

Briefing note for HMG colleagues in prep for Equinor meeting (28 May 2020)

Meeting: HMG-Equinor COP 26 stakeholder engagement
Date and time: Thursday 28 May 2020 09:00 – 11:00
Format: MS Teams (appointment set up by [REDACTED] BEIS) – see Annex 1 for joining details

Agenda

1.	Introductions/Objective	[REDACTED] IEU	10 minutes
2.	Latest developments on COP26 (date, location)	[REDACTED] [Cabinet Office]	10 minutes
3.	Role for business in the run upto COP26	[REDACTED] - [REDACTED] [Cabinet Office]	10 minutes
4.	Equinor's plan for COP26		
	i. Overall	[REDACTED] [REDACTED] [Equinor]	10 minutes
	ii. Policies	[REDACTED] [REDACTED] [Equinor]	10 minutes
	iii. Low carbon business development in UK elsewhere, [REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [Equinor]	10 minutes
5.	AOB		

Company briefing:

- Equinor aims to:
 - Reduce the net carbon intensity, from initial production to final consumption, of energy produced by at least 50% by 2050,
 - Grow renewable energy capacity tenfold by 2026, developing as a global offshore wind major
 - Strengthen position on carbon efficient production, aiming to reach carbon neutral global operations by 2030.
 - Keep methane emissions at near zero and to eliminate routine flaring by 2030
- During 2019 and the start of 2020 Equinor conducted an inquiry of all the associations and initiatives to determine whether their respective climate stand is aligned with Equinor's.

- Following the review, Equinor exited from the Independent Petroleum Association of America (IPAA). Equinor decided to remain part of Australian Petroleum Production & Exploration Association (APPEA) and American Petroleum Institute (API) acknowledging that whilst some misalignment exists on climate positions, Equinor would work with these respective trade associations to develop climate positions.
- Equinor is a supporter of TCFD.

Briefing to support following agenda points:

2. Latest developments on COP26 (date, location)

[Cabinet Office]

- The postponement and the Implications of COVID on the summit itself
- Our priorities i.e. the campaigns, the new landscape given COVID and the green, clean resilient recovery points, NDCs
 - It's great to see the strong support from the private sector for a green, resilient recovery.
 - (TO NOTE) Last week 155 major multinationals reaffirmed their own science-based commitments to achieving zero carbon economy and called on governments to match their ambition. It is the largest ever UN-backed CEO-led climate advocacy effort, spanning a range of sectors and over 30 countries.
- International Aspect - key countries -

3. Role for business in the run upto COP26

[Cabinet Office]

- Business action is vitally important to achieving a successful summit and presidency. Many companies within the UK and globally are already taking ambitious action on climate change and are well placed to build on this. Our simple and most basic asks of business are to:
- Set ambitious Net Zero commitments and a credible action plan to achieve this
- Note that whilst SBT methodology is under development for the oil and gas sector we are asking for companies to being net zero well before 2050 under the [Business Ambition for 1.5](#) pledge.
- We are keen to see policies and plans to underpin the commitments. Everything from electrifying your fleet and using renewable energy to delivering the kind of innovative thinking in technology, finance, and behaviour change that we need.
- Our **[Cabinet Office]** and his team can work with you on how to get there, happy to put in touch if you aren't already speaking.
- We also ask that you find opportunities to work with your customers, employees, communities, supply chains, and others to champion ambitious action, and help to set out a positive vision for change.

4. Carbon Markets and Nature-Based solution.

- Strengthening robust carbon markets which unlock private finance for mitigation, including through nature-based solutions, is an important part of COP26. In the negotiations, the UK is committed to continue work towards a successful outcome on Article 6. And, as part of the broader ‘real world’ action agenda, we are engaging key countries and partners to explore how we can support a package of initiatives which strengthen high-integrity carbon markets and support the global transition to net-zero, including through unlocking additional finance for Nature-Based Solutions.

