

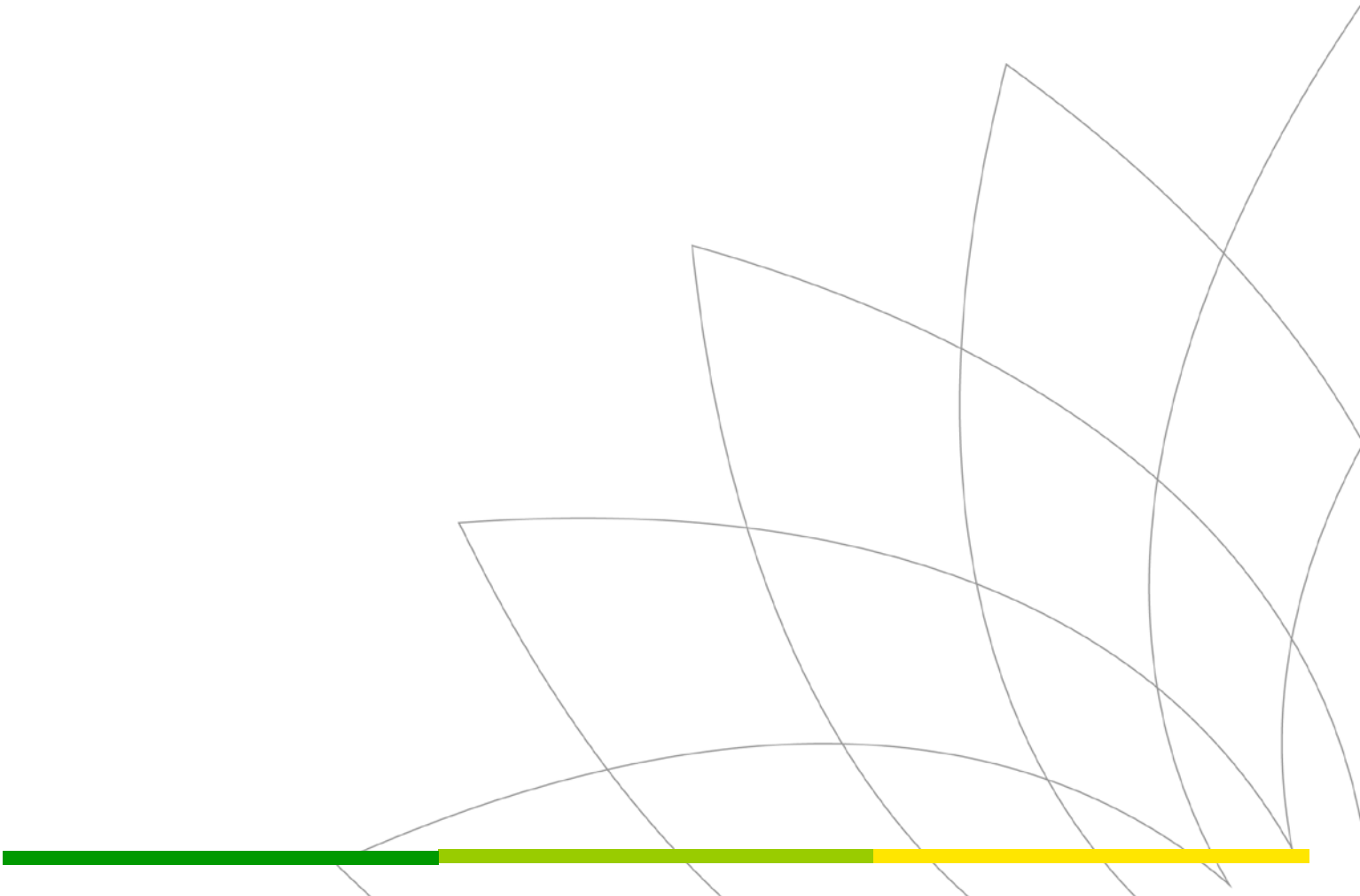


The conversation we're not having

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Introduction

Hello everyone and thank you for joining.

It feels like the last few times we've come together, our industry has been on a rollercoaster ride – and as we meet now, it still feels like we're on the same ride. We just hope we're almost at the end.

But amid a lingering pandemic, volatile markets and industry upheaval – members of the International Association of Oil and Gas Producers have done a phenomenal job. Focusing on the job in hand. Getting the energy where it's needed. Serving customers and communities.

And we do that despite the noise surrounding us.

I don't just mean the clang of metal, the drone of machinery or the whirr of helicopters.

I mean the debates and conversations. The many voices discussing the future energy landscape, the rise of renewables, the decline of hydrocarbons.

But when there's a lot of chatter – sometimes it's not the conversations you can hear the loudest that matter the most.

But the ones you can't - the whispers in the corner, the snatched words in the corridor.

And amid the din in our room, there's one big conversation that we need to be having much more loudly.

It's about natural gas – and its role in the future energy system.

“Hold on,” I hear you say. “We've just been through what some have called a 'global gas crisis', COP26 came to a major agreement on methane – and major industry regulators proposed new methane rules. What do you mean nobody's talking about gas?”

Well, I've heard some of that too, and it's important.

