



The Oil and Gas Climate Initiative event

Bob Dudley, group chief executive





Good afternoon everyone and thank you for coming.

I'd like to welcome you on behalf of all the members of the OGCI.

We didn't plan it this way, but we're very happy to coincide with a significant day for global action on climate change.

As you'll know, the Paris Climate Agreement enters into force today.

The OGCI welcomed the Agreement reached in Paris last December and we welcome it coming into force so quickly.

We are committed to playing our part and to do so in a way that keeps the door open to future global prosperity and growth.

The world has developed at an extraordinary pace over past decades.

That has gone hand in hand with the ability of the energy sector to support that development with increasing amounts of energy - coal, oil, and increasingly natural gas and renewables.

In the oil and gas sector we recognise the contribution of our activities and products to greenhouse gas emissions - which is why the OGCI was set up.

Our aim is to reduce our contribution to greenhouse gas emissions by catalysing significant, practical action and we'd like to update you on our plans.

OGCI Climate Investments

These include the formation of a new Partnership - OGCI Climate Investments.

Behind this new Partnership is a commitment to invest \$1 billion dollars over the next decade to bring promising low carbon technologies to the market.



Our \$1 billion investment will be used to accelerate progress at all stages of development.

That begins with the earliest stages of research and continues through to the deployment of successful and effective ways of reducing emissions at scale.

Focus on four priorities

Before we open up for some questions today I'd like to introduce the four areas we are prioritising for action.

Methane

The first of these is methane - or more specifically, action to reduce methane emissions.

This will enhance the advantages of natural gas as an affordable means of reducing greenhouse gas emissions at scale.

Natural gas is a lower carbon alternative to coal, so it's a good option. It can help to meet increasing global energy demand as renewables grow, and also fill in for the intermittency of renewables.

Yet in order to maximise the role of gas we need to understand and control methane emissions more effectively.

Technology is absolutely key here.

Working with partners we are improving methane data and our understanding of the natural gas lifecycle.

We are also looking to select and apply cost-effective methane management technologies to reduce emissions.

Carbon capture

A second priority in OGCI's work and for OGCI Climate Investments is carbon capture, use and storage - CCUS.

CCUS is not new and there are already good CCUS projects underway. But there are a number of obstacles stopping CCUS from achieving significant scale at the pace required.

These include the high capital and operating costs, lack of stable policy support and suitable business models, as well as uncertainty around world storage capacity.

OGCI and OGCI Climate Investments will look for solutions in each of these areas.

Methane reduction and CCUS are where we are putting most effort initially, but we have two other important areas of focus.

Industrial energy

So the third priority area I'd like to highlight is industrial energy efficiency.

Operational efficiencies such as flaring reduction can save greenhouse gas emissions and money, so the incentives are double.

This is an area where OGCI members individually are already very active - but there's also more we can do collaboratively and share what we learn, where that is permitted.

In addition, we anticipate many of the solutions applicable to the oil and gas sector will be relevant for other energy-intensive industries.

Transportation

This leads me to our final priority, the transportation sector, which today accounts for around one fifth of the world's primary energy.

Vehicle numbers are likely to more than double over the next two decades, which will have an impact on demand.¹

So the OGCI's intent is to work closely with manufacturers in all parts of the transportation sector, and with two clear aims.

- To develop more efficient engines, and
- To develop advanced fuel-engine combinations that minimize the sector's greenhouse gas emissions.

Conclusion

There is more on those priority areas in the report we are publishing today.

Let me finish with a few points about the wider context for the OGCI and OGCI Climate Investments.

First of all, this is happening alongside all of the work that we are doing individually as companies on the transition to a lower emissions world.

Second, we expect that all our investments - individually and collectively through OGCI CI - will be multiplied and amplified through partnerships.

And third, we expect further amplification through the deployment across our businesses of the successful technologies that will emerge.

I'd like to thank my fellow OGCI members for your continued support and dedication to this project.

And once again thank all of you here for joining us today.

We're very happy now to take your questions.

¹ BP Energy Outlook 2035 (2016 edition) p24