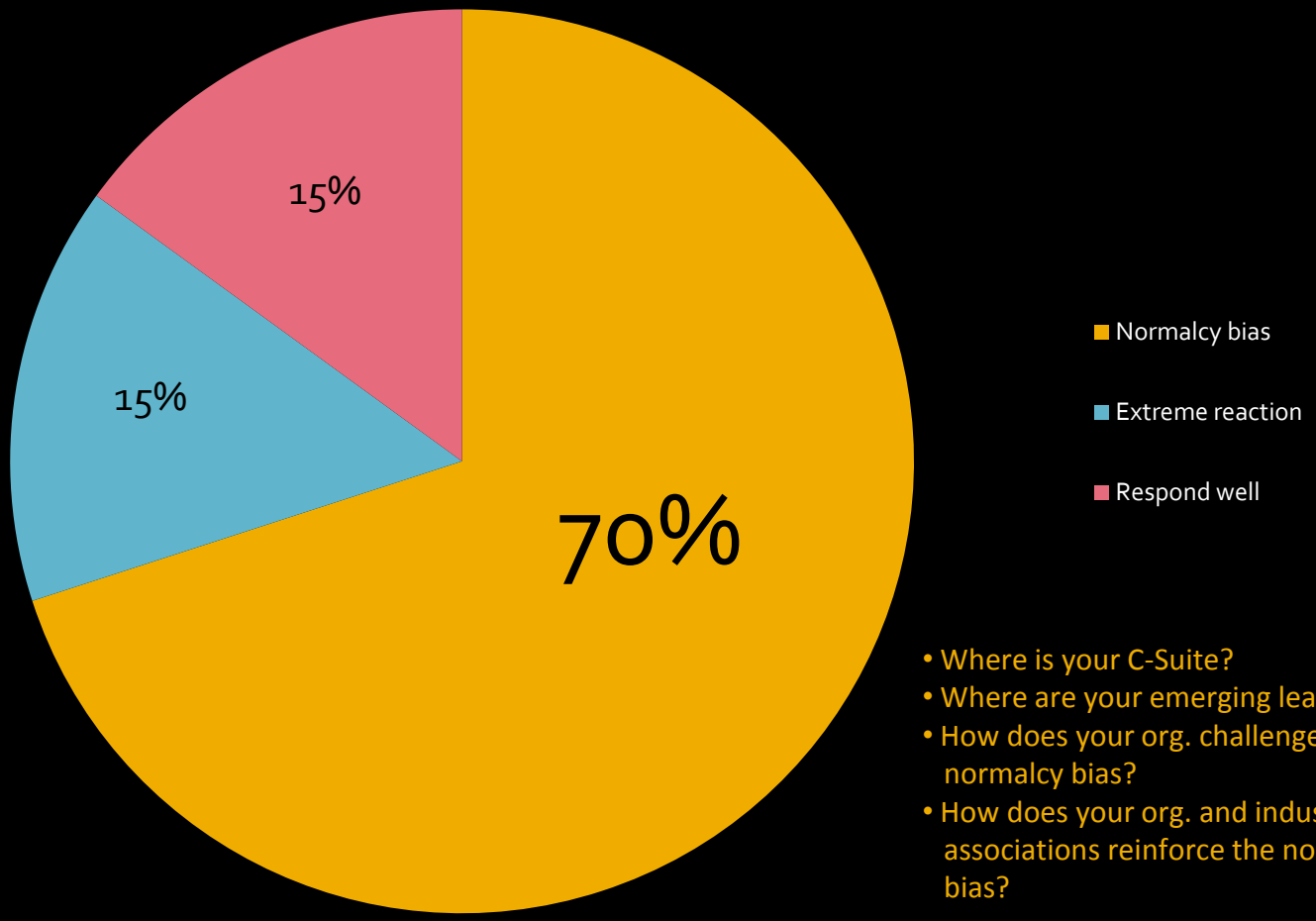
Challenge: Normalcy Bias/Hubris



- Where is your C-Suite?
- Where are your emerging leaders?
- How does your org. challenge the normalcy bias?
- How does your org. and industry associations reinforce the normalcy bias?

