Some thoughts on the role of oil and gas companies in a new energy world

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Oil and gas industry

- Capital-intense industry, very technical, expensive and dangerous
- Vertically integrated or integrated: exploration, production, refining, petrochemical industry, logistics, and sales.
- Likes long-term planning and stability
- Under intense scrutiny last 10-15 years. Bad reputation.
- What do you think?

Pressure to change

- Paris climate agreements and pressure to decrease GHG emissions and in particular carbon intense operations
    - Scope 1 – direct emissions of the company
    - Scope 2 – indirect emissions (electricity used for heating)
    - Scope 3 – emissions from value chains (suppliers)
- UN Sustainable Development Goals, UN Global Compact
- ESG, CSR reporting etc.
- European OG companies are under more intense regulatory and financial pressure than their peers in the world – EU Green Deal strategy.

Not oil and gas anymore

- Now: energy companies. Decarbonisation. Diversification.
- Added: clean energy projects or businesses
- Revenue from sales of oil and petroleum products is now invested in new sustainable energy/low-carbon projects:
    - electricity production from renewable energy sources
    - bio-fuels
    - forestation
    - carbon capture and storage projects
    - electric vehicle chargers
    - hydrogen refuelling stations, etc

New language

- **BP**: From international oil company to integrated energy company
- **ExxonMobil** is a global leader in energy production and innovation, with multiple businesses and corporate advantages.
- **Chevron** is a global energy company that aims to deliver the energy needed today and lower the carbon intensity of its operations.
- **ENI,** an integrated energy company

New direction of investments

- BP: *While we're developing high-performing oil and gas assets, we're also focusing on how these projects can support the development of our transition growth engines: bioenergy, electric vehicle charging, convenience, hydrogen and renewables & power. Our aim is to increase the proportion of investment we make into our non-oil and gas businesses. Over time, as investment goes up in low and zero carbon, we see it decrease in oil and gas.*

  - \$2.4bn - 2021
  - \$4.9b - 2022 (30% of total capital expenditure for the year, 3% in 2019).
  - \$6-8 billion – 2025 (40% of total spend)
  - \$7-9 billion - 2030 (50% by 2030)

It’s a learning process for all

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Historical track record of energy industry

- Climate change (CO_2, methane etc)
- Air pollution
- Water use and contamination
- Land use and deforestation
- Occupational hazards and accidents
- Human rights abuses
- Corruption
- Social and military conflicts
- But also the key enabler of the modern way of life

Sovacool, B.K (2013): Energy and ethics: Justice and the global energy challenge

Energy justice

- Accessibility, energy poverty, health
- Poor countries/communities lack access to technologies and intellectual property
- Energy subsidies (involuntary wealth transfer)
- Energy resources and future generations
- Due process/procedural justice
- The polluter should pay

Sovacool, B.K (2013): Energy and ethics: Justice and the global energy challenge