

Two Voices on Climate That Will Surprise You

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Recorded on April 7, 2023



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Greg Dalton: This is Climate One. I'm Greg Dalton.

Ariana Brocious: And I'm Ariana Brocious

Greg Dalton: In the US climate is a polarizing issue. Addressing the transitions we need to make requires engaging with people who see things differently. That requires looking beyond villainization, listening more, judging less.

Ariana Brocious: But let's face it, judging is easy and listening can be hard. And sometimes these conversations can be really uncomfortable. Still civil conversation is so important to finding common ground. Without it, we end up in a stalemate, or with one side pushing through policies that the other side tries to stop when they get into power. And all of that slows the progress toward a goal that we all share, which is keeping our planet habitable.

John Curtis: I'm involved in this because somebody appealed to what I think we were all born with, which is an innate desire to be good stewards over this earth.

Greg Dalton: In this episode we're going to hear from two people who are not typical voices on a climate show. These two guests were recommended by a center-right think tank, Clear Path.

Ariana Brocious: Right. Because climate can be seen as a political issue, in the US especially, and it's often framed as an issue that the liberal or the left cares about more than the right. That's not actually true in all cases. It just depends on how we're talking about the issue. A lot of the things we want to do are actually similar. We just maybe use different words for them.

Greg Dalton: Later in the episode we'll hear my conversation with John Curtis, Representative from

Utah and chair of the Conservative Climate Caucus.

John Curtis: The extremism sometimes in this conversation scares Republicans away. And my extremism is not good on either side. But the reality as you know, if we want to make a long-lasting change, we need to be at a bipartisan mode on this. And clearly to the extent that we're bipartisan we'll make quicker action.

Greg Dalton: To unpack what I think he's saying there, bipartisan legislative action is slower to achieve and more durable once policy's in place, and that durability will lead to faster emission reductions. Because there's consistency over time and administration.

Ariana Brocious: Yeah, and I think there's a lot of evidence to show that even oil and gas companies, I mean, any kind of business industry wants predictability, right?

So the more that we can come together around some of these issues and pass bipartisan policy, the better it'll be for really all players.

Greg Dalton: Right. And although the Inflation Reduction Act was one party, it does seem to be pretty durable and popular on the other side, in part because there's a lot of Republican tax friendly ideas in there. I also spoke with Arjun Murti who is a partner at Veriten, an energy consultancy who holds board or advisory positions at ClearPath, ConocoPhillips - the large oil company developing the new Willow project in Alaska - and the Center on Global Energy Policy at Columbia University.

Arjun Murti: There are so many things we can do from a positive standpoint. I get excited about it but then get frustrated when I see the kind of debate being either on the left fossil fuels are evil or on the right, solar and wind are dumb climate is always changing let's do nothing. (:14)

Greg Dalton: Arjun says things that will definitely challenge even upset our regular listeners.

Ariana Brocious: Yeah. It's a perspective we don't always have here on Climate One, and I'm kind of curious, Greg, what it was like just having that conversation and interviewing him.

Greg Dalton: It was challenging for me. I wanted to jump in and say but but but and counter, and I think that kind of challenge is constructive, honestly. How often do our listeners, even we hear from a board member at a major oil company or a Republican member of Congress talking about energy and climate. This is really hard and really important.

Ariana Brocious: Meanwhile, the Intergovernmental Panel on Climate Change just released a new synthesis report emphasizing that decarbonization has to speed up dramatically to keep global heating under dangerous levels. So we are in a moment of real urgency and we have to act.

Greg Dalton: Right. I asked Murti his opinion of the pace of the energy transition.

Arjun Murti: I think we're currently on track for what I'm gonna call worst of all worlds where we've done nothing to bend the curve on greenhouse gas emissions due to what I might call a war on fossil fuel supply. We're on track to simply have high and volatile prices. And so, I think in a world where we are trying to provide energy for all available abundant, secure, reliable, but to do so within improving environmental footprint and a decreasing carbon intensity. I don't think we're currently on track for that. So, if the IPCC report is calling for a need to accelerate the transition. So far, I think progress is lacking.

Greg Dalton: And that's lagging so some people would say that's lagging because the industry is trying to slow it down and in Washington and elsewhere, and you're saying that villainization of

supply is the problem that's why we're not going faster?

Arjun Murti: There's so much focus on fossil fuel supply, as if changing fossil fuel supply will somehow lead to a changing greenhouse gas emission. And I think what I'd say is to me the question is demand. Why do we demand fossil fuels in the first place? It is the power economies both at an advanced level and a basic level the world needs energy. And it is why we use crude oil, natural gas and coal. What the world needs is to find alternative sources supply to compete effectively with oil and natural gas and coal. We're making some progress. But there's still a long way to go. Where I think there's a real missed opportunity is to address the demand side of the equation. And I feel like this, especially perhaps the environmental community, this idea that all we need to do is stop supply and somehow magically demand will go away. And I would actually flip that on its head and say until you attack the demand side of the equation until you move off for example, sport-utility vehicles, until you truly address what are some low hanging efficiency gains that can happen and until we have really an abundance of alternative forms of energy that actually compete effectively with fossil fuels, it's not going to be a question of trying to kill fossil fuels or not. And I would like the conversation to eventually evolve to addressing the demand side of the equation as much time as we spent on the supply side.

Greg Dalton: What often happens is electricity and liquid transportation fuels are conflated. And I would say that if you take the electricity side, there has been a change in supply. I now have solar on my roof a lot of people do around the country. Solar and wind have created alternative supply for electricity. But the problem is where liquid transportation fuels petroleum's had a monopoly for a century and there isn't the same level of - biofuels haven't really materialized the way we thought they would 10 years ago. Kind of disappointing. So, isn't it the supply and demand different when you're talking about electricity versus transportation fuels?

