



The Herald

CLIMATE FOR CHANGE

HERALD CAMPAIGN:

WORKING TOGETHER

TOWARDS A CLEANER, MORE SUSTAINABLE FUTURE

Shell buys into green future

Although some cynicism remains over Shell’s major move into renewables, are the oil and gas giants finally recognising the need to tackle climate change?
Andrew Collier reports . . .

FEW people would associate Royal Dutch Shell – oil and gas mega-company and the sixth largest enterprise in the world – with taking a lead in tackling climate change.

However, Shell is making a serious attempt to show it is walking the green walk with commitment and enthusiasm. This week it revealed its utility arm First Utility, acquired a year ago, has rebranded as Shell Energy and switched all of its 700,000 UK residential customers to power generated by renewables.

This follows an announcement that the company has set short-term targets as part of a drive to reduce the net carbon footprint of its energy products. In a particularly radical move, it is planning to link progress on these to the pay packages of its top executives.

The initiative has been given the support of the global investment community and is backed by Climate Action 100+, a grouping led by lead investors who collectively have more than \$32 trillion of assets under management.

Those investors include Japan-based Robeco and the Church of England Pensions Board. The move has been welcomed by the Archbishop of Canterbury, Justin Welby, and Shell’s Chief Executive Officer, Ben van Beurden, saying that it “seeks to ensure we thrive as the world works to meet the goals of the [2015] Paris Agreement on climate change”.

But the oil and gas industry has a chequered history when it comes to positive action on the environment. According to reports, the largest companies including Chevron, BP and Exxon-Mobil spend nearly \$200 million a year lobbying to obstruct, delay or control policies addressing climate change, including a spend of millions on social media.

The global oil price currently remains



■ Renewables are on the rise, but Mike Tholen of Oil and Gas UK, below, believes fossil fuels will, of necessity, be around for some time yet



volatile and prospects for the future are unpredictable. Despite this, the major companies are massively increasing their investment in production. Spending this year is expected to be \$115 billion, with only some 3% of this dedicated to low carbon projects.

As extraction becomes more challenging and costs rise, so the industry is driving efficiencies and reducing overheads where it can. All this begs the question: can a sector of the economy dedicated to fossil fuels really become an evangelist for renewables, or are we just seeing global scale greenwash?

According to Oil and Gas UK, the Aberdeen-based trade association for the industry, it is inevitable that different companies in different countries will move towards low carbon solutions at different speeds and in different ways.

“They are all in different places when it comes to trying to embrace the consequences of climate change”, says Mike Tholen, the organisation’s Upstream Policy Director. “Different perspectives and aspirations all come into play in this.”

“They are seeing an increasing imperative to respond. But there has to be balance: society needs energy and hydrocarbons will still form a huge part of the mix

He also believes, however, that the oil and gas companies have become much more engaged with the issue in recent years.

“Like society, they are seeing an increasing imperative to respond. But there has to be balance: society needs energy, and globally, hydrocarbons will still form a huge part of the mix. We can’t simply walk away from that.”

While oil and gas are technically finite – when they run out, we’ll need to find something else, with renewables currently the obvious choice – in practice, developments such as fracking, though they may be controversial, mean fossil fuels are likely to be with us for a good while yet.

Tholen believes, however, that there is a recognition among the big exploration and production companies that climate change is very much on the agenda and cannot be ignored, and that their corporate strategies have to be tailored to suit. “The drive to follow a low carbon path through to a no-carbon path is one the industry recognises.”

Because of price volatility, he adds, the companies have to plan on the basis of being cost competitive. “That means being clever and doing things more cheaply over time.”

The oil and gas majors are increasingly looking at ways of making their processes less carbon-intensive.

“There is always a challenge on retro-fitting existing assets and some facilities do retire early as they are no longer carbon efficient. But new assets use new technology to reduce the amount of energy used and carbon emitted in producing oil and gas. Those trends are going to continue.”


The switch away from fossil fuels to renewables, then, will take some time. Replacement of one with the other is like turning a huge ship round. In the UK, for instance, renewables output would have to increase eightfold in order to displace the amount of gas currently consumed. This inevitably means that in the UK, we will have a number of sources for our heat and power well into the foreseeable future.