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Politics

"Just because you do not take an interest in politics doesn't mean politics won't take an interest in you."

Pericles

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The Government Box

Nanotechnology

Drones

Bitcoin

Ultra-deepwater

Carbon Sequestration

Internet Taxation

Block Chain

Big Data

New Sources of Energy

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Postmodernism

1997 Sir John Browne, CEO, BP
Climate Change Speech at Stanford University

"Those are wide margins of error, but it would be unwise and potentially dangerous to ignore the mounting concern. The time to consider the policy dimensions of climate change is not when the link between greenhouse gases and climate change is conclusively proven, but when the possibility cannot be discounted and is taken seriously by the society of which we are part. We in BP have reached that point. We must now focus on what can and what should be done, not because we can be certain climate change is happening, but because the possibility can't be ignored. If we are all to take responsibility for the future of our planet, then it falls to us to begin to take precautionary action now".

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Postmodernism: Harvard

Harvard President Drew Gilpin Faust's Letter on Climate Change and Investment in Fossil Fuels

(http://www.harvard.edu/president/fossil-fuels)

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Postmodernism: Stanford

"..the trustees do not believe that a credible case can be made for divesting from the fossil fuel industry until there are competitive and readily available alternatives."

Stanford University Board of Trustees and
Advisory Panel on Investment Responsibility and Licensing

Stanford
University

Source: http://news.stanford.edu/2016/04/25/stanford-climate-change-statement-board-trustees

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Regulatory Policy: Possibility or Reality?

- Precautionary Principle Regulation
  - EU
  - France
  - San Francisco (purchasing ord.)
  - UN: Rio Declaration/Kyoto Protocol
  - BP
- Evidence-based Regulation
  - US

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Challenge: Globalism v. Sovereignty

What is the path forward?

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The System: UN Kyoto Protocol/Durbin Platform/2030 Agenda

"Complete transformation of the economic structure of the world."

Christiana Figueres
Executive Secretary
UN Framework Convention on Climate Change

Key deadlines

2015
2020

http://unfccc.int/essential_background/kyoto_protocol/items/1678.php

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2030 Agenda for Sustainable Development

- Plan of action for: people, planet, prosperity
- Seeks universal peace
- **Poverty eradication is greatest global challenge and requirement for sustainable development**
- Countries and stakeholders are collaborative partners
- Collective journey where "no one is left behind"
- 17 Sustainable Development Goals (SDG's)
- 169 Targets
- Universal Agenda
- Builds on Millennial Development Goals (Rio- 1992)
- Seeks to realize human rights of all
- Seeks gender equality and empowerment of women and girls
- 15 year action plan
- Global finance tied to 2030 investments

- https://sustainabledevelopment.un.org/post2015/transformingourworld

SUSTAINABLE DEVELOPMENT
KNOWLEDGE PLATFORM

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17 Goals

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The Goal

2030

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The Agenda

- 17 Goals
- 169 Targets
- State sovereignty over wealth, natural resources and economic activity
- Goal 12.2: Achieve sustainable management and efficient use of natural resources by 2030

Who decides and enforces "efficient use?"

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2030 Agenda Energy Focus in 2018

July 9-18, 2018
UN High Level Political Forum Conference

"Transformation towards Sustainable and Resilient Societies"

Goal 6: Water and Sanitation
Goal 7: Access to energy
Goal 11: Safe, sustainable and resilient cities
Goal 12: Sustainable consumption & production
Goal 15: Ecosystems

Will the energy industry be well-represented here?
How will private mineral rights in the US and Canada be addressed?

