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Oil and Gas majors' US$134 billion gap in low-carbon investment

Press Release

For Immediate Release: Oil and Gas Majors' 2024 AGMs, The Low-carbon Investment Gap

(Monday 22 April 2024, 4:00 pm AEST / 7:00 am BST) — New research by climate analysis group Accela Research shows European oil majors' progress and low-carbon investment ambition are insufficient to meet 2030 emission intensity reduction targets. Australian oil and gas companies leagues behind European majors on transition.

Acceleration of low-carbon investment is urgently required to replace oil sales as companies prepare for peak oil demand.

Reweighting sales towards gas will not drive the required reduction to reach decarbonisation targets.

The research compares the potential investment needed in renewables and biofuels to meet Net Carbon Intensity targets for European majors: BP (AGM on 23 April), Eni (AGM on 15 May), Equinor (AGM on 14 May), Shell (AGM on 21 May) and TotalEnergies (AGM on 24 May) and assesses how Australian transition strategies compare to European companies Woodside (AGM on 24 April), Santos (AGM on 11 April).

Accela highlights that companies will still need to deliver a significant ~10-20% reduction in emissions intensity from today to reach 2030 net carbon intensity targets.

Two measures are required to hasten the pace of transition:

- Recognising that gas cannot be a material driver for lowering carbon intensity compared to other low-carbon energy fuels. An increase in the portfolio weighting gas by 10% by FY30 will create a minimal reduction of 2-4% in the European major's net carbon intensity.

- Investing US$300 billion in capital expenditure in real low-carbon alternatives is needed between now and 2030 to shift the dial on carbon intensity, which could be delivered through 309GW of renewables.
    - Companies ramping up investment to meet current targets, would on average, contribute 4-6% of the annual global investment needed in renewable power to achieve a 1.5C between now and 2030.
    - Under current company guidance (FY24-30), we estimate majors have committed a total of US$166bn, leaving an investment gap of ~US$134bn (~US$19bn p.a).

Australian oil and gas companies Woodside and Santos are significantly behind the Europeans, missing intensity targets, and materially lower scope 1 & 2 ambitions at 30% (vs ~50% for Europeans). Both companies continue to grow oil and gas and make minimal progress in low-carbon solutions compared to European majors.

Shu Ling Liauw, CEO, Accela Research said: "It is very hard to lower the carbon intensity of current oil and gas portfolios, given the size of these companies. Gas is a distraction in the conversation about meeting existing targets."

Rohan Bowater, Analyst, Accela Research said: "Companies would have to deploy capital up to twice the current rate to achieve net carbon intensity targets with renewable energy. Any less risks higher reliance on carbon offsets."

Miheka Patel, Senior Analyst, Accela Research said: "If European majors achieve their NCI targets, these five companies alone can contribute around 5% of the annual global investment needed in renewable power for 1.5C."

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About Accela Research
Accela Research empowers investors engaging companies on decarbonisation by providing up-to-date, strategic insights and engagement support, connecting climate data and financial performance with a focus on accelerating transition. Founded by Shu Ling Liauw, Marina Lou and Rohan Bowater, Accela is trailblazing a new path for climate finance.

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