

# After the Paris Climate Agreement - how is the world implementing it?

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Thank you Friedbert for your very kind introduction.

It is a great honour to be speaking here in this historic building which is such a powerful symbol of Germany's unity and its democracy.

And, with its reconstruction having been led by Norman Foster, it also stands as a great example of partnership between the Germany and the UK.

These walls have witnessed great change - and we are in a time of great change for western democracies.

As Edmund Burke said, 'Change is the most powerful law of nature.'

There are many aspects of change that the world is dealing in - be it political, economic or social. I will focus on one particular aspect of change, of which BP is very much a part.

This is the transition taking place to a lower carbon world and we were the first among our peers to acknowledge it back in 1997.

A lot has happened since then.

For one, the European Emissions Trading System, which was introduced in 2004.

We supported the introduction in BP. We were one of the few energy companies to do so at the time and we continue to advocate that carbon should have a price globally.

And in December of last year, the historic Paris Agreement was signed by the majority of nations along with pledges for action.

In BP, we have welcomed the Paris Agreement and have recognized the ambition to limit the temperature rise.

We are determined to be a part of the process of bringing about action.



As a business we have a long history, of anticipating and responding to change - more than a hundred years of it.

So we believe we are very much part of the solution.

Some see the problem as a paradox: global energy demand is growing at the same time as global emissions needs to fall.

And while it is, it is not at the same proportion.

We expect energy growth of 34% in the next two decades but emissions growth is expected to be lower - at 20%.

How then do we resolve this?

Here in Berlin or in Brussels or Britain, the focus is very clearly on the sustainability side of the problem.

But the view may be different - understandably so - from Brasilia or Beijing or Mumbai. Here, access to sufficient energy is the engine for lifting people out of poverty and into prosperity.

The resolution lies in seeing beyond the paradox to a symmetry of interests between the producers and the consumers of energy.

The system is not binary - fossil versus non-fossil - and the solution is not an on/off switch.

An overnight transition is neither possible or desirable.

The system costs of change are far too high.

The solution is to acknowledge the system as a mix of different types of energy with a series of dials whereby higher carbon energy is dialled down and lower carbon energy dialled up - with the total being limited through energy efficiency.

If we picture the transition as a highway, we can move with engines of change.

And I will give you five examples of those engines at work.

First, is the engine of technology.

We are already deploying new technologies to achieve greater energy efficiency.



Our advanced fuels and lubricants are a case in point

We launched our latest Aral Ultimate here in Berlin in April. In our tests you can get up to 44km more per tank for the unleaded and up to 66km for diesel.

The second engine is the engine of transition.

By this I am specifically referring to the provision of gas as a transition fuel and a substitute for coal.

These numbers may be familiar, but they bear repeating: Switching 1% of the world's power generation from coal to gas would cut emissions as much as increasing renewable capacity 10%.

In BP we are now producing more gas than oil, and heading towards 60% gas by the end of the decade as new projects come on stream. One of those is the Southern Gas Corridor, opening a new supply route for gas to Europe by linking with gas from the Caspian in Azerbaijan.

Third is the engine of new energy.

By new energy I am talking about renewables and we have two significant and commercially viable renewables businesses providing clean energy at some scale.

BP Wind Energy in the US which generate enough electricity to power a city the size of Munich with clean energy.

And BP Biofuels is producing ethanol with annual benefits equating to taking third of a million European cars off roads.

Fourth, we have the engine of innovation - which has been a particular strength of our business for over a century and will continue to be so.

Let me just mention briefly in this respect the Oil and Gas Climate Initiative, which in itself is an innovation.

BP is one of 10 members from both national and international oil companies which together represent over 20% of global oil and gas production and more than 10% of the world's energy supply.

Through the OGCI we are looking to accelerate progress in areas such as CCUS and methane emissions management.



And finally, there is the engine of policy.

With the right policies in place, the conditions are created to harness the power of market forces and we in business can achieve more - and faster.

In BP we think carbon pricing by governments is the most comprehensive and economically effective policy to limit greenhouse gas emissions.

Despite impressive progress on renewables here in Germany, the country is still a major consumer of coal and last year energy related carbon emissions rose.

Rather than trying to picking winners, it is better to set a price on carbon and let the most competitive and efficient solutions emerge.

In conclusion...

We in BP are embracing change, and we want to be part of the process of achieving solutions.

We all have a role in the transition - policymakers, governments, business and society in the widest sense.

Like any business with shareholders, BP needs to make a profit - but we choose to do so in a way that supports progress on the transition.

In this week of the passing away of Shimon Peres, I am reminded of his wise observation. "An optimist and a pessimist both meet the same end. The only difference is in their journey".

I am an optimist and we in BP are optimists.

This time of transition presents many choices.

And I hope when subsequent generations look back they believe we have made the right choice.

Thank you