Arjun Murti: Greg, this is such a great point and thank you for raising it because it gets to a heart of a bunch of different issues. Electricity tends to be local both in its production and its use. And it is possible to change your electricity grid to move away from fossil fuels if that's a goal to other forms of energy. Now, I would say that today solar and wind can be a portion of electricity mix. But until we get real gains in storage or other forms of ensuring its 24/7 electricity, we're probably gonna need nuclear which is zero carbon to be part of the mix. And that's probably a bigger conversation than we're track to have right now. I think for the developing world the question is why did China add so much coal in the last 25 years as it industrialized. It was an abundant large inexpensive resource and it employs lot of people and generates tax revenues and so forth. And I think when I look at the developing world. They also are gonna want 24/7, 365 so I like solar and wind I'm in no way here to knock it. What I would argue though is if you're a developing country and you have really inexpensive coal I think it's a big challenge of how you're gonna get them to do other stuff that is lower carbon, most notably solar and wind in the absence of a low-cost storage solution that can compete with both the cost of coal and the jobs and tax benefits of coal. I think that's challenge number one. I think for transportation fuels this is where I would, I wish there was more of an appreciation that those are global markets. Whereas electricity tends to be local oil and gas tends to be global. And one of the frustrations I have is that we often see attacks on I'll just say US, Canadian and European oil companies when all that happens is production get shifted to other countries and the rest of the world. I would think a global approach to crude oil, natural gas, and that part of the equation would be a better way to go.

Greg Dalton: Right. And that's very much as a global commodity and natural gas is kind of transitioning from a regional commodity to perhaps a global commodity. Oil and gas companies are raking in record profits. President Biden's 2024 budget proposes an elimination of "special tax treatment for oil and gas company investments" that's probably referring to accelerated depreciation. The White House noted oil and gas companies cut their investment as a share of

operating cash flows to the lowest level in a decade, while undertaking record stock buybacks that benefited executives and shareholders. What do you think of the way that oil and gas companies are deploying their capital?

Arjun Murti: You know, I would push back on the narrative that I think you correctly articulated in terms of how it's projected by the Biden administration to the general media. This is an industry that from 2010 to 2020 had a zero, these are US companies 0% return on capital, really poor profitability and why? They actually over invested as a result of the boom that happened in the 2000s and the profits from production were actually pretty poor. You actually want to use ironic points where the environmental and climate community would like less oil and gas investment and traditional investors say, hey you guys wasted a bunch of money last decade, don't waste it this time around. 2020 companies lost billions of dollars this was our COVID year when the world economy shut down. And from that very deep trough we had a pretty dramatic rebound to 2022. So, it's accurate that in 2022 profits were at very high levels. But if you took even a 10-year average that included 2022 I believe the average is 2 1/2 to 3% return on capital, which is still pretty poor by any standards. So, if you're a traditional investor there is still the mantra, hey, companies don't waste money you wasted money last decade and, if I'm a traditional investor, not a climate person, a traditional investor. I am uncertain as to what the pace of oil demand growth will be. I am uncertain whether some of the policies some of the net zero objectives some of the climate initiatives maybe they will start to bite on demand. Maybe they will maybe they won't. But as long as I'm unsure of that and as long as I know that you wasted money last decade. I don't want you to invest currently or at least not for the foreseeable future. Let's say, that is the number one reason, I think, why CapEx has felt slower to respond. There's also the need to repair over pretty weak balance sheets from last decade to hide the debt level so that debt paid down. And you're correct, investors have said instead of wasting your money in oil and gas like you did last decade. I'd rather see it come back to me in the form of dividends and stock buybacks, so that is accurate.

Greg Dalton: The Biden administration recently approved the controversial Willow project, which is an oil extraction project on Alaska's North Slope in the national petroleum reserve. As a board member of ConocoPhillips, a corporation developing Willow, I understand you can't comment directly on that project because directors are not authorized to speak for the company on that. So, let me ask you this way: oil executives, like all corporate executives, run the company to increase the stock price. You're a Wall Street analyst, you know that better than I do. And that stock price is valued on future revenues derived from extracting and burning oil and methane gas. The science is really clear that we can't burn the deposits already on the balance sheets of the investor and state-owned oil companies. So, what point is it irresponsible for companies to kind of refill that balance sheet the reserves every year. And I've even heard this kind of indirectly from some people inside Conoco is like we'd like to get off this but the whole system is built on replenishing reserves that we know someday can't be burned.

Arjun Murti: You correctly note that I can't speak about specific projects be it on a company I'm involved with, or for that matter other companies. But I think it gets to the heart of the issue of where we source our global oil and supplying gas from. So, even in the IEA's net zero report that lays out a scenario for 2015 net zero 1 1/2° a scenario I think we're not on track to achieve. But let's just take that scenario. Even in that scenario, there is something like 30 million barrels a day of oil demand still produced.

Greg Dalton: What we have today, right?

