

Energy majors 'spend 90%' on fossil fuels despite climate pledges

July 23 2020, by Patrick Galey and Marlowe Hood



Anglo-Dutch giant Shell plans to reduce its net carbon footprint by 65 percent by 2050

Energy giants Shell and Total continue to invest 90 percent of their capital on planet-warming fossil fuels despite promises to slash their

greenhouse gas emissions, according to an industry analysis seen exclusively by AFP.

With combined emissions equivalent to that of Germany—the world's fourth largest economy—both companies are likely to fall "well short" of their own sustainable investment targets, the Institute for Energy Economics and Financial Analysis (IEEFA) said.

The report comes after a string of industry behemoths have committed to reducing their [carbon pollution](#) in line with the 2015 Paris climate accord, which calls for capping global warming below two degrees Celsius above pre-industrial levels.

It finds that even two of the energy giants most aligned with the agreement's goals are still spending only a fraction of their revenue on reducing their emissions.

Shell, which plans to shrink its net carbon footprint by 65 percent by 2050, is spending just 3-5 percent of its capital in renewables and is certain to miss its target of \$4-6 billion annually devoted to green energy projects by 2020, the IEEFA said.

Likewise, Total will be hard put to meet its own aim of installing 25 gigawatts of renewable capacity by 2025, the analysis found.

The French energy giant has pledged to be "net-zero" in Europe by 2050, and to reduce its carbon emissions intensity by 60 percent or more by then.

Carbon intensity refers to the amount of [greenhouse gas emissions](#) given off per unit of energy generated.

A Shell spokeswoman said the company doesn't have a specific

renewables spending target but it spends 55 percent on the energy transition—including natural gas and biofuels.

"We agree that action is needed now on [climate change](#), we fully support the Paris Agreement and the need for society to transition to a lower-carbon future and we're committed to playing our part," she told AFP.

Total did not comment on the IEEFA analysis but said it already spends more than 10 percent on low-carbon energy. It plans to increase this to 20 percent by 2030.

Major emitters

The IEEFA said that while both majors had made progress in greening their portfolios, they were on course to miss their renewable targets without a major shift away from fossil fuel finance.

It estimated that Shell and Total each need to invest \$10 billion annually in renewables—around 50 percent of their capital expenditure, and far more than they are spending now.

"It is difficult to see how either company will achieve the massive transformation in carbon intensity they aim for without a fundamental shift away from oil and gas investment," said Clark Butler, who compiled the analysis.



Total has grown its renewable energy capacity from 3GW in 2019 to more than 6.6GW currently in development

Taking into account their Scope 3 emissions—that is the carbon pollution caused when consumers use their products—Shell and Total are "among the most significant contributors" to the build-up of greenhouse gases in Earth's atmosphere, the report said.

Shell's total annual emissions last year were 656 million tonnes of CO₂ equivalent, while Total emitted 458 million tonnes, according to the companies' own assessments.

For comparison, Australia—the world's 14th largest economy—produced 530 million tonnes of CO₂E in 2019.

"Shell and Total together are responsible for more carbon emissions than Germany, the world's sixth largest emitter," Butler told AFP.

"It is impossible for them to be net zero unless they invest more in zero emissions energy and less in fossil fuels."

Some progress

The report said that Shell and Total had invested significant resources in renewables in recent years.

Total has grown its renewable energy capacity from 3GW in 2019 to more than 6.6GW currently in development, it found. It plans to install an additional 4.6GW by 2023.

"No other major oil company is growing renewables this fast," the analysis said.

Since 2019, Shell has completed more renewables deals than any other energy major, according to the IEEFA.

But it said that these transactions were relatively small, concluding that it was difficult to see how Shell would meet its 2017-2020 renewables objective "unless it materially changes its approach".

The report contrasted the pair's approaches with some of their industry peers, including Spanish energy giant Iberdrola, America's NextEra and Danish company Orsted.

Iberdrola for example has pledged to invest 34 billion euros in renewables by 2022.

Butler noted that Iberdrola's share price was up 54 percent in the last two years, compared with Total (down 35 percent) and Shell (down 53 percent).

"An investor might well ask, why invest in Shell or Total to gain exposure to renewable [energy](#) when I could invest in NextEra, Orsted or Iberdrola, given these firms are far more advanced in the transition?" he asked.

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Citation: Energy majors 'spend 90%' on fossil fuels despite climate pledges (2020, July 23) retrieved 27 April 2024 from <https://phys.org/news/2020-07-energy-majors-fossil-fuels-climate.html>

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