



The biggest challenges and opportunities facing the global gas industry

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Introduction

Hello everyone and good afternoon.

Thank you Maria [van der Hoeven].

It's great to be here today – and hard to believe it's already three years since we gathered for WGC in Paris.

On that occasion many of us talked about the age of gas... and I think the numbers are starting to show that was the right topic at the right time.

Last year gas accounted for the largest source of growth in energy consumption with production growing by almost twice the 10-year average rate.

We are living in remarkable times and the contribution that energy makes to that is often overlooked.

Just in the past 30 years, the global population has gone from 5 billion to well over 7 billion.

We're living seven years longer, on average.

Global GDP has gone from under \$20 trillion to well over \$70 trillion.

And extreme poverty has been cut in half.

All in the space of three decades.

And in that same period of time, global energy consumption has increased by around 80 per cent, and that's no coincidence.

Energy has been essential to human progress. It still is.

The world has its challenges, but the big picture is that it's getting better, not worse.

It's a pattern that's set to continue and energy demand will keep going up to support it - up around a third over the next two decades, on recent trends.

The downside of that growth is the pressure it creates through increasing greenhouse gas emissions.

That's why gas is going to be more important than ever as part of the energy mix.

We know that because gas is abundant, it's affordable – and if you use it instead of coal for power generation, you can cut the sector's carbon emissions by half.

That's important, particularly given the uptick in emissions we saw in 2017.

Here in the US we've seen how switching from coal to gas has reduced emissions levels down to those last seen in the 1990s.

Over in the UK they're down to levels of the 1890s.

In short, gas can support the dual challenge of increasing energy demand while lowering emissions.

We all know that.

But step outside this room, this conference, our industry – and you get other views.

Some people may not be aware of the benefits of gas.

Others see the benefits, but are genuinely concerned about methane emissions.

That's a legitimate concern and we share it – in fact, we're in action.

Then there is another camp intent on discrediting gas as an option, even if methane emissions are effectively controlled.

That's unfortunate as it risks denying the world of one of the key means of delivering the Paris goals – which is substituting gas as the preferred fuel into the power sector.

We have an obligation to counter this view – to make the case for gas in a way that removes any doubts about its long term benefits.

And to do that, we need to do two things.

Tackling methane emissions

The first of those is to get ahead of the game on methane emissions.

When gas is in the pipes or being used efficiently, then it's a great resource.

But that's not so much the case if it leaks to the atmosphere before it's consumed.

That's because natural gas is, of course, mostly methane which is a strong greenhouse gas if it finds its way into atmosphere – more potent than carbon dioxide in the near-term.

With that in mind, it's great to see how much is already happening in companies individually and across the industry collectively.

Total, Shell and BP along with 7 other companies are partners in the Oil and Gas Climate Initiative, the OGCI, which has set tackling methane emissions as a priority.

Experts from across the industry, academia and NGOs have also drawn up a set of Methane Guiding Principles to help us promote best practice on methane.

That's just two examples of how we can work together to limit methane emissions, and there's a real prize if we can.

The more we can lower the industry's methane intensity – that's the proportion of emissions relative to gas production – the more we reinforce the environmental benefits of gas.

In BP, we're aiming for a methane intensity target of 0.2 per cent in our own operations.

The Nature Conservancy see it as a good step and it's been described as stringent and constructive by the Environmental Defense Fund. Professor Steve Pacala, a leading climate scientist at Princeton University says it's incredibly rigorous.

So it's a tough target but we're determined to meet it and we'll share what we learn as we go along.

Gas as a destination fuel

The second challenge is helping people recognise gas as a destination fuel, not just a transition fuel – one that's part of a low carbon future, not just a fuel for getting there.

That means winning a number of arguments.

- For investment in infrastructure and open markets to create a more globalised market for gas.
- For backing innovation and technology to decarbonise gas, particularly in carbon capture and storage.
- For partnering gas with renewable power,
- And for carbon pricing, which will help to make all of those happen.

Conclusion

To quickly sum up, the world is on course to need around a third more energy over the next two decades, and most of that is coming from developing economies.

So as well as being cleaner, the extra energy also needs to be affordable.

That's why gas is a vital fuel for helping advance the energy transition, and why I believe we should be taking all the steps needed to make the case for its benefits.

Thank you.