Arjun Murti: That is correct. Our US production is 12 million barrels a day of crude oil and another five or 6 million barrels a day of natural gas liquids. So, I would say it's, let's just call it 80 million barrels a day versus the 30. I believe it should be our national objective that the US is the last barrel

produced in the energy transition whether that's 2050 or 2100 or some different year. The cleanest best barrels most secure, most reliable should come from I'm gonna say the United States plus Canada and we don't produce it here. We could talk about any project it could be Marcellus gas, it could be things like Keystone XL, any of these pipelines or infrastructure projects that are faced environmental protest. My question always is, why would you rather be produced, and I apologize I'm an American in Russia or Iran or Iraq or other countries with the environmental the geopolitical and other measures are far more lax or unfavorable to Americans. And I think this is what I feel most strongly about. Saudi Aramco has a target to grow its supply by a million barrels a day over the next five years. The United Arab Emirates is looking to grow its supply. I actually think they're gonna do it in a low carbon way. I want to give UAE credit for having some excellent decarbonization plans and I actually think it's gonna challenge our companies to match what they're doing. But countries like Russia, countries like Iran, why don't environmentalists go protest in those countries.

Greg Dalton: Because they don't have any influence in those countries. And every country wants to be the last producer of the last barrel. And the Saudis would say they'll be the ones because they're lifting costs, the cost of getting it out of the ground are lower than everybody else. So, low cost win.

Arjun Murti: Low cost will absolutely win. And I think that's where whether it's a company in our country or a company in another part of the country low-cost is absolutely gonna win. Now, whether some of those other countries subsidize their production or of other things that's probably for another podcast. But I will say though the other fundamental thing we started with is demand is a 100 million barrels a day today it's not 30. And it's not on track whether I wanted to be whether you want it to be whether scientists wanted to be or not it's not on track to go down. It will go down, most likely in Europe and Japan and it's possible that in the United States we may be past sort of our peak demand type environment due to population maturity and increasing efficiency, but it is absolutely gonna grow. There's 3 billion people there's 5 billion people who use a heck of a lot less energy than we do and they're gonna demand something. And it gets back to let's provide alternate forms of supply and whatever supply we have wherever it's from, it should have zero or near zero methane and I believe our company should be held to a scope one net zero type of standard. The exact year we can probably debate, but I have no issue with holding our companies to very strict environmental standards. And I think they themselves want to be held to those kinds of standards. But let's not pretend by protesting individual projects in our country or Canada that somehow that changes the demand to check rate by a single barrel.

Greg Dalton: Please help us get people talking more about climate by giving us a rating or review. You can do it right now on your device. You can also help by sending a link to this episode to a friend. By sharing you can help people have their own deeper climate conversations.

Coming up, can focusing on consumer experience facilitate decisions that are also good for the climate?

Arjun Murti: I'm personally a very happy owner of an electric vehicle and I will never or very unlikely to ever drive a gasoline car again because I simply enjoy driving the electric vehicle better. And I think that's the type of positive engagement and positive consumer choices I'd like to see.

Greg Dalton: That's up next.

Let's get back to my conversation with energy consultant Arjun Murti.

Pressure on investor-owned energy companies in the United States has risen recently through environmental, social and governance, or ESG, issues that have been quite popular on Wall Street. Yet, Republicans in the House passed a bill that would make consideration of those ESG issues

illegal. I asked Murti his view of the bill and the broader condemnation of ESG.

Arjun Murti: I think much like climate and energy. It is deeply unfortunate that somehow environmental, social, and governance, which is a pretty obscure element of Wall Street stock analysis has somehow become part of our culture war. I mean, Greg, I cannot explain it other than everything's part of the culture war. And I will say, I will push back on both sides, as I do on climate and energy policy and I'll do so here on ESG. So, I think it's unfortunate when the left, for example, tries to pressure companies to basically take on policy choices that were not passed through legislation. And I think we should be very concerned about increasing corporate power and having de facto policy legislation being run through some ESG initiatives. So, some of that I pushback on. For people on the right I'll push back and say, we've always considered these factors. Governance has always been an important issue for any stock you're covering. People have always cared about environmental issues. I used to own a refining company early in my career. We wondered, hey, they're cutting costs, are they cutting costs too much to where the refinery may not run safely. And that was something I wondered about when I was 25 years old I didn't call it ESG at the time but I think I will push back on both writing quality yesterday at the time but I think I will push back on both sides. Why would we want corporations to have more power by de facto implementing policies that have not been legislatively passed? And on the right side these are normal stock market considerations, outlawing it is the wrong reaction to what you might perceive it to what people on the right might perceive as the excesses of the left.

Greg Dalton: Right. And I will agree with you on the sort of the concern of kind of corporations as avenues for public policy. Isn't it true that companies that have good strong diverse boards that consider impact on community environment don't they also perform better? This is not about virtue this is like, you know, hasn't Larry Fink, the head of BlackRock and other said, this is just sound business.

Arjun Murti: You know, whenever I've evaluated a company or a management, I've wanted to see that there has been diversity of perspective. Now that doesn't mean in 100% of the cases that that is always the best performing stock, but certainly the situations I've been involved in I appreciate hearing perspectives from those in the environmental and climate community that is not my core group. I think having Wall Street type people can be helpful. I think having folks who run companies are helpful. So, to your point having on a board, having as part of your management team people that can bring a range of skill sets, I think it's critically important. The one specific element of traditional diversity that I think is very important is actually gender diversity. And I don't mean to overstate it. I think there are differences in how genders approach things. I absolutely have been a big advocate of ensuring that gender diversity is well represented.

Greg Dalton: Right. And that's something that hasn't been the case so much in energy. And I think it is gradually changing. So, what kind of risk are companies facing by not doing something? Because we often talk about the cost, oh, we can't change because there's a cost. But there's also the status quo has costs; we're seeing more and more billion-dollar disasters. The floods and fires in the West everywhere. So, how do you think about the cost of inaction as well as the cost of action?

