



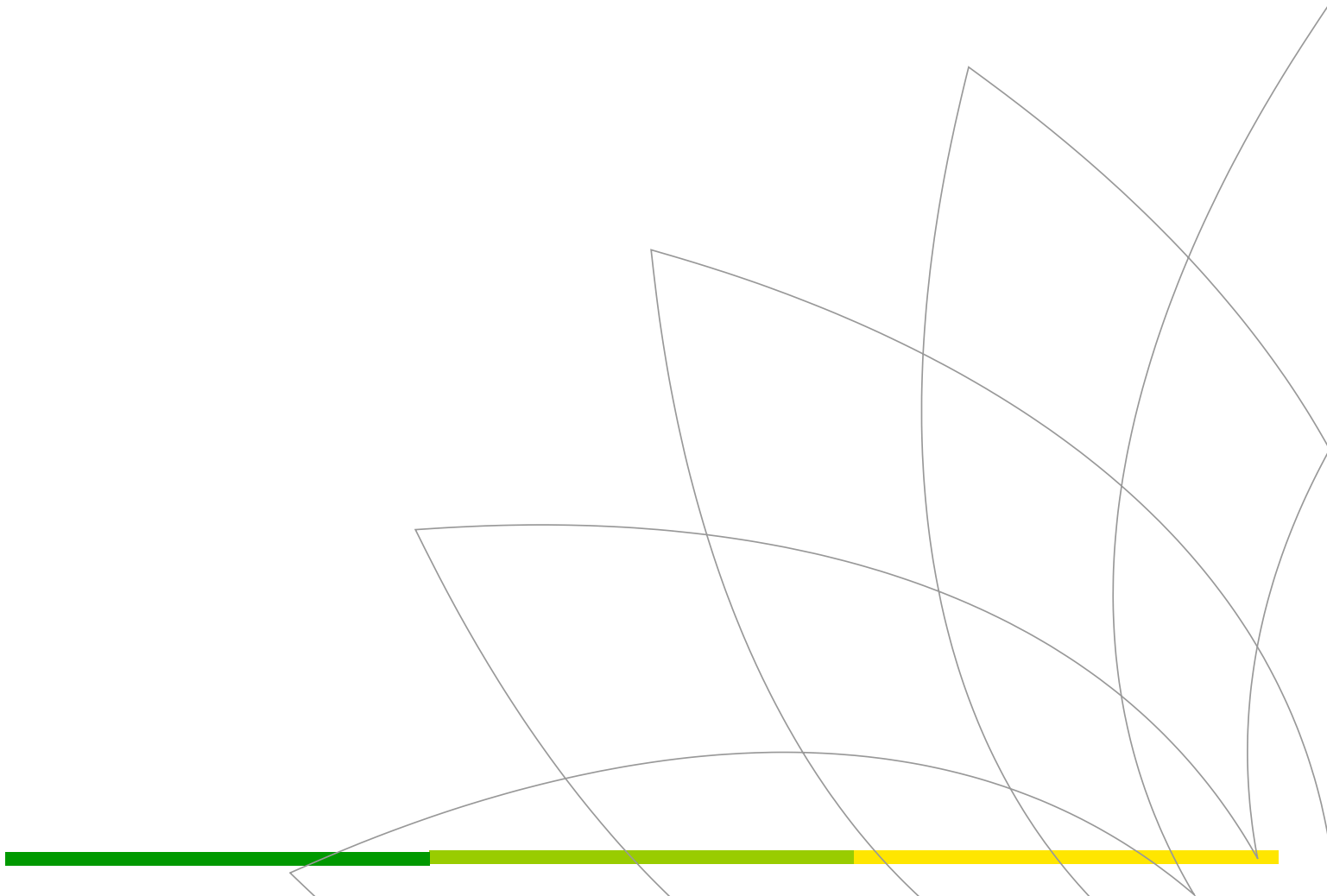
# Why the global energy transition needs gas

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EVP, gas & low carbon energy

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7 June 2021



## Introduction

Your Excellencies

Ladies and Gentlemen

Good afternoon.

It's an honour to join you today.

Let me begin by remembering the Honourable Franklin Khan, minister of energy for Trinidad and Tobago. A great patriot and a great visionary for our industry.

I am proud of how bp has helped support the vision for the energy industry over the last 50 plus years.

The 15 platforms we operate offshore help to supply more than half of the country's gas production, which in turn powers the island's homes, businesses and economy.

And I believe the country is an ideal venue for today's discussion on the energy transition, and how we create a low carbon future.

It is here after all where a successful energy transition has already taken place, with Trinidad navigating from an oil-based economy to a gas-based economy.

And I believe Trinidad can be equally successful transitioning from a gas- based economy to an energy economy, diversifying its energy mix to continue to compete in global energy markets.

And, let me be clear about something.

I see Trinidad's gas as a protagonist in the unfolding energy transition story.

Because a successful energy transition to a low carbon future - here and elsewhere in the world – can only happen with gas at the heart of it.

And today I will set out three reasons why this is the case.

Before I do that, let's remember why we are meeting virtually today.

## COVID

Trinidad is passing through a very difficult period in its fight against the virus.

Like many countries around the world, you have felt the human and economic hardships of the pandemic.

