



The World Economic Forum remarks for the Coalitions for Sustainable Energy Innovation Funding panel

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Thank you for the opportunity to be part of this debate.

I know there is a lot to be pessimistic about on climate change, but I'm an optimist and I believe there is a real sense of us entering a new phase in the energy debate.

I'll explain why I think that but first I think it is helpful to review how we have arrived where we are today.

Phase 1 – Awareness

I would categorize the first phase of the debate as one of awareness – raising awareness – and no one has done more to recognize the scale of the challenge we face than the Vice-President – and it's a privilege to share a stage with him.

Let me also acknowledge the ambition of Ernesto's company, Enel, which has committed to becoming an entirely carbon-free company by 2050.

We have a history in low carbon of our own in BP.

My former boss Lord John Browne was the first in our industry to step out and address the threat of climate change and the need for precautionary action.

More than just words, he set the company on a course of action for meaningful change, not least with significant moves into renewable energy and the development of BP's Alternative Energy business that I'm now responsible for.

Phase 2 – Learning

The next phase in the energy debate is one I'd categorize broadly as a learning phase – certainly for BP.

In BP we learned several important lessons from the investments we made as a first mover in alternative energy.

It's important to remember here that the challenge we face is a dual challenge.

The energy landscape needs to be viewed as if looking through 3D glasses.

- One lens is the view from the developed nations – focused on making energy with fewer emissions.
- The other lens is the view from growing nations – focused on greater access and affordability of energy, as well as on environmental and sustainability issues.

Like 3D, you only get a full and clear picture when viewing through both lenses.

Yes we need to reduce emissions dramatically, as we hear so much here in Davos, London, Washington and Brussels.

But back in my home country of India, and in much of the East, you hear another narrative as well.

Remember that:

- There are more than a billion people today who still live without electricity – that's 15 out of every hundred people on the planet.
- Around 3 billion people in the world still cook using open fires and basic stoves and that has direct and serious consequences for their health.
- Close to 4 million people's lives are far shorter than they should be because of the indoor pollution that comes from those fires and stoves.

As prosperity grows so too does demand for energy, with around a third more needed by 2040 – nearly all of which is coming from non-OECD nations.

Renewables are going to play an increasingly important role in the energy mix.

Growth in wind and solar is a secular trend – truly remarkable how they have developed over the last few years.

- The fastest growing fuel in history
- Growth of around 1,500% since I joined industry 30 years ago

Today you will struggle to find an oil & gas major that isn't investing in renewables.

Yet with renewables at 4% share of primary energy today, and around 15% by 2040, if recent trends continue, we also need to be pragmatic about how fast they can achieve scale.

A race to renewables alone is not going to be enough – even given the remarkable pace of growth.

To meet the Paris climate goals means rapidly reducing greenhouse gas emissions in the context of sustainable development and the eradication of poverty. That's going to require us to make all kinds of energy cleaner and better.

The other big lesson we learned in BP is that we certainly can't do this alone.

Vice-President Gore was kind enough to open one of our solar plants in California back in 1998.

Yet, despite our best efforts we couldn't make our original solar business work.

Twenty years on we are now back in solar in a new way, but we learned from our experience - in wind, hydrogen, biofuels as well as solar, that you need everyone to be playing a part, including governments and energy consumers to create the conditions for progress and success.

Phase 3 – Collaboration

This leads me to third area of debate - and my final observation for now - which is that we are moving into a new phase, one of collaboration.

Those who managed to stay awake when I spoke at Davos last year might recall that I talked about the need to combine the three 'P's – policy, people and partnerships.

Increasingly we are seeing this in action.

- The OGCI, which BP's Chief Executive chairs, now has 13 members representing over 30% of global oil and gas production.
 - Introduced \$1bn climate investment fund
 - Target to cut methane emissions – consistent with BP's own target.
- The Clean Gas Project – strategic partnership between oil & gas companies, other companies and UK government.
 - Testing ground for CCUS projects
- Lightsource BP – partnership between BP and Europe's largest solar developer.
 - \$200m BP investment now raised \$5-7 billion
 - Global expansion
 - Leveraging capital

What is particularly instructive from these partnerships is the bringing together of finance and capability.

Having a lot of money on its own doesn't solve a problem. But finance coupled with the capability to use it effectively will.

It's a marriage of human capability, technology, business know-how, including scale and relationships – all lubricated by finance.

Let me offer you one more example, which is illustrative of a whole new capital ecosystem that is helping to drive sustainable energy innovation in India.

Last year Lightsource BP was involved in establishing a \$1 billion investment fund that will fundamentally transform the potential for renewables in India.

It brings together BP's capability.

Investment from both the UK and Indian governments.

And private capital from Everstone Group.

For every 30 cents of equity investment it is leveraging 70 cents and that finance for investment into areas such as renewable energy, clean transportation, water and waste management, and emerging technologies.

It's innovation like this - collaborating to meet the energy the world needs in a way that it wants it – that gives me optimism about the future.

Summary

There is an old saying that 'Teachers open the door, but you must enter by yourself.'

You could look at finance in a similar vein – there to enable change, but alone unable to make it happen.

Capital has to have a purpose.

It's not alchemy, it's about marrying finance with capability.

That is the recipe for success, and how together you can really drive innovation.

We have seen that with the OGCI, with the Green Growth Equity Fund in India, and in strategic partnerships between Lightsource and BP.

Collaboration built on the foundations of expertise and optimism are indeed positive steps in creating the energy the world needs in the way that it wants.