Arjun Murti: You know I'm gonna frame it from the perspective of looking at companies here. And I think you said it really well which is you cannot live in the past and you cannot live on the status quo. It is always a question of where is the world going. And we're going to a world where the certainty of traditional commodity demand growth is not what it once was. I may have a personal opinion that all demand is likely to be flat or up, but I could also be wrong on that. And so, can companies be nimble. There's no question that companies gonna have to compete on low-cost supply. There are a number of exciting new technologies that so far I don't think we've had the true breakthrough besides Tesla, which is taken a dramatic share of the luxury electric vehicle market.

And Greg, I have to say that I'm personally very happy owner of an electric vehicle for the past seven years and I personally out of personal choice will never or very unlikely to ever drive a gasoline car again because I simply enjoy driving the electric vehicle better. And I think that's the type of positive engagement and positive consumer choices I'd like to see. So, if you're a company and if you're an analyst looking at companies, I'm always gonna be monitoring where is an area of better opportunity and growth. And I think it is about trying to figure out where the world is gonna go. Now, a lot of people want traditional companies to transition more quickly to newer areas. I think that's where I might be a little more skeptical. There isn't a lot of evidence of old-line companies being the leader in the next technology. So, it's not that they should do nothing. They clearly should be looking at it, but I think we have to be careful about wanting traditional energy to maybe be the leaders in new areas. We should want new companies like a Tesla in the case of the auto sector to be the leaders in the new sector and then we'll see perhaps that's the catalyst for others to follow.

Greg Dalton: So, what I hear you saying is that don't count on oil and gas companies becoming energy companies and moving into say Shell is not gonna become, you know, a leader in EV charging distributions like they are gas stations or so you don't really think that these large energy oil and gas companies are really good at transitioning to cleaner energy.

Arjun Murti: I might say it slightly differently. I think we don't know what they're gonna be good at or not. We do know that last decade in the business they're involved in the return on capital was 0%. I don't think you have to be a Wall Street analyst to know that 0% profitability is a really low number. And so, the first order of business is do better in the business you know best. I think you do have to keep an eye on the future. And so, I look at a company like Occidental Petroleum, which has an expertise in enhanced oil recovery. They've got a carbon capture direct air capture strategy. I don't know if it's gonna be successful but to me it's a logical extension of what they're doing. There are other big companies that have these venture capital type operations that are funding new technology companies; that to me make sense. Some of the large companies may not be experts but being a venture capital backer of new technology that is something I generally get excited about. I will say when you think of things like EV charging as someone who has first-hand experienced EV charging for the last seven years I have never tempted to want to go to a gas station. I don't know why anyone who want to replicate the gas station model. And so, I think when we think about future technologies let's not make the mistake of thinking we had to replicate the old way of doing things and this is often cited as a reason for why EVs won't take greater market share. I disagree. I think they can take a reasonable amount of share over a long period of time. But we don't need to wait for every gas station to have an "EV pump." What I worry about EVs is I think for those who are of more modest means, and especially low-income folks and a huge chunk of the developing world. I'm skeptical that they're gonna be able to switch to EVs. So, let's include hybrids. Let's have much stricter regulation on heavier vehicles. How do we allow sport-utility vehicles to basically get no extra consideration for their extra weight in the environmental damage they do? Why are we subsidizing EV SUVs? I mean there's probably nothing more insane than that? And so, I think it's a whole bunch of things we can do to motivate a more positive future. How about this? How about we have free tuition for electricians in trade schools that are gonna be needed to implement our electricity future. Why are we worried about college tuition what about the trade schools? Those are generally people who are not from the most affluent communities. They might need some help from what they, I think there are so many things we can do, Greg. There are so many things we can do from a positive standpoint. I get excited about it but then get frustrated when I see the kind debate being either on the left fossil fuels are evil; end fossil fuels now. Or on the right, solar and wind are dumb climate is always changing let's do nothing. Neither of these extremes make sense. There is a positive middleground and a pragmatic middleground that can actually result in real progress.

Greg Dalton: Right. And you're on the advisory board of an organization ClearPath that is that kind

of center-right position that approaches energy from a different perspective but wants to solve the problem through exports and perhaps more nuclear and more carbon capture different set of tools and solutions. And we appreciate you coming on. It is interesting to have you a board member of a major oil company who loves EVs, doesn't like gas stations. I wonder if you share that in the board room or they knew that about you before they let you come in.

Arjun Murti: You know what I'd say is again I don't think this stuff has to be ideological. I don't think being affiliated or covering or investing in oil and gas companies makes you good or evil. It's a critically needed energy source for the world. 83% of our energy comes from some combination of oil, gas and coal. The world needs it. We've had the least number of people in poverty that we've ever had. We had rapid population growth because of our industrial revolution fueled by fossil fuels. We now know that there's some limit to how much CO2 we want to put into the atmosphere. So, there is absolutely a goal to decarbonize going forward. But let's not forget all the benefits and all the gains that we in the United States and Europe have clearly benefited from and that the rest of the world is going to want to benefit from going forward. And so, I'm very proud to be affiliated with oil and gas industry, but I'm not ideological about it. So, if the electric car is more enjoyable to drive, I like the one pedal on off. I like charging on, who likes to go to a gas station. Then I'm gonna drive an electric car. And I'm excited to do so. I would look forward to like understanding heat pumps. Another area where when your heater or furnace breaks you have like one minute to get it fixed because there's no way you want your family to freeze. How do you motivate local installers to really have these more energy-efficient climate friendly type options to be viable choices for consumers? It's not gonna be true everywhere. Again, a pushback on the climate movement will be there is no such thing as hundred percent solution for any of our problems. We need a range of solutions and they should be centered around ensuring energies available and affordable but that it's also environmentally friendly and lower carbon, all those metrics that we're trying to solve for.

