Testimony of David Lawler
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Before the Committee on Oversight and Reform
October 28, 2021

Chairwoman Maloney, Ranking Member Comer, Chairman Khanna, Ranking Member Norman, and Members of the Committee, my name is David Lawler. I am the chairman and president of bp America.

I am a native of Denver. I graduated from the Colorado School of Mines with a Bachelor of Science in petroleum engineering before earning an MBA from Tulane University. I joined bp in 2014 as the CEO of bp’s lower-48 business, now called bpx energy. In the summer of 2020, I assumed the duties of chairman and president of bp America.

Thank you for the opportunity to speak today about bp’s low-carbon transformation and our ambition to become a net zero company by 2050 or sooner, and help the world get to net zero, too.

Nearly 25 years ago, bp was among the first major oil and gas companies to publicly recognize the scientific consensus about the human contribution to climate change. We made significant early investments to build our alternative energy businesses. While some of those investments did not work out, we learned. We evolved. And we continue learning and evolving today as we work toward our net zero ambition, which is underpinned by ten aims—five aims to get BP to net zero and five more to help the world do so.

Ahead of next month’s United Nations Framework Convention on Climate Change Conference of the Parties (COP) in Glasgow, it’s critical to highlight that bp supports the goals of the 2015 Paris Agreement on climate change to limit global warming to well below 2 degrees Celsius and pursue efforts to limit it to 1.5 degrees Celsius. We believe that our aims—taken together as a package—set out a path that is consistent with the Paris goals and our new purpose.

CONTEXT ON BP & OUR AMBITION

bp has more than 63,000 employees in over 70 countries, including nearly 10,000 here in the United States. We have a 150-year history in the US, and we’re committed to the US for the long term.

bp has a larger presence in the US than in any other country in the world, with nearly every major bp global business active here. We invested more than $130 billion in the US between 2005 and 2020. bp’s business activities support nearly a quarter million American jobs and contributed about $60 billion to the national economy last year.
In 2020, bp established a new purpose: reimagining energy for people and our planet. At the same time, we announced a new ambition: to become a net zero company by 2050 or sooner and to help the world get to net zero.

Why did a company traditionally focused on oil and gas choose this ambition? Because we listened. We listened to society, investors and our employees. We saw the world changing around us. People want reliable, affordable and lower-carbon energy.

As we listened, we became convinced that changing would be not only the right thing to do but also a tremendous business opportunity.

Why? Because over the next few decades, trillions of dollars will be invested in replumbing and rewiring the global energy system. We anticipate enormous opportunity in providing the world with the low-carbon energy it needs.

**EARLY ACTION TO ADDRESS CLIMATE CHANGE**

bp was among the first major oil and gas companies to publicly recognize the scientific consensus about the human contribution to climate change. We have taken significant action in the quarter century since.

In his landmark speech at Stanford University in 1997, bp’s then-CEO John Browne publicly acknowledged the human impact on the climate. He said there “is now an effective consensus among the world’s leading scientists . . . that there is a discernible human influence on the climate and a link between the concentration of carbon dioxide and the increase in temperature . . . it would be unwise and potentially dangerous to ignore the mounting concern.”

Throughout the late 1990s and early 2000s, bp promoted actions, such as emissions trading, aimed at reducing greenhouse gas emissions. By 2007, bp publicly supported carbon pricing, whether through a cap-and-trade system or carbon tax, and we worked with governments in the US and Europe to advocate for and share our experience with carbon pricing.

In 2005, we launched our low-carbon energy business, BP Alternative Energy, which invested $8 billion over nearly 10 years. bp took these early steps at a time when many of the technologies and markets simply were not at the same place as they are today. And as I used to say growing up in Colorado, “We took some lumps” on some of these investments.

And we learned.

Those experiences helped bp evolve and laid the foundation for our current low-carbon energy businesses. bp continues with its onshore wind business and is now beginning to build an offshore wind business, including a 50:50 strategic partnership with Equinor to develop offshore wind projects off the coasts of New York and Massachusetts. We also established what is now a 50:50 joint venture with solar developer Lightsource bp.
SETTING NEAR-TERM TARGETS

To achieve our ambition of being net zero by mid-century, we need to be in action now. And we are. In August 2020, bp announced near-term targets and aims for this decade, and I would like to highlight those for you now.