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Energy Targets and Indicators

SUSTAINABLE DEVELOPMENT KNOWLEDGE PLATFORM

HOME | HIGH-LEVEL POLITICAL FORUM | STATES | SIDS | SDGS | TOPICS | UN SYSTEM | STAKEHOLDER ENGAGEMENT | PARTNERSHIPS | RESOURCES | ABOUT

TARGETS		INDICATORS	
7.1	By 2030, ensure universal access to affordable, reliable and modern energy services	7.1.1	Proportion of population with access to electricity
		7.1.2	Proportion of population with primary reliance on clean fuels and technology
7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	7.2.1	Renewable energy share in the total final energy consumption
7.3	By 2030, double the global rate of improvement in energy efficiency	7.3.1	Energy intensity measured in terms of primary energy and GDP
7.A	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	7.A.1	Mobilized amount of United States dollars per year starting in 2020 accountable towards the $100 billion commitment
7.B	By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support	7.B.1	Investments in energy efficiency as a percentage of GDP and the amount of foreign direct investment in financial transfer for infrastructure and technology to sustainable development services

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Target #66: End of Private Mineral Rights?

The United States and Canada are unique in being the only countries with private mineral rights.

66. We underscore that, for all countries, public policies and the mobilization and effective use of domestic resources, underscored by the principle of national ownership, are central to our common pursuit of sustainable development, including achieving the Sustainable Development Goals. We recognize that domestic resources are first and foremost generated by economic growth, supported by an enabling environment at all levels.

http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E, accessed 12/13/17

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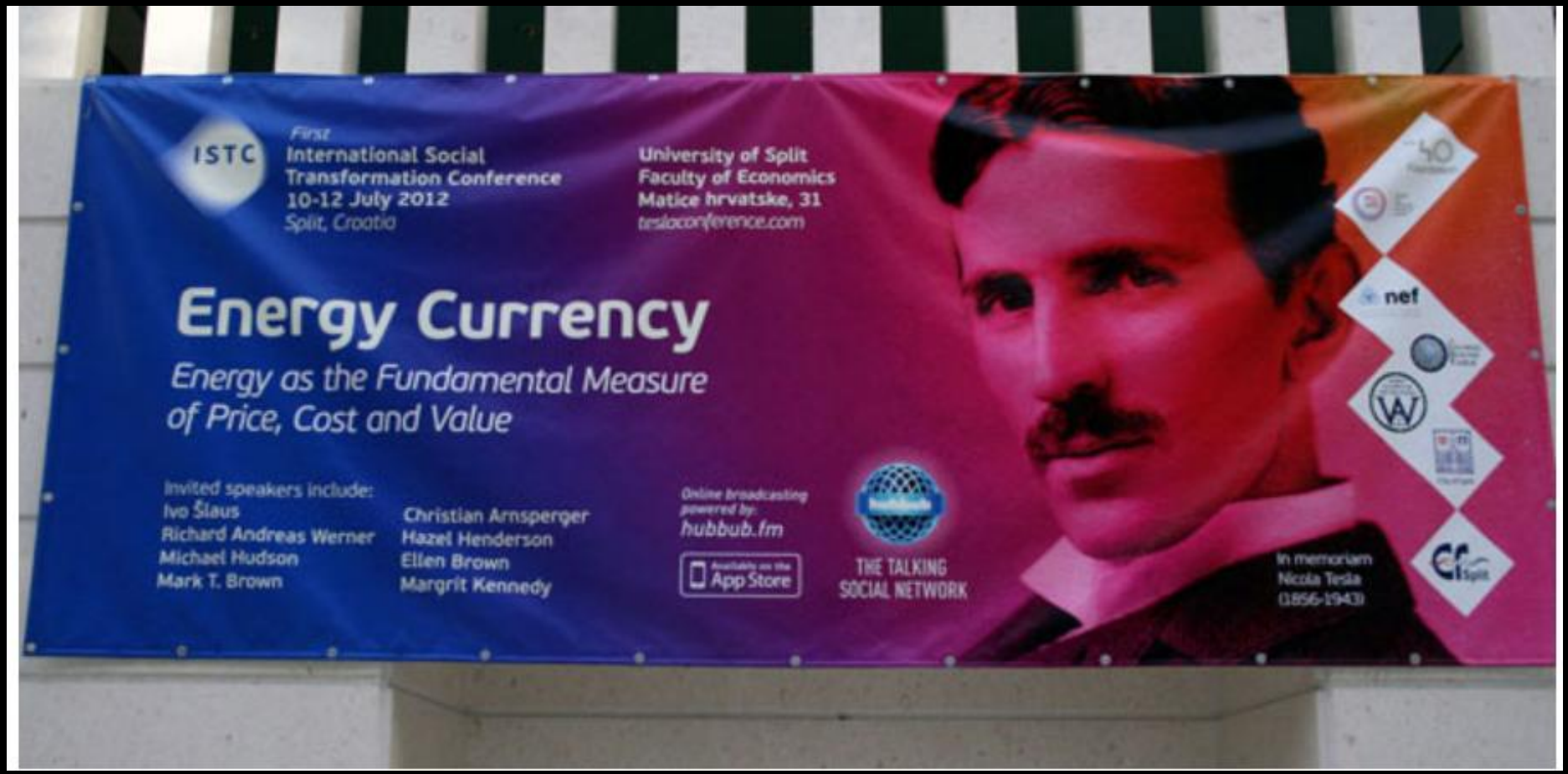
Energy: Fuel or Store of Value?