Greg Dalton: And as a driver of EV for 10 years now I share your enthusiasm. EV is just better whether you care about virtue or not. I want to push back a little bit on your point that EVs are for elites or premium products. That has been the case Tesla started up around hundred thousand dollars now you can get a Tesla for less than the average cost of a new American car. Prices are coming down thanks to a scale more products coming online and then Inflation Reduction Act did put in some income caps to get that \$7500 tax credit. So, I guess I think EVs started as elite products, but now they're becoming, you know, you can get a Chevy Bolt in the, you know, low 30s somewhere, they're becoming more accessible and affordable.

Arjun Murti: So, couple different things here. I do live in a single-family home. I live in the Northeast state. My garage happens to be heated, which on the one hand is ridiculous on the other hand we're not gonna remove the heat at this point in time. The one night I left it outside because we had some work being done it lost half its battery overnight. And so, there are some challenges I think again if you are not lucky like I am to live in a suburban single-family home with its own garage, you know, that might be a challenge if people live in apartment buildings. It's not that it's not solvable I actually think it can be. I think the question is, I'm very concerned about these 100% EV mandates by some year. California's got one. I think New York State now has one. I don't like that as a metric. That to me is the kind of I think big government top-down initiative that I think is likely to fail.

Greg Dalton: Hold on. California said we're gonna ban sales of new gasoline engines, but GM already said we don't want to sell them. So, the industry is ahead of government on this transition to electric mobility. It's not government saying, I mean, in some places it's governments saying you got to do this but GM and Mary Barra, CEO, like we don't want to build gasoline cars anymore.

Arjun Murti: Hundred percent agree with you. Let's keep it the way the industry says I can see

consumer preferences, maybe they're gonna be right on that opinion. Maybe they're gonna be wrong. But let's have it stay that way. The problem with the mandate again is I do not believe it solves for the middle and least fortunate among us.

Greg Dalton: So, what I heard today is you are a Wall Street analyst who is on the board of a major oil company. You have and love EVs. You think they're better for people who can afford them. You don't like going to a gas station. You really need to decarbonize the economy it might differ about how and how fast. And big oil companies are not as big as they used to be. Did I get all that right?

Arjun Murti: I think you did get it alright. And again, I'd say, first of all, thank you for having me. What are the positive solutions? Where do we agree? How do we stop making this a vitriolic fight to the death right versus left and then nothing gets done and we end up in this worst of all worlds of simply high and volatile commodity prices with no change or greenhouse gas emissions? That doesn't help anyone and by the way, it doesn't even help oil companies for one year they might get high oil prices and then the next year they have recession. That does not do any company any good. What is good is to have sustainable economic growth lifting people out of poverty. That is why we use fossil fuels in the first place. We now recognize we need to do a much better job in the environmental side. I will say that will always be better or usually be better if we're doing that in the US and Canada versus the rest of the world. And then lastly, let's do it with a small carbon footprint and let's motivate new technologies. I think nuclear is beyond the scope of this podcast that's gonna have to be part of the conversation. We absolutely can have a sustainable future that does eliminate the worst risks of climate change, while ensuring we do have healthy economical. Those are absolutely compatible goals and let's stop fighting about this.

Greg Dalton: Right. Arjun Murti is a partner Veriten an energy consultancy and holds board or advisory positions at ClearPath, ConocoPhillips and the Center on Global Energy Policy at Columbia University. Arjun, it's been a pleasure to have this very vigorous debate with you and discussion. Thanks for coming on Climate One.

Arjun Murti: Greg, thank you so much for having me and I appreciate all you do with the Climate One podcast and I will remain an avid listener. Thank you.

Greg Dalton: The conservative climate caucus includes around 80 Republicans in the House of Representatives with a stated goal of "reducing emissions, not energy choices." They emphasize innovation and exporting American know-how. Utah Representative John Curtis chairs the conservative climate caucus in the House. Before going to Washington, he served eight years as mayor of Provo City. I asked him how that experience informs his work in Congress.

John Curtis: Well, I made the mistake of thinking Congress would be like serving as mayor and it's not anything like that. But the only thing that's similar is you have to go through an election to get there. But when you serve as mayor you work on issues that I would call or more call it like life issues people care if their trash cans picked up. They care about crime they care about parks and recreation and things that are very, not always do, but frequently different than what we're doing with here in Congress. They also tend to be more aligned. In Utah, the mayor is nonpartisan, so it's much easier to align people behind issues. But I did learn quite a bit there that's helpful here. For instance, I learned not to fear town hall meetings. I learned not to fear standing in front of a bunch of people who are mad at me and found that dialogue solves a lot of problems. And I think that's been very instrumental in my work here having served there.

Greg Dalton: Yeah, mayors have to deliver like governors as well. Was there a particular moment when you realized I need to do something on climate?

John Curtis: I don't know that it was a moment, but it was, clean air in Utah has been an issue for many years. And for many people I would say that's kind of the point the entry point for these environmental issues. They didn't, and we still don't talk as much about climate as we do some of the other environmental issues such as clean air. But as mayor I was fortunate to develop a reputation for being good on clean air. And I think that's my standards for coming here that I would also be good on other issues dealing with the environment.

