



# AND – not or – an orderly transition

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Good morning, everyone – it's great to be here.

Thank you Juliet for that kind introduction.

We also announced this morning that Energy Institute will take over the Stats Review – bp's Statistical Review of World Energy, I think it's going to be in incredibly great hands with Nick and the Energy Institute – we know you will take great care of it.

And I might add that the Energy Institute itself is also in great hands.

Juliet is an inspiration to everybody who cares about energy and who cares about sustainability.

It is exactly – I'm told – three years and one day since I last had the privilege of speaking at this event – when we still called it International Petroleum Week.

And as we all know the world has changed significantly since then.

We've had a global pandemic, we've had a war, we have had a cost-of-living crisis.

And I think all of this has made one thing clear – clearer maybe more than ever.

And that is that energy is the lifeblood of society.

Now three years ago if you asked people what they wanted from energy – people in this room for example – chances are they would have said lower carbon energy.

Ask people today what they want from energy, and the answer is more likely to be: an energy system that works.

What do they – what do we – mean by that?

An energy system that works is one that provides energy that is secure and affordable, as well as lower carbon.

What's known as the 'energy trilemma' – or what the Energy Institute calls the triple energy crisis.

It is a complex – and indeed – it's a massive challenge.

To solve it, action is clearly needed to accelerate the energy transition.

And at the same time, that transition has got to be orderly.

We need to do both.

We need to invest in the energy transition.

And not or.

We need to invest in today's energy system – which is predominantly an oil and gas system.

And governments all around the world are looking to companies like ours to do this – to do both.

And to be clear – we should be clear – orderly is not another word for slow.

What it does mean is keeping affordable energy flowing where and when it's needed.

Investing in the transition AND investing in energy security.

And this is exactly what we designed bp's strategy to do three years ago.

It's early days still of course, but for us the strategy is working – and earlier this month – we leaned further into that strategy.

We are putting up to \$8 billion more into today's energy system.

And not or.

We announced up to \$8 billion more investment into what we call our transition growth engines – bioenergy, convenience, EV charging, hydrogen and renewables and power.

That's in total, up to an additional \$16 billion into the energy system by 2030, given the right opportunities.

On the transition – we'll focus on quick, near-term solutions that can help people and businesses decarbonize sooner – like EV charging and sustainable aviation fuel.

On oil and gas – we'll focus on high-quality options where we can deliver quickly to support affordability and security now, where it's needed the most. ....targeting existing infrastructure for speed of development, lower costs, and lower additional emissions.

We're putting plans into action – or as I like to say, having grown up on a farm – we're putting shovels in the ground.

And we're putting our money where our mouth is.

In three years, the capital we've invested in our transition growth engines has gone from 3% to 30%.

So what does all of this look like in practice?

The UK – our home – is a good example. It's a microcosm in many ways of the bp strategy as a whole.

We are planning to invest up to £18 billion here through the decade.

And that is going into oil and gas AND into our transition growth engines – creating new jobs, developing skills and generating export opportunities.

It's paying for crews and a drilling rig to add new wells in the Schiehallion area, west of Shetland.

It's paying for crews and ships out on the North Sea and Irish Sea doing our biggest UK integrated offshore survey ever – so we can install wind turbines in the best locations.

It's paying for the teams that are designing two new hydrogen plants on Teesside – and one of the UK's first power plants with carbon capture.

And as we just heard from Chris – and as he says in his report – net zero is a new era of opportunity.

It is a massive opportunity for companies like ours.

And we are starting to see policies globally that are bringing about an acceleration in the transition – with hopefully more to come.

Policies that address demand for different energy sources as well as supply.

Policies that encourage the development and rapid adoption of alternatives to hydrocarbons along with new infrastructure.

Support for faster permitting for low-carbon technologies like wind and solar.

Support for battery and hydrogen storage to balance supply and demand.

Support for new pipelines that can deliver low-carbon hydrogen to where it's needed – and that can take those captured emissions away to secure storage facilities.

And for policies that support rapid expansion of transmission networks.

So let me begin to close.

As I said here three years ago – I am an optimist.

And that does not however mean that we don't need to be cautious.

As the events of last year demonstrated, the sudden loss of even a small part of the world's oil and gas can have severe economic and social costs.

Reducing supply without also reducing demand inevitably leads to price spikes.

Price spikes lead to economic volatility.

And there's a risk that volatility will undermine popular support for the transition – an outcome which nobody wants.

We avoid that outcome by investing in today's energy system as well as investing in the transition.

And not or.

We have a way to go... but there are a growing number of reasons, I think, for why we can and should be optimistic.

Low carbon investment is now over \$1 trillion – for the first time ever.

Investment in clean energy is now the same as investment in hydrocarbons – for the first time ever.

The role of natural gas is becoming more accepted as part of the solution.

Conversations are increasingly taking account of the energy trilemma – of security and affordability as well as low carbon.

These are exactly the things we need for an orderly transition.

Hence the optimism – and it adds up we believe to a huge opportunity for everyone here, for our whole industry.

Thank you very much.