

Less Worldly, More Wise

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In my 20 years of involvement in the climate change debate, I have never heard the oil and gas industry be accused of being aloof. That industry has an undeniable interest in the choices that society makes on climate change.

Transition not Transformation

It's hard to foresee no longer-term change in the drivers of supply and demand for oil. That is, it will have no structural consequences for the energy system itself.

The history of oil and gas has spanned 150 years, and it is now being asked to play its part in the response to climate change – the greatest challenge the industry has ever faced. The decisions taken by the current generation of CEOs will be decisive, not only for their corporations but for the eventual success or failure of our response to climate change.

The argument is that we can have a *transition* but it should not *transform*. The aim should not be to shift to an energy system that is carbon neutral or even low carbon. Instead we must settle for “lower-carbon” that “makes the difference between poverty and prosperity”. As such, fossil fuels should not be ruled out; their emissions should simply be lowered. Therefore, many people urge the adoption of carbon capture and storage, but offer nothing to overcome its main obstacle: the extra costs it involves. Similarly, some call for a well-executed carbon pricing system. However, a carbon price will only ever deliver marginal change.

The Emergence of Non-Linear Politics

We have lived in a period when politics has been linear, and therefore predictable. We are now entering a period of non-linear politics, which will be more difficult to predict and which will welcome new voices: cities, communities, young people, women, consumers. Their voices will drive up our climate ambitions. We know that the low carbon economy is starting to take shape and we know that it works.

The days of yesterday's business model are numbered, and the challenge now is to manage that decline while building a new business that is fit for today. Only in that way will the world be able to accept the oil and gas industry as part of the solution and no longer as simply part of problem.

I would therefore call on the industry to tell us the inspirational story of that transition, backed its knowledge and experience – a new golden age of energy. It should urge its peers to turn their backs on new fracking around the world. It should stop grumbling about renewables and instead unlock the opportunities they offer. It should hasten the development of CCS. The more it turns towards a 2° C world, the more it will see its opportunities.

We hear nowadays a manifesto for the oil and gas status quo, justified by the unsupported claim that the economic and moral cost of departing from it would exceed the benefit in climate change avoided. This speech is worldly; but will the oil and gas industry be led by a choice that is wise?