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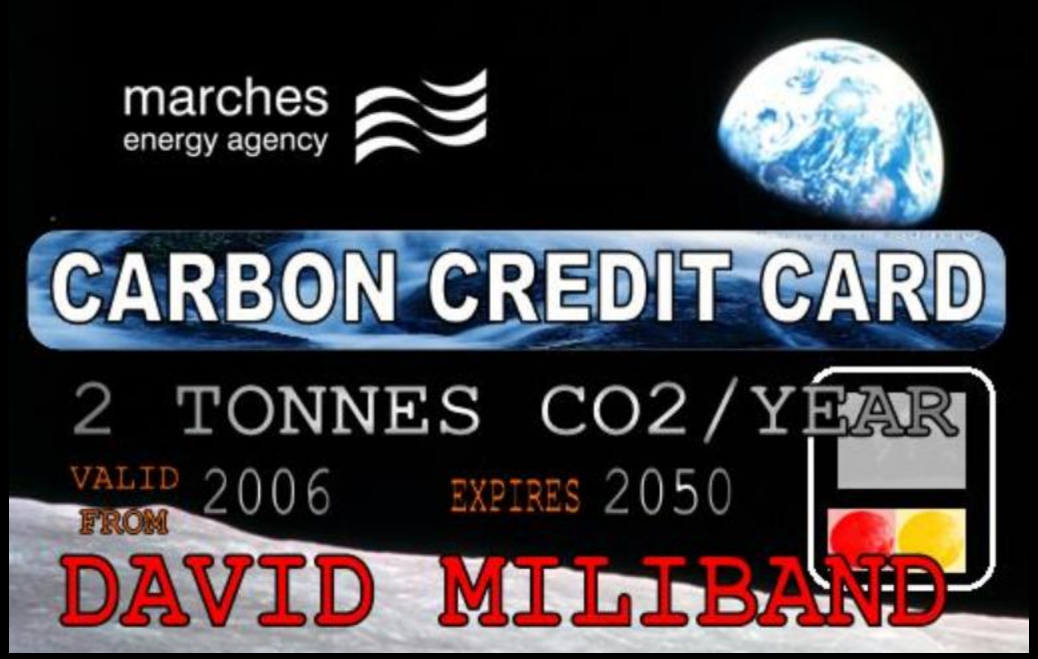
Energy Storage