“We will see more energy efficiency, but globally, as we experience more people being moved out of poverty, demand will continue to grow, so the need for a diversified energy mix will continue for decades to come,” says Mike Tholen.

“Using lower carbon sources and finding ways to decarbonise hydrocarbon sources will dominate the agenda. Renewables have a huge part to play in this, and they will share technologies from the oil and gas sector.”

POWERING AHEAD WITH NEW SOLUTIONS

Innovation is key to unlocking Scotland’s low carbon economy and fuelling the growth of small and medium businesses to deliver big change



Linda White of Scottish Power pushes for new ways of thinking

SCOTTISHPOWER has sponsored the Scottish Environment Protection Agency (SEPA) and Scottish Government backed VIBES – Scottish Environment Business Awards – since 2012.

The scale of environmental challenge facing humanity is enormous with a real urgency to act, and the awards recognise businesses in Scotland that are stepping up to increasing environmental challenges by embracing the economic opportunity of sustainable solutions.

ScottishPower was a winner in 2004, 2006 and 2009 respectively for its Cruach Mhor Windfarm in Argyll and Bute, its Black Law Windfarm in Lanark and its pioneering tidal power joint venture with Norwegian company, Hammerfest Strøm.

Linda White, Sustainability and Quality Manager at ScottishPower, said: “We were initially attracted to VIBES because of its emphasis on the business community and driving environmental change. It was an opportunity for both small businesses and large organisations to be recognised for the good things they were doing and the



Bob Downes, Chair of SEPA encourages all eco-innovative companies to enter VIBES

innovative projects and technologies they were bringing forward. We’ve traditionally sponsored the Innovation category because that’s critical for all of us.

“In order to drive the change that’s required to deliver a low carbon economy for Scotland, investing in innovation is crucial.”

The VIBES Innovation Award recognises businesses, partnerships, collaborations or individuals within an organisation that have developed innovative technologies, products, practices or services that bring environmental and business benefits.

Previous winners of the VIBES Innovation Award have included algae technology specialist Xanthella (2018), based in Oban; Aberdeen-based EC-OG (2017), which has developed and patented an ocean energy conversion system – the Subsea Power Hub; and Glasgow-based Guala Closures UK (2016), which has significantly reduced energy use in its manufacturing process for bottle closures and stoppers for the whisky,

spirits and wine industries. ScottishPower says investing in innovation has transformed its own business into the first major energy company in the UK to generate 100% green electricity.

“There’s been a fundamental shift in our generation profile,” Linda explains. “The energy we produce is now 100% from renewable sources and we are the first big energy company to make that shift. We’re also investing £2 billion in tackling climate change this year, as well as investing in our infrastructure and generation capacity to continue being an industry leader in renewable energy.”

ScottishPower supplies gas and electricity to more than five million customers in the UK and is part of the Spanish-based Iberdrola Group, a world leader in wind energy and one of the largest energy companies in the world. The company’s vision is to deliver a better future, quicker for everyone. Recent innovations include launching a new smart electric vehicle energy tariff for customers who charge their electric vehicles at home.

Bob Downes, chair of SEPA and head of the VIBES judging panel, said: “The VIBES – Scottish Environment Business Awards – are an excellent opportunity to recognise and reward companies driving sustainable growth through innovation and over the past 20 years we have seen some fantastic examples of businesses going above and beyond – and the significant benefits this can have.

“It’s encouraging how many of Scotland’s businesses have led the way and are making a difference in ways that protect the environment and enhance their bottom line. As we celebrate VIBES’ 20th anniversary, we recognise this will be the only way to generate future business success and we encourage even more businesses to step up and support Scotland’s sustainability.”

LET’S ALL TURN OVER A NEW LEAF

‘Paper-free’ future fits the bill for the trailblazers at Newton Property Management