By 2030, we expect to reduce our global oil and gas production by 40 percent, relative to 2019. That is on a scale that no other major energy company is planning to do right now. We also ended exploration in new countries. But these steps do not mean that bp is getting out of the oil and gas business.

As we reduce our oil and gas production, we are targeting to grow our low-carbon investments to $3 to 4 billion per year by 2025. By the end of the decade, we aim to invest $5 billion, or nearly a third of our projected capital expenditures, in low-carbon energy.

And we’re making early progress in these low-carbon investments. Through the first half of 2021, we more than doubled our 2019 investments to $1.1 billion. This figure could reach about $2 billion by the end of this year.

These investments will help bp achieve, over time, a 20-fold increase in our development of renewable generating capacity from wind, solar and biofuels. This would take us from having developed 2.5 gigawatts of renewable capacity globally in 2019 to developing 20 gigawatts by 2025 and 50 gigawatts by 2030.

Along with increasing our development of renewable energy capacity, bp aims to cut greenhouse gas emissions by 20 percent globally, both from our own operations and from the carbon in the upstream oil and gas bp produces, by 2025, on an absolute basis compared to 2019.

We also recognize the importance of minimizing methane emissions from the oil and gas industry across the value chain. We’re aiming for a methane management program with zero routine flaring in our US onshore operations by 2025 and a global methane intensity target of 0.20 percent, based on our industry-leading measurement approach. Methane intensity represents the total methane emissions from our operated upstream assets as a percentage of total marketed natural gas.

We are also collaborating with the Environmental Defense Fund (EDF) in a multi-year effort to develop technologies and practices to reduce methane emissions across the global oil and gas supply chain.

As Fred Krupp, president of EDF, said, “bp raised the bar for industry when it committed to verify a 0.20 percent methane intensity across its operations and stop routine gas flaring in the US by 2025. Broadly deploying new measurement practices like those pursued through this technology collaborative is key for bp to achieve its goals and demonstrate real emission reductions.”
These actions are helping us significantly reduce our methane emissions. Since acquiring BHP’s oil and gas assets in Texas’s Permian Basin in November 2018, bpx has reduced our flaring intensity in the Basin from 16 percent in the fourth quarter of 2019 to less than 2 percent in 2021.

Recognizing the importance of urban centers to the global carbon emissions equation, we aim to partner with 10 to 15 cities and three core industries globally to help them lower emissions. bp believes that we have the technical expertise to help others bring emissions down at scale. We are already working with the City of Houston to help advance its Climate Action Plan, a community-driven plan for the city to achieve net zero by 2050.

**BP AMERICA TAKING ACTION**

This brings us to the heart of our transformation: how we are transforming from an international oil company focused on producing resources to an integrated energy company focused on delivering solutions for customers. We see our ambition as good business and believe it’s the right thing to do for our shareholders, society and our employees.

I would like to share how bp is already in action transitioning a range of businesses across the US.

First, wind: We currently operate or hold an interest in ten onshore wind assets across seven states. Together, these US wind farms generate 1.7 gigawatts of low-carbon energy, or enough to power nearly half a million homes a year.

We’ve tripled our total potential wind capacity in the United States since 2020. During that year, bp announced a $1.1 billion investment in a 50:50 partnership in Equinor’s two leases off the coasts of New York and Massachusetts. Between them, we aim to develop 4.4 gigawatts of low-carbon energy, or enough to power more than 2 million homes for a year. That agreement was finalized earlier this year.

Second, solar: In June 2021, bp announced we were acquiring up to nine gigawatts of solar projects in the US from 7X Energy for $220 million. Developing these could help bp meet nearly 20 percent of our global goal of having developed 50 gigawatts of renewable energy capacity by 2030.

In October 2021, our Lightsource bp joint venture launched a 300-megawatt solar project in Colorado. The project is intended to power the world’s first steel mill to run almost entirely on solar energy. It will also help protect more than 1,000 jobs at the mill.

Third, renewable biodiesel: Also in October 2021, bp announced a $269 million investment at our Cherry Point refinery in Washington state that we estimate will reduce the refinery’s operational emissions by seven percent and double its production of renewable biodiesel—fuel made from biomass-based feedstocks, such as vegetable oils and rendered animal fats.
Fourth, we are taking steps to reduce emissions from our onshore oil and gas operations. In April, our onshore team completed a $300 million investment in an electrified central oil, gas and water handling facility that reduces our operational emissions in Texas’s Permian Basin. We plan to spend upwards of an additional $1 billion on similar infrastructure across our operations by 2025. We expect more than 75 percent of our onshore operated wells in the Permian will be electrified by the end of this year and over 95 percent by 2023.

