

PERSPECTIVE

Transforming energy use



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At COP21 this December, the world meets in Paris to discuss the next steps on climate. For the first time, business is invited to support governments with solutions to drive the transition to the low carbon economy.

Global greenhouse gas (GHG) emissions need to be cut by over a third in 2030 compared to business as usual. We need to transform our energy system, industry and societies worldwide to limit global warming to under 2°C.

This may not always be easy. The petroleum industry is on the wrong side of history when it comes to climate change. Investigations into some of the leading companies' knowledge of the issue are now underway. A low-carbon future will mean a move away from the singular use of fossil fuelled energy. The WeMeanBusiness coalition states that climate action is the biggest opportunity for business. Yet if you're making a living from selling/using fossil fuels, that opportunity may be harder to see. Some leading companies have recently announced their participation in the Oil & Gas Climate Initiative (OGCI), with 10 CEOs signing a declaration to position their companies as part of the solution to stay under 2°C warming.

Taking the initiative

The Low Carbon Technology Partnerships initiative (LCTPi), led by the World Business Council for Sustainable Development (WBCSD) and supported by the French Presidency of COP21, is a collaborative business platform to scale up the development and deployment of low carbon technologies. With 140 companies and nearly 50 partners, it is unique in impact and scale. Action focused, LCTPi analyses barriers and identifies solutions, financial requirements, policies and PPP (public-private partnership)

opportunities for low carbon growth. PwC has produced a robust analysis on the potential impact of LCTPi. Based on working group plans, the analysis demonstrates that if its ambitions were met, LCTPi could deliver 65% of the emission reductions needed to stay on a 2°C pathway.

Potential benefits of LCTPi solutions go beyond climate change mitigation and generate significant economic returns. LCTPi could help channel \$5–10tn of investment toward low carbon sectors and support 20–45mn person-years of employment. In the longer term, it could help provide cost-efficient and scalable technologies and infrastructure for deep decarbonisation. This underlines the pivotal role of business in meeting the climate challenge.

Increasingly, forward-looking companies are taking ambitious measures to reduce emissions, adopting science-based reduction targets, removing commodity-driven deforestation from supply chains and working towards procuring 100% clean energy from renewable sources.

What is promising about LCTPi is that even businesses in carbon-intensive industries have made climate mitigation a priority. Bold climate action is the only way to ensure sustainable growth and employment going forward, in developing and developed countries alike. Scaling up low carbon solutions represent integrated benefits for our economies, environment and society.

LCTPi includes nine solutions focusing on different sectors, but I would like to zoom in on two areas key to the international oil and gas industry – carbon capture and storage (CCS) and transport – both of which play a fundamental role underpinning infrastructure and growth.

Fossil fuels will continue to form an important part of the

energy mix for some time to come. CCS is critical to meeting the emission reduction targets and will be fundamental not only for the fossil fuel industry, but other sectors such as cement, chemicals and steel. Enabled by LCTPi, two innovative proposals have been developed to accelerate deployment. First is a co-funding solution involving public and private funds aimed at deploying commercial scale CCS projects globally, while also proposing a CCS specific credit to finance CCS projects under emissions trading schemes. The second proposal is a global effort across public and private actors to map storage resources and prove their sufficiency for implementing CCS at scale. These ideas are gaining momentum worldwide.

For 200 years we have relied almost exclusively on fossil energy to power the movement of people and goods around the world. Today, the transportation sector needs to reduce its emissions drastically.

The challenge is enormous. Only 2% of transportation fuels are low carbon. According to the International Energy Agency (IEA), this proportion must reach 10% by 2030 to satisfy economic growth whilst – along with other measures – limiting global warming to below 2°C. Alternative fuels are essential to achieving our environmental, social and economic goals. Importantly, these technologies are available across a range of national circumstances.

In freight transport, the IEA's 2°C scenario requires a 48% decrease in absolute emissions from freight by 2050 from 2010 levels. Success requires action across all modes of transport, deploying all mitigation levers. The Low Carbon Freight LCTPi has identified a gap in data and assessments of GHG mitigation potential, particularly in areas of optimisation through shared digital and physical infrastructure. Collaboration will enable fuel switching and alternative fuel infrastructure deployment.

COP21 is an unprecedented opportunity to turn the low carbon future into reality. By putting the right policy frameworks in place, governments can help business go faster. We need all companies from all sectors to become part of the solution. ●