Greg Dalton: Yeah, I certainly seen that flying into Salt Lake, the basin in the air is as you're flying it's visible. And on that epic wild fires have been choking the American West. The great Salt Lake is drying up amid a megadrought and we got big snow this year, though, as you know as the chair of the ski and snowboard caucus the ski industry is openly scared about declining snowpack in the end of winter as we know it due to heating caused by burning fossil fuels. So, how of all these climate impacts affected you personally and your constituents?

John Curtis: Well, first, I'd just going to take this little window to push back on something that you just said. I think you just ascribed the changes in the climate the fossil fuels. And the science that I followed, says it's the emissions that's causing climate change. I think it's a very important distinction. So, just for the record, I think it's emissions and --

Greg Dalton: Which comes from burning. So, it's not the fossil fuels themselves, but it's the burning that causes the emissions that causes the heating.

John Curtis: Most often but you referenced forest fires were certainly emitting a lot of greenhouse gas emissions from forest fires. Fossil fuels burned at very different levels of greenhouse gas emissions depending upon the fossil fuel and the way that they're produced has a tremendous influence also for instance in methane leakage. And for instance, I know that natural gas that we use here produced here in the United States is substantially less methane than that of Russia. So, that's why I make that distinction. I don't think it's as simple as saying fossil fuels. I think it's better to pinpoint emissions and then deal with emissions.

Greg Dalton: Fair. So, they're not inherently bad but it's how we use them and how we extract them and what we do with them. You started the Conservative Climate Caucus in 2021. It now boasts around 80 members with the stated goal of "reducing emissions not reducing energy choices." How do you propose reducing emissions and not energy choices? What does that mean?

John Curtis: That dovetails nicely with my previous little rant about it's not fossil fuels. So, I think it's been a mistake to focus solely on fossil fuels is the problem here. The reality of it is, as I said before emissions cause the problem. And not just US emissions, worldwide emissions. And so those that are part of our caucus first of all, we're not all completely like-minded, there's obviously many different opinions within the caucus. But as a general rule, I think it's fair to say that we care deeply about this earth. We care deeply about our stewardship, but we have some ideas that may differ about how we reduce emissions and what path will reduce emissions, quickest and most efficiently.

Greg Dalton: Right. And so, what are those things is that sort of, you know, so what's the pallet of things that you would like to see particularly as we have a new Congress right now.

John Curtis: No one should be surprised that there's actually more we agree with than disagree with many of my Democratic colleagues. And maybe just to throw out some of those real common areas. I think the caucus in general is really pleased with renewables. We like renewables. We feel like they're a very important part. We may disagree with some in the sense that we don't think they're the only answer. They have an Achilles' heel that's not that I think will be resolved at some point but it's not fully resolved in that storage right now but we like renewables. We like nuclear and

more and more of my Democratic colleagues are joining us on that and realizing you really can't get to a green future without nuclear being part of it. And quite frankly without additional innovation with fusion or something else nuclear currently has to be a big part of it if we're gonna be green. I think we share that with our Democratic colleagues. I certainly know we share innovation and advancements that we would like to see happen with I mentioned fusion and hydrogen that we share with our Democratic colleagues, in common. I think probably the one area where we would disagree and not completely, but to some degree is the use of fossil fuels. We would point out that the US has reduced more greenhouse gas emissions in the last decade or 15 years than anybody would've ever dared dream. And we've done that by using a natural gas and using natural gas to replace other fossil fuels, particularly coal. And if we want to reduce worldwide greenhouse gas emissions, we have to have a conversation about using US fossil fuels to do that. I like to point out that they can be part of the solution and not part of the problem. And replacing for instance Russian natural gas with US natural gas would reduce dramatic amounts of greenhouse gas emissions. We're perfecting techniques like carbon sequestration and direct air capture. And I'll be the first to admit it still got a ways to go, but I don't think they should be ruled out. And I think, you know, you heard President Biden with some interest say fossil fuels will be with us for the next 10 years. And I got a little bit of a laugh in the state of the union because I don't know a single energy expert who doesn't say fossil fuels will be with us in the year 2050. And so, I think the bigger question is not will they be with us but will we have figured out how to use them cleanly.

Greg Dalton: Right. I think even the Energy Information Agency says fossil fuels, even the low carbon scenarios there are still some use of fossil fuels in hard to decarbonize areas, aviation, etc. You mentioned carbon capture has ways to go. Taxpayers have put billions of dollars into carbon capture and storage. So far, the results have been underwhelming. In 2017 coal giant Southern Company suspended work on the carbon capture portion of a \$7 billion plant in Kemper, Mississippi. It's a private corporation pulling the plug on carbon capture. It had support from President Trump and previous Republican Governor Haley Barbour of Mississippi. So, how much taxpayer money and investor money should more should be put into carbon capture?

John Curtis: Well, listen if it were up to me, I would take all the incentives away from everybody. I would line everybody up on the starting line and say look, the end goal is clean, reliable, affordable, safe, go and let's see who can get across that finish line with those parameters. I don't think you can find a single energy source that doesn't have as a mentioned an Achilles' heel for renewables, which is storage. Nuclear, you could point to safety, right? I mean all of our energy sources have some flaws. And if it were up to me, we would let this free market decide which of these will actually prevail. The fossil fuel industry is willing to invest on their own billions and billions of dollars into direct air capture and carbon sequestration. If we simply use the litmus test of is it taken a while to work. I'm not sure that solar would've advanced to where it is today, right. And so, I think we have to be careful really in these things out too quickly and I think you're wise to point out there has to be some limitations on and what we subsidize in the free marketplace should have a pretty good hand in which of these prevail. Our current lawmaking is trying to pick winners and losers. There's some wisdom to that but I do think we have to be careful. The IRA for instance, did a lot for carbon sequestration direct air capture nuclear right really for a lot of these things there was --

Greg Dalton: Hydrogen too.