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Smart Grid/Smart Meter

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Goal 7: Energy

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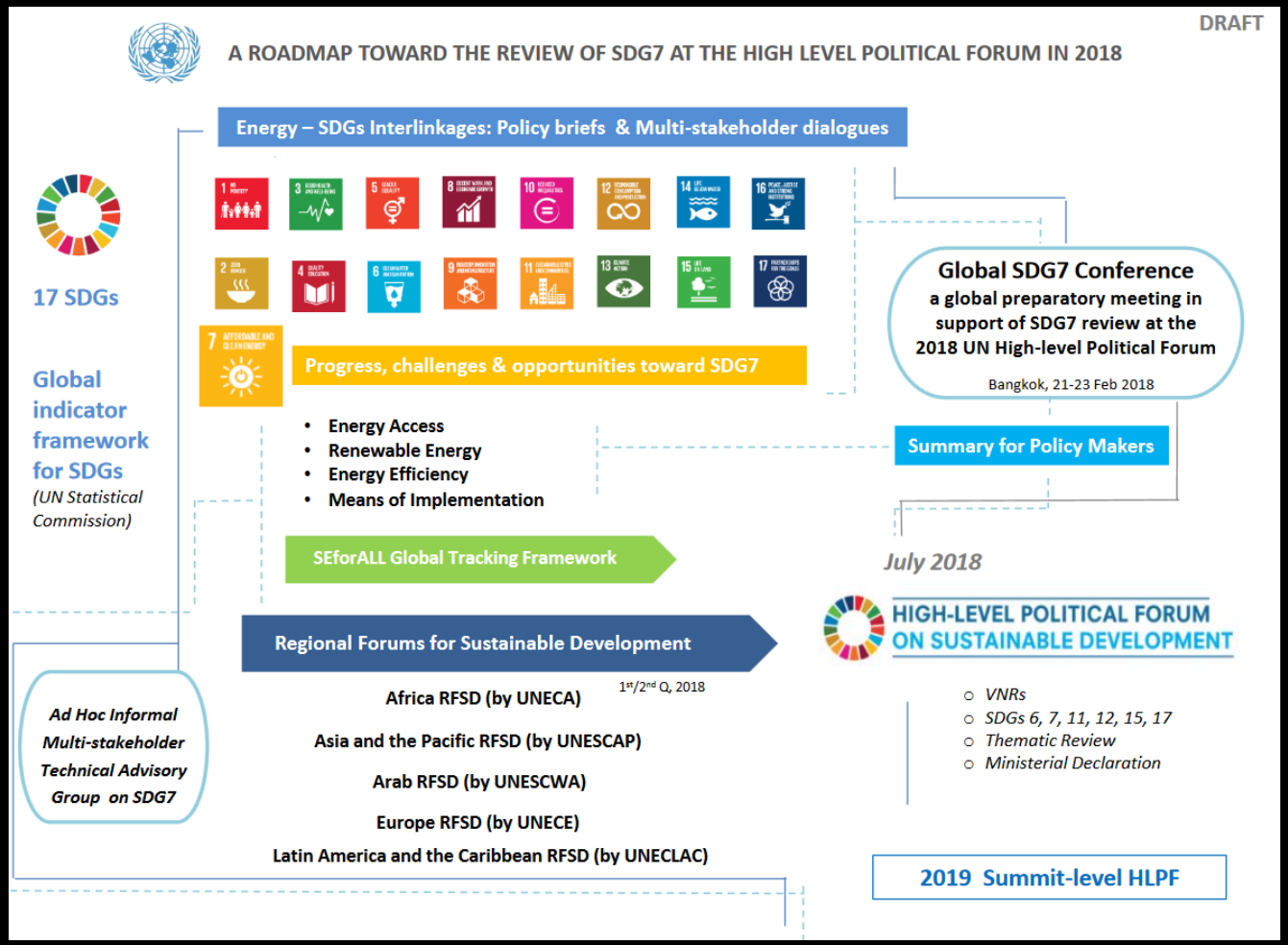
Energy Roadmap



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International Banks/MNC's

"[The] nation state as a fundamental unit of man's organized life has ceased to be the principal creative force. International banks and multinational corporations are acting and planning in terms that are far in advance of the political concepts of the nation state."

Zbigniew Brzezinski
1969

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Moody's and Climate

Bloomberg Markets Tech Pursuits Politics Opinion Business

Moody's Warns Cities to Address Climate Risks or Face Downgrades

By **Christopher Flavelle**
November 29, 2017 3:00 AM
From **Climate Changed**

- Communities in Texas, Florida, other coastal states at risk
- Credit rating agency says it's adding climate to credit risks

riverbed
GET RID OF THOSE

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Energy: Reinvented

Tech's view of energy:

- Wholistic
- Branded
- Sustainable and Global
- Integrated
- Leads and Reflects Public Attitudes
- Virtuous
- Smart
- Global

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Global Transition

- Nation state is changing
- Corporations are borderless
- Blurring distinctions between public and private institutions (ICAAN)
- Increased role of public-private partnerships further blurs role between government and business