These are some of the highlights of the work bp is already doing in the US. As we transform, our oil and gas business will continue providing the energy the world needs while funding our investments in wind, solar, and other renewable energy sources. bp plans to still be producing oil and gas—what we call resilient and focused hydrocarbons—for many years to come, although less over time.

What do we mean by “resilient and focused”? Resilient because they can withstand lower prices. Focused because they’re connected to nearby pre-existing infrastructure, resulting in fewer emissions on the way to consumers.

BP ADVOCATING FOR NET ZERO POLICIES

Among bp’s five aims to help the world reach net zero is to set new expectations for our relationships with trade associations, including by making the case for our views on climate within them. In 2020, we published a review focused on the climate positions of 30 key associations that were actively involved in energy policy discussions. We recognize that associations’ positions often reflect a compromise of assorted views. We continuously make the case for our views on climate change in these associations, and we’ll be transparent where we differ.

Actively advocating for public policies such as carbon pricing is critical to helping the world transition to a low-carbon future. bp believes that a price on carbon—either a tax or a cap-and-trade system—is an essential element to reducing greenhouse gas emissions.

We have advocated directly and with a range of partners to advance carbon pricing at the state and federal level. This includes working with environmental groups and other leaders to support ambitious principles for sound legislative action to address climate change.

At the state level, bp was proud to support the country’s first-ever economy-wide carbon pricing law in the US in California in 2006. In 2017, we were one of several companies that worked with the state to help pass an extension to the cap-and-trade program.

Earlier this year in Washington state, bp worked with a coalition of businesses and environmental, labor, social justice and equity advocates to help pass the country’s second economy-wide price on carbon. When in 2018 we opposed a statewide ballot initiative, we explained why and pledged to work with the state’s legislature to support carbon pricing in the state. We stood by this commitment and advocated for legislation that would put a price on
carbon in the 2019, 2020 and 2021 legislative sessions. We are proud to have worked with this broad coalition to help pass the Climate Commitment Act of 2021.

On the East Coast, we have been in action advocating for low-carbon policy since 2020 through our support for the Transportation and Climate Initiative (TCI). TCI is a regional collaboration seeking to improve transportation, develop a clean-energy economy, and significantly reduce carbon emissions from the transportation sector by pursuing innovative policies across 12 East Coast states and the District of Columbia. We also continue advocating for the expansion of the Regional Greenhouse Gas Initiative on the East Coast.

In Illinois, we’re supporting climate policies that encourage investment in renewable energy and create opportunities for carbon capture, use and storage and expansion of a competitive EV charging infrastructure. We worked with the legislature to support the passage of two bills in the most recent legislative session, including an omnibus energy bill that includes a state-sponsored study into carbon pricing. We plan to work with the state as it completes this study, and we hope it will lead to future legislation.

At the federal level, we remain directly engaged on this issue and continue working with a range of stakeholders, including groups like the CEO Climate Dialogue and the Climate Leadership Council, of which bp is a founding member.

With methane having a greater near-term warming potential than carbon dioxide, regulation of methane emissions provides consistent standards for preventing leaks throughout the industry and protecting the environment. Taking practicable action to prevent these leaks not only reduces greenhouse gas emissions, it makes business sense.

That is why bp is actively advocating for the direct regulation of methane emissions from the oil and gas industry across the value chain. This advocacy began at both the state and federal levels in 2019. Federally, we are working with the US Environmental Protection Agency to facilitate effective regulation by sharing data and learnings from our currently deployed advanced methane detection technologies, in advance of proposed regulations. In Texas, we are advocating for state-level regulations to eliminate routine flaring.

CONCLUSION: NET ZERO AMBITION

bp was among the first of the major energy companies to recognize the challenge of climate change in 1997. Since then, we have sought to partner with others—including industry partners, governments and non-profits—to advance solutions. Along the way, we made significant investments to build our alternative energy capabilities. While some of these investments did not work out, they helped lay the foundation for our current and planned investments across a range of low-carbon energy businesses.
As we change and advance toward our net zero ambition, we will continue working with a range of stakeholders because we know that bp does not have all the answers. We will continue listening and finding ways get this done. It won’t be easy, but nothing worthwhile ever is.

Thank you for the opportunity to testify today. I look forward to addressing your questions.