John Curtis: Hydrogen, there's quite a bit of money in there. So, in a way, government's trying to pick winners and losers, but like I say, if I had my way, we'd line them all up on a starting line and say, go. And here again I refer to clean, reliable, affordable, safe energy and what's going to be able to deliver that.

Greg Dalton: You mentioned the IRA that there's three big pieces of energy related legislation that

have happened under the Biden administration, infrastructure, CHIPS and the IRA. You're on the energy and commerce committee. What's gonna happen there in terms of those big bills is they're gonna be repealed, kind of tweak what's gonna be the approach?

John Curtis: You know, that's a near impossible to predict. But I like to go back and look at history. If you look at the Affordable Care Act, I think you'll see a very similar situation where it was kind of one party that pushed it through. The other party, Republicans, were very opposed to it and threatened to repeal it. At the end of the day they were unable to but that doesn't mean both Republicans and Democrats haven't made substantial improvements to the Affordable Care Act along the way. So, I would say look, any piece of legislation isn't perfect, particularly one that comes out really without much time and is thousands of pages. And I would expect that both Republicans and our Democratic colleagues would continue to try to refine and improve that piece of legislation.

Greg Dalton: Right. And, you know, Politico did a story that a lot of the benefits of the IRA is gonna be in Republican districts or members who -- I guess you saw that article.

John Curtis: I didn't see that but I've heard that reference. And, you know, I don't know if that was intentional but to the extent it was it was really pretty wise because you know people respond to what's happening in their districts.

Greg Dalton: I've driven through your district, I guess it's Heber City. There are a lot of oil rigs and trucks there and there's also the Grouse Creek South wind energy zone. How do you balance the needs in your district today when it comes to the energy transition.

John Curtis: So, my original district up until this last year didn't have very much oil and gas, it had coal. And I've watched firsthand really the demonization and the destruction of communities that produce coal for decades and decades. And I think we forgot rather quickly how important these people were in our lives. And I see the same thing happening to oil and gas. It's what I would call a demonization of oil and gas. And I inherited with redistricting the Uinta Basin, which does a lot of oil and gas. And during my first visit they looked at me and they said, "Sorry you're the climate guy this isn't gonna work." And as they listened more and more to me, they realized how important it was for Republicans for conservatives for people in oil and gas to be talking about the climate. And this is where I like to point out, look, we have a choice here. We can make them part of the solution or we can make them the problem. They are anxious to be part of the solution. They are anxious to clean up. They are anxious to be an energy source for decades and decades into the future. And I talked with the same principles with them, reliable, affordable, safe, clean. And they're game. They're ready to compete on that level. And when you talk to them like that and don't come to them saying like we're gonna wipe you out they're remarkably responsive. And they want to be in the game. Listen, these are good men and women they want to leave this earth better than they found it just like everybody else. They want to be good stewards and they will strive for that given the opportunity.

Greg Dalton: You're listening to a conversation about different perspectives on climate policy. This is Climate One. Coming up, what role does messaging play in motivating climate action?

John Curtis: If you want to motivate somebody to engage in this you appeal to this just innate desire to leave this earth for our grandchildren better than we found it. And I wish sometimes the climate movement spent more time appealing to that.

Greg Dalton: That's up next, when Climate One continues.

This is Climate One. I'm Greg Dalton.

Politicians often say provocative things in order to grab headlines. But John Curtis, Utah Representative and Chair of the Conservative Climate Caucus, doesn't fit that mold. I asked him what some of his peers say in private that they wish they could say in public, and why there aren't more republicans like him.

John Curtis: I think the reality is timing. I think I found Republicans quite quick to engage this caucus that I've started, the Conservative Climate Caucus has 80 members. Most of those came to me and asked me if they could be part of it. I think the time is right for Republicans to speak out. I think Europe has been a great example of why we're needed in this conversation. Look, we can make mistakes and Europe's made some mistakes. And I think Republicans and conservatives do want to lower emissions, but they want make sure we don't duplicate some of those same mistakes.

Greg Dalton: You came up with a six-step plan to address climate change. Can you explain what those six steps are and how you arrived at those points?

John Curtis: They deal with six very, very important issues. Let me just mention a couple of them. And one of them is the hot topic of the day and that's permitting reform. My colleagues on all sides know that we have some serious problems with permitting. The way I like to describe it is if you lined up all of your climate goals, all of your energy goals, permitting reform is in the way of every single one of them. It doesn't matter if it's solar farm or wind farm or a pipeline. Permitting reform is keeping all of these from coming to fruition. So, there's some really good bipartisan. I actually left a hearing to do this podcast where we were talking about a Republican proposal. And many people, many colleagues understand this has to be bipartisan and want to find a bipartisan path forward on permitting reform. The other pillars deal with using our resources here we've got things these critical minerals are a very interesting discussion. There's no scenario which we don't need vast amounts of these critical minerals and currently we're dependent on countries where we don't control the regulatory standards, the emission standards, the human rights standards. And, you know, there are a lot of people who feel like it's very hypocritical to be buying these overseas and prohibiting them here in the United States, and I tend to agree with that. And those are just a couple of principles from that that I think our Democratic colleagues would join us on. And it's important that we find that consensus.

Greg Dalton: You stated that "The impact of preventing climate change is worse than the impact of climate change. It doesn't need to be that way." Can you explain what you mean by that?