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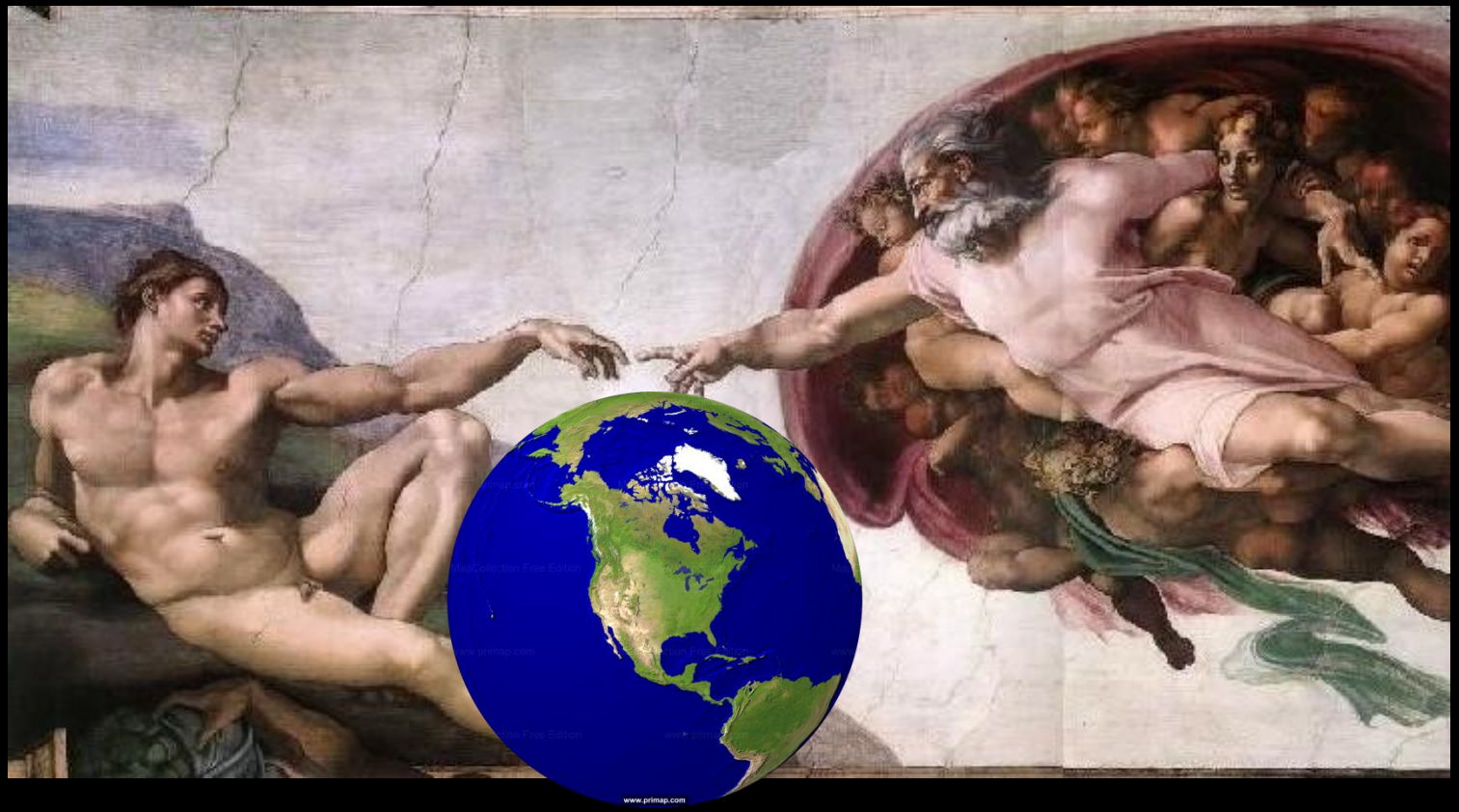
Man as Steward…or…

Traditional Western View



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Man as Sustainer?

Emerging Global View

Difference in world view results in new forms of activism and advocacy around climate and environmental issues.

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