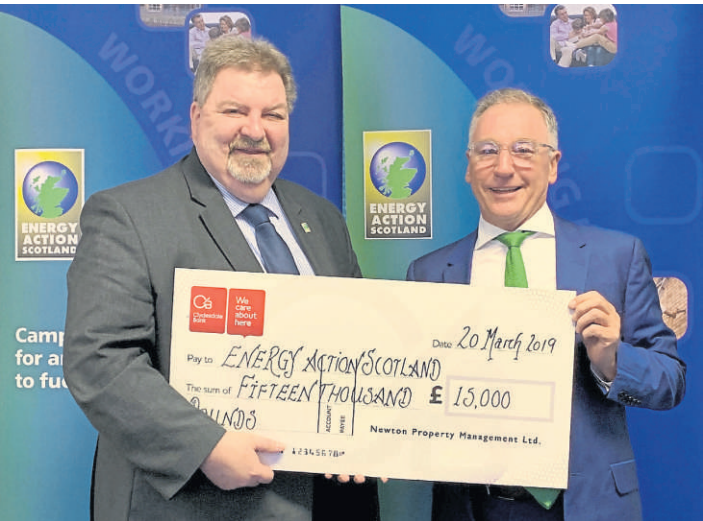
WHEN Newton Property Management unveiled its 2020 Green Vision last year, it could not have foreseen the success of the campaign and the interest it has generated among its customers and other businesses.

Among the seven “achievable objectives” which include installing Electric Vehicle (EV) charging points and moving customers’ energy supplies to green energy utility companies, there was also a commitment to encourage as many as possible to move to electronic communication and banish paper billing.

Chairman, Stephen O’Neill said: “When as a board we measured the impact of sending skip loads of paper communication to our customers we realised we were needlessly putting dozens of vans, driving thousands of miles, on to the roads and could not think of a worse way to continue. We knew that we had to do something about it.”

Newton’s solution was bold. It advised all its customers that it would be introducing a flat rate charge for any (other than those with special needs) who wanted to continue to receive communications by post.

“We wanted to espouse the clear environmental benefits of taking dozens of vans off the road while also ensuring that we



weren’t perceived by some of our customers as some kind of pariah,” he said.

“Our decision to partner with and support Energy Action Scotland (EAS), the only national charity with fuel poverty as its sole remit, has been amazingly effective.

“Postal savings made by customers switching to email are being gifted to EAS.

“The support and encouragement we have received from our customers has been overwhelming and thanks to them changing their behaviour, our first contribution to the EAS has taken 10 families out of fuel poverty,” he added.

“I am absolutely convinced that in the not too distant future

the public will see companies needlessly sending out screeds of paper as being abhorrent and I would encourage all other volume service providers to make a real difference to the planet and people’s lives.”

It’s an aspiration shared by Norman Kerr, Director of Energy Action Scotland, who said: “We are delighted to be working with Newton Property Management and look forward to sharing our joint expertise as we continue our work to ensure that everyone has a warm, dry home.

“Energy Action Scotland will be working with Newton across Scotland to help support its clients as we also benefit from the insights an organisation of this size can provide.”

IN ASSOCIATION WITH . . .



THE SCOTTISH ENVIRONMENT PROTECTION AGENCY (SEPA)
A non-departmental public body of the Scottish Government oversees environmental regulation, monitors and reports on the state of the environment, raises awareness of environmental issues, and resolves environmental harms. sepa.org.uk



THE CONFEDERATION OF PASSENGER TRANSPORT - SCOTLAND
The Confederation of Passenger Transport UK (CPT) is recognised by Government as the voice of the bus and coach industry, and the focus for consultation on national and international legislation, local regulations, operational practices and engineering standards. cpt-uk.org



LOW CARBON SCOTLAND
Organiser of conferences and events aimed at addressing the current carbon reduction position, enabling those leading and driving policies and proposals to share their vision, and highlighting Scotland as the best place in which to invest in low-carbon businesses. low-carbon-scotland.scot



NEWTON PROPERTY MANAGEMENT
A Scottish Property Factor with nationwide coverage. Newton have ambitious plans to help future proof their customers’ properties, making them greener, cleaner and more energy efficient resulting in significant savings in running costs. newtonproperty.co.uk



SCOTTISH FUNDING COUNCIL
The Scottish Funding Council (SFC) is helping make Scotland the best place in the world to educate, to research and to innovate. Investing around £1.8 billion of public money each year, SFC’s funding enables Scotland’s colleges and universities to provide life-changing opportunities for over half a million people. sfc.ac.uk



● The Herald’s Climate for Change initiative supports efforts by the Scottish Government with key organisations and campaign partners. Throughout the year we will provide a forum in The Herald newspaper, online at herald.scotland.com and in Business HQ magazine, covering news and significant developments in this increasingly crucial area.