Questions for Equinor:

- What thinking is being done within Equinor on developing short term emission reduction targets for the period 2020 – 2030? If yes, when can we expect further detail? Are there any up and coming events which you are looking to use as hooks to announce any short term targets?
- What sense of appetite do you get from the industry’s climate ambitions before COP26 (western majors and NOCs)?
- How do you see the Science Based Target oil and gas methodology developing? What role does Equinor have in this?
- Welcome your March 2020 Review of industry associations and initiatives. How are you continuing to assess and report on industry association memberships and activities on climate change-related topics, potential areas of material misalignment and the actions taken in that regard. How is the work with API and APPEA progressing in developing their positions on climate? What work is being done on reviewing links with other trade associations? Are you seeing positive shifts towards more Paris alignment?

Equinor meeting (28 May 2020), held virtually due to COVID-19: Meeting Readout

Meeting: HMG-Equinor COP 26 stakeholder engagement

Date and time: Thursday 28 May 2020 09:00 – 10:30

Attendees

HMG:

[REDACTED] International Energy Unit **(Meeting Chair)**

[REDACTED] International Energy Unit

[REDACTED]

[REDACTED] **[Cabinet Office]**

[REDACTED] **[Cabinet Office]**

[REDACTED] BEIS

[REDACTED] BEIS

[REDACTED] **[BEIS]**

[REDACTED]

[REDACTED] **[BEIS]**

Equinor:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Actions:

- [REDACTED] **[IEU]**: Circulate Equinor's presentation.
- [REDACTED] **[BEIS]** : arrange follow-up meeting on carbon markets and nature based solutions with [REDACTED] **[Equinor]**.
- [REDACTED] **[Cabinet Office]**: Connect with [REDACTED] **[Cabinet Office]** on Equinor's shipping point.

Introduction

[REDACTED] **[IEU]**: outlined HMG's commitment to Net Zero in the context of co-Chair of COP26

[REDACTED] **[Cabinet Office]**: Provided an update on timing of COP26, stating a decision was imminent as COP bureau were sitting today.

- Theme of COP was now within the context of COVID-19 and green recovery and resilience; it would have to consider the added pressures from higher public debt, higher unemployment, pressure on companies balance sheets and financial pressures in the charities/civil sector.

- COP's underlying ambition of support whole society and inclusiveness had not changed.
- How to deliver the message in the run up would change – some of the big scale events would now probably have to be online
- 5 Campaigns remain the same: Energy Transitions (Power), transport, adaption &, resilience, green finance, nature

COP Unit's asks of business

■ **[Cabinet Office]**: Outlined the asks:

- Set Net zero targets by 2050, with a credible action plan, with independent verification of delivery
- Science based targets with an agreed methodology – recognising that the one for the O&G sector and finance industry is still under development
- Campaign tailored to asked e.g. conversion to electric fleets in transport sector; sustainable palm oil
- Higher ambitions – where business can amplify messages to governments on NDCs and increase business-government linkages
- Investment in new technologies – raise public messaging and find easy wins, including reaffirming commitments

■ **[Equinor]** / ■ **[Equinor]** –Equinor had issued its own net zero targets. The OGCI had reaffirmed its commitment to net zero in the context of Covid-19 in an open letter of 26 May. European oil and gas companies were leading the global industry on reducing emissions.

■ **[Equinor]** – Equinor is a global company, is proud of its commitment in the UK and supply of gas. Strategy: always safe, high value, low carbon.

- Ambitions in the UK to develop wind power ■
- 20 years' experience and world leader in CCUS via the Norwegian Northern Lights project.
- Operating in over 32 countries – NGO/Governments are important partners to share knowledge, expertise and goals
- Offered to contribute to COP campaign with examples of its low carbon projects in the UK.

Equinor's climate roadmap

■ **[Equinor]** – presented an overview of the roadmap, which has credible milestones to reach net zero 2050 ■ The company was looking to cuts its emission by a factor of ten by 2026 and at least twice this rate of change by 2035. Equinor recognised the case for a clean recovery from Covid.

