Energy Transition

an existential challenge for oil and gas companies

European oil and gas companies are adapting their business strategy through:

- less exposed portfolios
- improving climate targets
- lower price outlooks

US oil and gas companies are lagging behind on all three measures:

- more exposed portfolios
- low/lack of climate targets
- higher price outlooks

Company	Portfolio exposure *% of BAU projects inconsistent with 1.6°C pathway*	Climate target *Rank based on Carbon Tracker framework*	Oil price assumptions *Maximum price 2020-2050, $ per barrel*
Eni	40%-50%	2	$60/barrel
BP	50%-60%	1	$60/barrel
Repsol	40%-50%	3	$68/barrel
Shell	60%-70%	4	$60/barrel
Total	50%-60%	5	$73/barrel
Chevron	60%-70%	7	Undisclosed
Equinor	80%-90%	6	$82/barrel
ConocoPhilips	70%-80%	8	Undisclosed
ExxonMobil	80%-90%	9	Undisclosed

Most European companies are starting to take a more holistic view of the energy transition. They have made a string of recent transition plan announcements, cutting assumptions about the future oil price and setting increasingly ambitious climate targets, and this is reflected in more conservative project portfolios.

US companies lag behind on all three measures.

However, most of the oil majors have continued to approve investments in projects inconsistent with the Paris Agreement goal of keeping global warming "well below" 2°C and pursuing efforts to limit it to 1.5°C.

15 projects approved in 2019 worth $60 bn that suggest companies are betting on prices that are inconsistent with global warming targets and **risk becoming stranded assets** in a low-carbon world.

Selected projects shown right

2020-2030 capex

Companies	Capex	Project
ExxonMobil	$10 bn	in Golden Pass liquefied natural gas project in the US
Chevron, Total	$6.3 bn	in ultra-deep water Anchor oil project in the US
Shell, Total	$3.9 bn	in ultra-deep water Mero Sepetiba project in Brazil
BP, ExxonMobil, Equinor	$3.3 bn	in deep water Azeri Central East project in Azerbaijan

Carbon Tracker Initiative

Source: *"Fault Lines. How diverging oil and gas company strategies link to stranded asset risk", Carbon Tracker report, October 2020*