But to my mind - a lot of the conversation we're hearing misses the bigger picture.

Let me explain.

Brussels

A short time ago, I was in Brussels for work.

At one event, we were talking about the role of natural gas.

And there was a gentleman there – I won't say where he worked but let's just say he wore a suit. And he didn't want to engage with our industry – at all.

He was disinterested, dismissive. Perhaps a little rude. And made it clear that he felt gas should not be part of the future energy mix.

After the event, as we were packing up, he asked me: “aren't you ashamed of working in oil and gas?”

That took me slightly by surprise.

But I told him – “no”. I was proud.

Then he continued: all this talk of the role of gas – it's just your industry looking for a lifeline.

Why?

That was a wake-up call for me – many people see gas as a problematic energy source that might be tolerable in the short-term – but should be avoided in the long-term.

And if we do not change the discussion around gas, we'll not just be excluded from the conversation – but we may not even be allowed into the room.

Case for gas

If I'm honest, I think a big reason for that is down to our industry – we've been a little presumptive.

After all, we know why the world needs gas – and why we produce it. And how it can help accelerate the shift to lower carbon:

- Displacing coal in emerging economies.
- Providing a reliable source of energy to supplement the intermittency of renewables.
- And looking ahead, offering a low carbon energy source, when combined with CCUS and converted into blue hydrogen.

In short, it is one of the biggest levers the world has to get to net zero.

Perhaps we've assumed everyone else sees it the same way.

But many people don't.

And that's a problem.

Not just for our industry. But for the world.

Because if gas is not seen as a viable part of the future energy system – if it is not seen as a solution – then:

- Either the world won't get enough of the gas it needs – which could hinder economic growth, stifle opportunities and hamper human development.
- Or gas might not be produced responsibly, perhaps without enough of a focus on reducing emissions - and the world cannot hit net zero.

Winning a seat at the table

So I think we agree that we need to be at the table – part of the conversation and informing decisions.

But if we want that seat – we have to earn it.

And to do that, we need three things:

First, our industry – needs to get our house in order on methane. That's true all the way along the gas value chain. Because our existence as an industry - our licence to operate – hinges on society accepting what we do.

And we will lose that licence if we don't get methane under control.

What do I mean?

- We need to detect and measure methane emissions – and I mean every producer committing to this. Technology is making this easier – and cheaper to do. And we cannot afford to delay.
- Then we have to reduce those emissions with every tool available - allocating substantial resources into preventing methane escaping.
- You've seen the coverage in the global media recently – COP26 focussing on the need to reduce methane – US and EU regulators taking action.
- If it wasn't already obvious, we need to act – and act now. And I would say that is a good starting point for IOGP members to get behind the Oil and Gas Methane Partnership (OGMP) - either by joining or committing to equivalence.

As you will hear today IOGP already plays a strong role developing industry standards – and stands ready to assist others in the industry as we work to reduce methane emissions.

Second, as well as tackling methane, we need to take more action on CO₂.

- An obvious point – but it's one thing stopping the unburnt methane getting into the atmosphere. It's another thing addressing the CO₂ that's released when the methane is burnt.
- And the answer here is really about kick-starting CCUS.
- There's a lot of talk – perhaps a lot of excitement about the transformative potential of this technology.
- But to make that a reality – we can't wait. We need fewer reports and feasibility studies and more steel in the ground.
- And yes, that means spending hard dollars now.

Third, we need to work with policymakers. We all have aims we're trying to reach – whether at company, national or international level.

- We need to see each other not as hindrances to getting to our destination – but as allies who can help us get there.
- I firmly believe that policy and industry innovation should work hand-in-hand. And the most long-lasting, transformative changes occur when that happens.
- We've seen that before with tailpipe regulation turbocharging the development of electric vehicles.
- We need a similar shift if we want to make blue hydrogen a widespread reality – and if we want to see ground-breaking projects like Net Zero Teesside become the norm.
- The good news is we know this can work – take the relaunched Oil and Gas Methane Partnership. A voluntary initiative which now has more than 70 company signatories, many of which are IOGP members. It has, in a short period of time, become a de facto standard and has the backing of governments and the EU Commission.

So we know we can make this work:

- That we can do more to demonstrate our industry is serious about bringing emissions down.
- We know we can play a positive role in helping the world reach net zero.
- And we know we can – and must – work with policymakers to advance the energy transition.

And let's remember, whether we win a seat at the table doesn't just matter to us.

Millions of people rely on the products we produce.

And billions of people need the world to get to net zero.

So there is no room for complacency. And there is every reason to act.

The world's lifeline

As I think back to that interaction in Brussels – with that gentleman in a suit saying, “your industry is just looking for a lifeline.”

I remember my response was instinctive. I told him “it’s not our industry looking for a lifeline. It’s our industry offering the world a lifeline.”

That’s the truth – but it’s not enough.

We need to show him – and the many others in capitals across the world.

And while I’m fairly sure I didn’t convince him, I know we cannot afford to be excluded from the conversation any longer.

So let’s show we’re serious, show we’re in action – win our seat at the table.

And let’s make sure that this is a conversation that we can not only hear – but a conversation everyone is paying attention to.

Thank you.