

Chevron CEO to climate activists -- what would you live without?

David R. Baker, San Francisco Chronicle, 5-26-16

Pressed by activist investors to do more about climate change, Chevron Corp. CEO John Watson on Wednesday rejected calls to put a price on the greenhouse gases that come from burning his company's products and insisted the world would need oil for decades to come.

Speaking at the annual shareholders meeting in San Ramon, and in comments to reporters afterward, Watson railed against what he called "command and control" policies to tackle global warming. California's climate policies, which include a cap-and-trade system for limiting greenhouse gases, have proven far too expensive, he said.

And while Watson praised last year's international climate agreement in Paris as "a good first step," he argued that any attempt to set an international price for carbon dioxide emissions would hurt the world's poor, who need affordable energy to improve their lives.

"When people talk about a price on carbon, you're talking about raising the price of energy — you're talking about raising the price of everything you consume," he told reporters at Chevron's San Ramon headquarters. "The people arguing for a price on carbon should be prepared to say what they're willing to live without."

His comments came as protesters outside the meeting denounced Chevron's role in global warming and blamed the company for environmental destruction in Ecuador (a charge the company denies). His opposition to pricing carbon also stands in contrast to the position staked out by European oil companies, which have banded together to call for a worldwide price on greenhouse gases.

Watson told shareholders that even in the wake of the Paris accord, worldwide demand for oil will continue to rise for decades.

"Under any scenario going forward, our products are going to be needed," he said.

Both Chevron and its larger rival, ExxonMobil Corp., faced a slew of climate-related proposals at their shareholder meetings, each held on Wednesday. Chevron investors rejected all of them, including proposals to set emission-reduction targets for the company or start counting Chevron's worldwide reserves in terms of British thermal units as a way to encourage alternative-energy investments.

But one climate-related proposal, urging Chevron to report on how a global transition to a lower-carbon economy would affect the business, came relatively close, winning 41 percent of the votes cast. And Watson told shareholders that the company would consider reporting more information on the topic, as long as doing so wouldn't divulge confidential data.

While all oil companies are facing greater scrutiny over their role in climate change, Chevron so far has escaped the legal pressure now facing Exxon.

Following reports last year that Exxon's own scientists warned company executives about the dangers of global warming starting in the 1970s, 17 state attorneys general launched investigations into whether Exxon misled the public on the issue. In California, SB1161, a bill being considered by the state Senate, would extend the statute of limitations for companies that knowingly deceived the public on global warming.

Watson said Chevron has not been subpoenaed by the attorneys general pursuing Exxon. But he criticized the investigation as an infringement of Exxon's right to free speech.

“Any attempt to intimidate free speech in some fashion is not consistent with what we want in this country,” he told reporters after the shareholder meeting. “We need to watch this case very closely.”

Watson argued that in the developing world, lack of access to affordable energy is a bigger problem than global warming. California’s climate policies, he said, have raised energy prices, driven businesses out of the state and are “imposing huge costs on the people of California.”

Fighting climate change, he said, will require the increased use of natural gas and nuclear power. He noted that greenhouse gas emissions in the United States have fallen, thanks to natural gas produced “by the miracle of hydraulic fracturing.” And he suggested that money currently devoted to “massively subsidized” alternative energy sources would be better spent on research into new energy technology.

“Bill Gates talks about an energy miracle — that’s likely what we’re going to need,” Watson said.

He also warned that current low oil prices could cause oil companies to cut so far back on developing projects that the world could face another oil crunch in several years.

“You could get in a situation where there will be no new projects, demand will continue to rise,” he said. “You do run the risk that you can have a spike.”