

# Speech by Gordon Birrell, bp's EVP, production and operations

## 'The Energy Trilemma'

### Introduction

- Thank you, Matthew.
- It's great to be in Baku once again and I'm honoured to participate in the 27th staging of this important industry conference.
- bp also has a milestone to celebrate this month.
- 30 years ago - in June 1992 - our company arrived in Azerbaijan and opened its first office in Baku.
- Over the past three decades, in partnership with the Government and our co-venturers, we have had the privilege of contributing to the development<sup>1</sup> of the Caspian Sea as a modern oil and gas province.
- It's been a remarkable journey – and it's a great example of what can be achieved when government and industry share a common purpose.
- What about today and the next few decades – the topic of this panel?

### Energy at a crossroads

- We live in difficult times.
- Two years of pandemic have brought a huge toll on humanity. And it has left the world economy weaker.
- It has also raised important questions about the pace and reach of globalisation.
- The heart-rending situation in Ukraine is having terrible, tragic consequences that are impacting millions of people.
- And all over the world, businesses and households are dealing with energy shortages, record prices, market volatility, supply chain disruption and widespread inflation.
- Meanwhile, the threat of climate change has not gone away.

### The energy trilemma

- The current crisis situation has reminded us – if we needed reminding – that we don't just need **cleaner** energy.
- We also need it to be **secure** which means reliable.
- And it also needs to be **affordable**.
- We call this the '**energy trilemma**'.
- And as a consequence of both the pandemic and the situation in Ukraine – I believe that we will see two things going forward:
  - a greater acknowledgement of the **role of hydrocarbons** in today's energy system, and a greater desire for those hydrocarbons to be produced locally where possible,
  - and secondly, we will see an **acceleration of the energy transition** – no longer just because of Climate – but now also because of Security and Affordability.

## From IOC to IEC

- What does that mean for companies such as bp?
- Two years ago, we set ourselves an ambition to be a net zero company by 2050 or sooner and to help the world get to net zero.
- To get there, we announced a new strategy – to pivot from an international oil company focused on producing resources to an integrated energy company focused on delivering solutions for customers.
- That means providing the hydrocarbons the world needs today – with lower emissions – while at the same time – investing in accelerating the transition.
- By 2030, we expect around 50% of our global capital to be in non-hydrocarbon businesses.

## Reliable, affordable, cleaner

- That doesn't mean leaving oil and gas behind – far from it. The world will need oil and gas for decades to come.
- But the current crisis in world energy calls for a renewed focus if we are to address the energy trilemma.
- First, we need to improve supply security by getting more molecules (and electrons) to key markets.
- For example, in response to market signals, we're moving LNG cargoes from our global portfolio into European terminals.
- And we're increasing the flows of pipeline gas from Azerbaijan via the Southern Gas Corridor to Europe.
- Second, we need to find ways to keep downward pressure on the costs of supply as we tackle the issue of affordability.
- That's about operating excellence – such as the world class 99.6% plant reliability achieved last year in the Shah Deniz field here in the Caspian last year.
- And it's about applying the best of technology – such as our new Azeri Central East platform that is under construction in Azerbaijan and will be fully operated from onshore from Day 1.
- And thirdly, it also means we must continue to identify and invest in the material steps required to reduce CO2 and methane emissions.
- These are all key parts of what we call resilient hydrocarbons.

## Investing into the transition

- At the same time, we are stepping up bp's investments in our five transition growth businesses: bioenergy, EV charging, convenience, renewables and hydrogen.
- Here in Azerbaijan, we are already exploring a range of opportunities including a 240 MW solar plant opportunity in Azerbaijan's liberated territories and plans to team up with SOCAR for development of potential new renewable energy projects.
- And just after this session, we will witness the signing of a 2-million-dollar social investment contract to establish a new higher education programme at

Azerbaijan's State Oil and Industry University aimed at developing the next generation of regional engineers specialising in renewable energy.

### Close

- So, our role may be changing but it has never been clearer.
- We are focused on delivery.
- On delivering the oil and gas the world needs today.
- Reliable, secure, affordable - and with lower emissions.
- While at the same time, investing to accelerate the energy transition.
- This is what an Integrated Energy Company can and should do if we are to tackle the 'energy trilemma'.
- Thank you.