- Equinor was an early supporter of the Paris agreement and sees itself as an industry leader.

- It has integrated low carbon into its strategy by developing its renewables business, accelerating decarbonisation and leading on carbon efficiency.
- Capital markets are interested in combining high value and low carbon.
- The Net Zero commitment includes delivering Scope 3 (responsible for 85% of emissions linked to Equinor's activities) reductions by cutting the carbon intensity of products through focusing more on gas than oil and by developing hydrogen value chains.

■ – **[BEIS]** What is the potential to go further with Scope 3 emissions?

■ **[Equinor]**: Recognise that oil and gas will continue to be needed even in 2050 and moving the company's focus from oil to gas is not the only answer. He also commented:

- There is competition in this space. [REDACTED]
[REDACTED] OGCI provides a forum for discussion.
- Equinor is already a leader in its carbon footprint efficiency. Its proposed pathway is not the only option; i.e. [REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- There will be a need to co-ordination across the sector and with governments to set global standards and goals.

■ **[IEU]** — How is what you are doing on low carbon perceived by NOCs?

■ **[Equinor]** – There is some curiosity from NOCs in what Equinor is doing. Chatham House produced a report on what is being done by NOCs last autumn.

■ **[Equinor]** – Carbon pricing has made a big difference to driving change in Norway.

■ **[IEU]** – How is the supply chain responding to transition?

■ **[Equinor]** – COVID-19 has hit both O&G and renewable sectors. Both are seeing some reconfiguration.

Equinor's view of what a successful COP26 would deliver

■ **[Equinor]** – outlined preferred outcomes:

- Updated NDCs reflected to meet Paris goals supported by clear and long term strategy from governments
- Carbon pricing
- Inclusion of CCUS
- Emission trading mechanism – Equinor would like to see the Art 6 mechanism finalised and agreed.
- Reference to ocean based energy solutions, where Equinor see many options.

■ **[BEIS]** – asked about action on nature based solutions

■ / ■ **[Equinor]** Equinor is investing in credits for climate based solutions, largely around tropical forestry. The social and environmental impact of such schemes would

need to be verifiable. Equinor hoped to present this at COP as an example of both carbon sequestration and a biodiversity measure. They are open to wider conversations with HMG and projects in the UK (eg the restoration of peat bogs in Scotland).

Action – follow-up conversation between [REDACTED] [BEIS] [Equinor]

What Equinor might offer HMG at COP

[REDACTED] [Equinor] Suggest Equinor can help HMG as Host of COP26 with some key project announcements:

- Power from shore to offshore oil and gas installations (to reduce emissions in O&G production)
- The longer-term potential of floating offshore wind (UK has great potential here)
- World leader in CCUS – investor in 2 out of 5 UK projects Humber/Teesside
- Natural carbon solutions
- Active international partner in 35 countries – can help in moving international agenda e.g. [REDACTED]

[REDACTED] [Equinor]: Maritime – projects involved with decarbonisation supply ships with battery technology and LNG.

Action – [REDACTED] [Cabinet Office] the COP focus is on road transport rather than shipping, but she would take the idea away for discussion with [REDACTED] [Cabinet Office].

Floating wind [REDACTED] [Cabinet Office] asked if floating wind is unique to Equinor and if HMG is supporting its development. ([REDACTED] [IEU] comment – *others, eg Shell, are involved in the development of floating wind projects; I am not aware of HMG support aimed specifically at floating wind - the only existing UK project is Equinor/Masdar's 30MW Hywind off Peterhead, which incorporates 1.3MWh of battery storage – "Batwind."*).

[REDACTED] [Equinor] commented that Equinor wishes to scale up its floating wind interests but would need a better price than that available at present until the technology matures. The UK needs the generation potential offered by floating wind farms.

[REDACTED] [Equinor] commented that half of the investment in floating wind in Norway was [REDACTED]

All agreed to stay in touch.

End.