



Meeting the dual challenge whilst ensuring energy remains affordable

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Introduction

Thank you – I'm honoured to be here to debate a vital issue among a distinguished panel for what is a historic organisation.

The Commonwealth, as Canadian Prime Minister, Justin Trudeau said, is a champion of democracy, freedom, sustainable development, the rule of law, and human rights.”

It can also be a champion of the energy transition.

China may have been the driving force of changes in the energy landscape over the past 20 years.

But if we look ahead over the next 20 years, India is set to overtake China with growth in energy demand of around 130% by 2040. That's four times the global rate.

Africa too is likely to overtake China in energy demand growth in the last five years leading up to 2040, and let's not forget that 19 African nations are part of the Commonwealth.

When we look at the global picture, energy demand could increase by around a third by 2040, with virtually all that demand growth coming from non-OECD nations.

Energy transition

And if we look at energy landscape as a whole, we are in a world of energy abundance, and yet we still have billions in energy poverty.

More than a billion people around the world still don't have access to electricity.

The electrification rate in sub-Saharan Africa is only 43 percent — in other words, in the second decade of the 21st century, a majority of the people in sub-Saharan Africa still do not have access to electricity.

Meanwhile, some 2.8 billion people don't have access to clean cooking facilities.

And around 2.8 million people each year die prematurely because of indoor air pollution caused by open cooking fires.

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Some truly staggering statistics.

The challenge is to bring reliable, affordable energy to the entire world, lifting billions out of low incomes – and to do so with cleaner energy that supports the Paris climate goals.

To achieve that dual challenge will require fuels of all kinds.

Renewables are important and are growing fast – faster than any fuel in history. But, as past energy transitions have shown, it takes time to achieve scale.

We see a continuing role for oil, used with increasing efficiency.

And we see an increasing role for gas, which is affordable, plentiful and cleaner burning, so can lower emissions at scale when replacing coal in power generation.

But we also see adjacencies in fuels.

Renewables are great when the sun shines and the wind blows, but work best when complemented by gas, which is fit for all seasons.

As gas and renewables grow we are on course for the most diverse fuel mix ever seen, with roughly quarter shares for oil, gas, coal and non-hydrocarbons - renewables and nuclear.

This changing mix will see emissions growth slowing – potentially rising by around 10% by 2040, compared with a 55% increase between 1990 and 2016.

But, this falls far short of the 50% drop that is thought necessary to meet Paris goals.

There is more for everyone to do.

In BP, our own approach to lower carbon has evolved over time – from focusing primarily on renewables businesses, to an approach today where we are infusing low carbon across the whole business.

Reduce. Improve. Create

We have a framework called R.I.C. – or reduce, improve, create.

- It is about reducing emissions in our operations,

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- Improving our products,
- And creating lower carbon businesses.

These are our three low carbon ambitions. Yesterday we announced targets and actions to support them.

Our overarching target is that as we grow to help meet increasing global demand for energy, our net emissions will not.

We'll keep them at or below our 2015 levels until at least 2025.

Our other two targets will help us deliver on that.

We have deliberately made them clear and near-term so that we are challenging ourselves to make real, measurable and transparent progress.

We're targeting 3.5 million tonnes of sustainable greenhouse gas reductions by 2025.

Over the same timescale, we're aiming for a methane intensity of 0.2%.

And where necessary we will use offsets to ensure that our carbon footprint is no bigger in 2025 than it was in 2015. That means investing in offsets from projects which deliver genuine emission reductions, for example in land use or forestry.

We have deliberately chosen a 2015 baseline as it is when the world's governments came together in Paris to set the UN climate goals.

Conclusion

That's what BP is doing, but all energy companies are engaged and active in many different ways.

Our industry has a history of rising to challenges and finding solutions and I am optimistic we will do so again.

To paraphrase Ban Ki-moon: 'Lifting people out of poverty, advancing economic growth, plus being sustainable... these are one and the same fight.'

Thank you.

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