BP plans to cut oil production 40 percent by 2030

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In February, BP announced a pledge to (mostly) reach net-zero CO_2 emissions by 2050, a noteworthy change of course steered by new CEO Bernard Looney. BP had long dabbled in promoting an interest in greener pursuits, but these promises pointed toward a more serious shift.

On Monday, the company released some specifics for the coming decade, describing “a new strategy that will reshape [BP’s] business as it pivots from being an international oil company focused on producing resources to an integrated energy company focused on delivering solutions for customers.” The new details are focused on investors, as the plan involves about a 50-percent reduction in dividends for shareholders. That money will instead go to paying down debts—partly a response to the economic consequences of COVID-19—as well as funding some of the planned investments.

BP says it will increase investment in “low carbon energy” from $500 million to around $5 billion per year by 2030. That includes building renewable electricity generation reaching 50 gigawatts in capacity, as well as pushing into the nascent hydrogen, biofuel, and carbon capture industries. It also includes betting on the electric vehicle charging business, with a goal of expanding from the current 7,500 charging

points to over 70,000.

On the oil and gas side, the announcement actually promises a 40-percent decline in production by 2030, going from 2.6 million barrels per day to 1.5 million. BP also said it expects its refining operations to drop from 1.7 million barrels per day to 1.2 million.

BP's pledge to hit net-zero CO_2 emissions by 2050 is a bit complicated. An oil company's emissions can be broken down into "scope 1" (energy used by the company itself), "scope 2" (emissions from other suppliers the company relies on), and "scope 3" (emissions from the burning of the oil and gas the company sells). Scope 3 emissions tend to account for the vast majority of total emissions for companies in this sector, but these companies would prefer to consider those emissions to be someone else's responsibility.

BP promised net-zero emissions for all three categories but only by splitting hairs and excluding a portion of the scope 3 emissions. The company essentially promised to offset the emissions of the oil and gas it *produced* and sold, but not the oil and gas it refines *for other producers*. Instead, it promised to reduce the "carbon intensity"—emissions per unit energy—of anything it sells.

Got all that? The new announcement sets 2030 milestones for each of those emissions categories: reducing scope 1 emissions 30 to 35 percent, scope 2 emissions 35 to 40 percent, and reducing the carbon intensity of "marketed products" by 15 percent.

BP pitches its net-zero-by-2050 goal as matching the action required to limit global warming to 1.5°C—the same point at which global emissions would also have to hit net zero. However, leaving a section of its business outside the goal (by arguing other producers are responsible) would mean that net-zero is not guaranteed at any point if these emissions are

included.

BP’s goals are also going to rely on offsetting emissions through efforts that remove CO_2 from the atmosphere. That introduces another wild card, as offset programs do not always deliver the removal they promise, and audits to reveal those failings are not trivial tasks. But at least on paper, BP’s stated ambition greatly exceeds what most of the rest of the industry has put forward.

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