John Curtis: Well, absolutely. Listen, the climate movement, if not careful defaults to calamity crisis what was right, I mean you hear all sorts of things that just aren't science. And the reality of it is we have some serious changes coming. And I don't mean to make a light of those. But if you look at particularly at some low-income communities where they can't afford their heating bills and they can't afford gas, they prefer climate change. I actually spoke to an activist who represents them and she and I agreed that sometimes the medicine is worse than the disease. And we have to be careful with that and realize that we need to be talking more about adaptation. Look, if we stopped all the greenhouse gas emissions today worldwide, we're still in the trajectory of warming. And what are we doing about that, right? Very little. And I think that it's important to deal with that and also to realize. Look, what's happened in Europe was not good, and that is no affordability, no reliability dependent on an enemy for fuel and now producing more greenhouse gas emissions than ever. And that's what I mean when I say look, we want to be in this debate to make sure we don't duplicate those same mistakes.

Greg Dalton: Well, certainly Germany did a deal with the devil that hurt them. Though in terms of alarmism I would say that's true. I think climate people sometimes want people to move and the only way they think they can make the move is to make them scared.

John Curtis: So, I have some strong thoughts about that. Listen, first of all, if everything is a crisis then nothing is a crisis. I don't believe that scare tactic motivates people. I just don't. I'm not involved in this because somebody scared me. I'm involved in this because somebody appealed to what I think we were all born with, which is an innate desire to be good stewards over this earth. And I think if you want to motivate somebody to engage in this you appeal to that what I believe we were all born with, which is this just innate desire to leave this earth for our grandchildren better than we found it. And I wish sometimes the climate movement spent more time appealing to that. And quite frankly that's what I do. That's why I found 80 Republicans as part of my caucus is not trying to scare them or threaten them, but rather to just say, look, we've got a responsibility here. And we do care deeply we'll show people that we do.

Greg Dalton: Yeah, opportunity often plays better than fear. If I can just circle back to one thing you said about reliability and affordability. There are some studies that say that the cheapest power on earth today is solar utility scale solar it beats even operating and certainly new coal plants even operating coal plants there's challenges getting it to the load centers that gets to permitting reform and distribution. And with batteries, you know, solar, wind are getting pretty reliable. I have batteries at my house when the PG&E either burn something up or blow something up, you know, I still get electricity. So, I think the reliability and affordability isn't that changing on renewables?

John Curtis: So, it is, just as the cleanliness is changing on fossil fuels. Everybody has a lot of work to do. And the reality of it is you're very fortunate that you can afford batteries. Most can't afford batteries because the technology is still too expensive. Yet on large scale we're storing, you know, I heard people putting in these battery storage things which is great but we're storing power for only about four hours, right. And so, we have work to do and I think the more successful we are the more solar and wind these renewables will be part of that mix in 2050. And the less successful we are the less of a role they'll play. And I think this is where you said earlier on Republicans are all in on this. And we're all in on working on innovation for storage. There's a couple of interesting things. I was in Europe and I saw really, they've almost moved past lithium batteries and to hydrogen for storage. And I don't think we talk about that enough here in the United States is that, you know, it may be that hydrogen is the real storage opportunity. I was in Taiwan a couple months ago and saw a hydro project where the water is released in the day and pumped back up at night for storage. And I think our paradigms will very likely will change over the next decade or two based upon new innovations about how we store things. And the more successful we are the more role these renewables will play.

Greg Dalton: Well, I'm certainly feeling comforted talking to you, Congressman, here substantively about real issues and having a back-and-forth and it's making me encouraged about the hope for some bipartisan progress. So, I look forward to seeing what happens and hope that this caucus can do something in Congress. Because we've been hearing for a long time I remember since Pope Francis came to Washington DC in 2015 there was gonna be a Republican breakout. Republicans are gonna come out strong on climate, never quite happen, but it sounds like maybe you're putting some together now.

John Curtis: You know this is where I'd like to point out. I'll give you that we have been terrible at branding here. But we have always cared. I think what I would say the extremism sometimes in this conversation scares Republicans away. And my extremism is not good on either side. We have it on our side as well and kind of the denial category but there's extremists on both sides. But the reality as you know, if we want to make a long-lasting change, we need to be at a bipartisan mode on this. And clearly to the extent that we're bipartisan we'll make quicker action. I also like to point out that we have had some successes. I'd point to the Energy Act of 2020, which was a bipartisan work that was really substantial. We reduced hydrofluorocarbons by 85% in the United States that was bipartisan. And I think another problem with this movement we've got kind of the one hand, right,

the fearmongering and on the other hand, we have this whatever you do, it's never enough. And people sometimes get discouraged by saying, I can never please you, I can't do enough. And I do think it's important to point out. I know in my personal journey. I'm very grateful that I ran into people who rewarded me for good behavior early on instead of criticizing me for what I wasn't doing. And that motivated me to want to do more and I think too often we do just the opposite. We kind of push people away from this.

Greg Dalton: Well, Congressman, thank you very much. John Curtis is House of Representatives from Utah's third Congressional District and chair and founder of the Conservative Climate Caucus. Please do come back and we'll continue this conversation.

John Curtis: Perfect. Look forward to it.

Greg Dalton: On this Climate One... We've been talking about different perspectives on climate and energy policy.

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Greg Dalton: Brad Marshland is our senior producer; Our managing director is Jenny Park. Our producers and audio editors are Ariana Brocious and Austin Colón. Megan Bisciegia is our production manager. Wency Shaida is our development manager. Our theme music was composed by George Young (and arranged by Matt Willcox). Gloria Duffy is CEO of The Commonwealth Club of California, the nonprofit and nonpartisan forum where our program originates. I'm Greg Dalton.