And the bp team has felt that too, as we just recently lost one of our colleagues to the virus.

For each person who has died due to COVID, someone has lost a parent, child, sibling, a friend.

This reminds us all that COVID is first and foremost a human tragedy.

It has also had major economic consequences.

Including a profound impact on the energy industry.

Last year energy demand fell faster than at any time since World War 2.

But, of course, energy was still needed to heat people's homes, light hospitals, and power the emergency vehicles that were hard at work last year.

I want to pay tribute to our frontline staff – here in Trinidad and Tobago – and around the world.

I thank them for keeping our plants, our platforms, our and our major projects running.

And as the world slowed down and the doors closed, our people stepped up, and ensured energy still flowed.

And I know they will continue to keep that energy flowing for years to come as we navigate our way through the transition to a low carbon future.

## The energy transition

But what does that transition look like?

It's clear that there is not one defined path – there are lots of scenarios.

One thing we all know for sure is that the world's carbon budget is finite, and it is running out.

bp has built a strategy that is resilient to a range of scenarios, including our own net zero scenario in our Energy Outlook.

It is in many ways consistent with the recent net zero roadmap laid out by the International Energy Agency.

And it shows that future energy demand could increase somewhere between 10% and 25% globally in the next 30 years.

With nearly all of this growing demand coming from developing economies, as prosperity and living standards improve.

Over the same period renewables are likely to be the fastest growing source of energy.

Growing at a faster rate than any fuel in history.

At bp, we are in action to rapidly scale up our renewables business, aiming to have developed 50 gigawatts of net renewable capacity by 2030. A 20-fold increase on 2019.

It's part of our ambition to be a net zero company by 2050 or sooner, and to help the world get to net zero.

We are excited by the potential of renewables, but we also recognize that it will take time for it to grow, and match the world's growing demand for energy.

The reality is that energy transitions take time.

The transition from wood to fossil fuels – first coal, then oil and natural gas – took more than a century .

It will therefore take time for renewables – but that has to be much faster than previous transitions.

That's why it's so important that the world comes together to seek opportunities to speed up this transition.

After all, greater pace leads to scale; scale leads to lower costs; and this will lead to greater uptake.

## Why the world needs gas

As this transition takes place, the argument for natural gas as a complementary fuel to renewables is compelling, for three reasons.

### 1. Displacement

**First**, it has a role in **displacing coal**, particularly in large developing economies, such as India and across Asia, where renewables may not develop quickly enough to replace the coal.

That matters because gas emits around half the emissions of coal when burned for power.

## 2. Intermittency

**Second**, gas is a great partner to renewables, which by nature have **intermittency issues**.

Over in the UK we've just had an unseasonably gusty month of May, which provided plentiful supplies of wind energy.

But at one point in April, low wind generation in the UK saw output levels drop 20% on the weeks prior to it.

It's a case in point of the unpredictable nature of renewable energy supplies.

Again, this is where gas can step in to supply any shortfalls in energy.

You dial it up and dial it down as needed.

## 3. Low carbon energy

And **third**, gas has great potential to play an increasing role for decades to come, as a source of low carbon energy, when combined with Carbon Capture Use and Storage - CCUS, and as a feedstock for blue hydrogen.

By the middle of the century, hydrogen could have more than a 15% share in total global energy consumption.

We're particularly excited about the potential it has in hard to abate areas such as heating homes, heavy industry, and transportation.

And bp's goal is to capture 10% of the clean hydrogen market in core markets by 2030.

## Conclusion – energy and empowerment

Let me conclude by tying these significant points together.

The case for gas at the heart of the energy transition is I believe a compelling one.

- As a displacement fuel for coal in emerging economies.
- As a reliable source of energy to address renewables intermittencies.
- And increasingly, as a low carbon energy source.

But if that is not enough to convince people, then I have one final point to make that most definitely should.

Energy empowers those who have it and impoverishes those who don't.

So, we have to ensure that the energy transition is a just transition.

By that, I mean that it is fair for all.

Growing up I went to school in a remote part of the Himalayas, in the city of Darjeeling, in the far north west of India.

During that time, 6-hour blackouts would occur regularly.

I spent many nights huddled around a small kerosene-fuelled lantern in order to do my homework.

I still managed to do what I needed to do – but it was made much harder.

That experience is, ultimately, what set me on the path to a career in the energy industry.

It opened my eyes to what energy means – what it can do to improve people's lives.

And over my 30 years at bp I've seen how energy supplies have transformed communities all around the world.

But there's much more to do, especially when you consider nearly a billion people still don't have access to electricity .

And 3 billion people – that's 40% of the world's population – don't have access to clean fuels for cooking .

These are the forgotten voices in what has become a one-dimensional debate about energy choices.

It's for this reason that I again urge the world to look at the role of gas.

It's a world that is on a journey.

It wants and needs energy that is reliable, affordable, and clean.

At bp, we are on that journey ourselves – we call it greening.

We're diversifying and decarbonising the company as we reduce our emissions and help our partners who share a net zero ambition.

And after more than 50 years in Trinidad and Tobago, we look forward to supporting the country as it transitions for the next 50 years and more.

The gas off its islands has an important role to play in this ongoing relationship.

And for the energy transition the world is striving for.

Thank you.