The oil and gas industry and the energy transition

Economics and Investment Office
From New Policies to Sustainable Development

Improved energy efficiency and accelerated renewable deployment are the most important steps in the transition.
Fossil fuels divestment: a rising tide?

New York City plans to divest $5bn from fossil fuels and sue oil companies

Growing number of global insurance firms divesting from fossil fuels

Report shows around £1.5bn of assets worldwide have been shifted away from coal companies in the past two years as concern over climate risk rises

Edinburgh University divests from all fossil fuels

Growing number of pension funds divest from fossil fuels

Schemes move away from companies that generate revenues from oil, gas and coal

THE MOVEMENT TO DIVEST FROM FOSSIL FUELS GAINS MOMENTUM

By Bill McKibben  December 21, 2017

Catholic church to make record divestment from fossil fuels
In SDS by 2030s global oil demand decline exceeds 1 million B/day annually.

But even in SDS, oil serves the majority of transport energy needs till 2040.
Gas benefits from switching from coal and growth in chemicals but increasingly squeezed by renewables

Due to the current dominance of coal, Asia represents a higher share of global gas demand in SDS than in NPS maintaining a need for LNG investment.
Oil and gas investment remains substantial in SDS

Even the robust policy assumptions of SDS lead to a lower demand decline than the natural depletion of production.
US shale: the largest single component of supply growth

Oil and gas production in the United States

With a short investment cycle and widespread hedging climate related stranded asset risk is practically zero with US shale.
Conventional oil and gas projects becoming faster and smaller

A shift in company strategies and technology developments leads to shorter project cycles across all the oil and gas industry.
Low carbon investment by the oil industry: Leveraging key skills and assets of oil companies

Renewable investments still represent a small minority of oil company capex but start the positioning for a low carbon business model.

Offshore skills

Excellence in project engineering

Consumer relations and retail networks

Expertise in chemistry
Carbon capture and storage: coming back to the game

USA: 45Q creates a new, viable business model for CCUS

China: the first CCS/coal conversion project started construction

EU/Japan: increasing interest and venture capital funding into innovative utilisation pathways through H2

CCUS investment is indispensable for a well below 2 degrees stabilization