MARC-ANTOINE EYL-MAZZEGA

Director of Ifri's Center for Energy & Climate

Arnaud Breuillac, Senior Advisor to the Chairman & Chief Executive Officer of TotalEnergies

Thank you, Peter. Marc-Antoine, did you want to give us a few highlights on governance?

Marc-Antoine Eyl-Mazzega

Thank you so much to all. We are just a few weeks before COP26 and we have a number of NDCs lined up to the same baseline, because everybody now talks about different baselines. It is very easy to say, “I am reducing my greenhouse gas emissions by 50%”, but if you take a very different baseline maybe it could even mean you can increase your greenhouse gas emissions, and we have seen a lot of smokescreens unfortunately from several countries. However, the point is the following: the UK and the EU are the most advanced in the world, then comes the US and then, very regrettably, within the OECD family, you have Japan, Canada and especially Australia that are really not committed enough. Then of course you have the rest of the world, which is a different case, and emerging economies and so forth.

However, I would like to outline what we should achieve over the next two years, bearing in mind we now have COP26, and what should be achieved within the next five years, knowing that we are not on track to reach a peak in our greenhouse gas emissions. Actually, this year will post a record high level of growth in greenhouse gas emissions. The world is just turning its coal-fired stations on everywhere and everything is being run at much higher utilization levels than what we used to see. We have of course known since 2015 that we should reduce our greenhouse gas emissions by quite a sharp level every year, and ever since they have been growing, so we have a huge challenge here.

My first point is the OECD family has to get its house in order and we need to have Australia really increasing its Nationally Determined Contribution, and if the UAE can do it, as a larger fossil fuel producer, then Australia can really do it, and I think that will be one of the major tests of President Biden's climate leadership aim. If he does not get Australia to sign up to a strong NDC then the AUKUS deal will come into a much different light. Clearly climate is a much bigger threat than China is.

The second point is we need to ramp up climate finance and, indeed, the 100 billion benchmark must be reached. It is obvious that the more we now decarbonize in Europe the higher the CO_2 abatement costs are, but in the rest of the world you can still pick up the very low-hanging fruits at very low cost, and what is it about? Is it about us in Europe alone in being decarbonized by 2050 or will there be a global momentum where everybody moves in the same direction? I think we in Europe should also focus more on decarbonizing elsewhere where the abatement costs are lower.

The third point is that in Europe these days we are talking a lot about how bad gas is, but the real enemy in the world is still coal, and here we have a big issue because we are not doing enough to fight coal and we are just losing sight of what the priorities are. I was very positively surprised by Japan's G7 announcement to stop financing coal as from this year, and the latest one from President Xi. The problem is that is not enough. Now, we really have to work on not only halting any coal plants but also on phasing out the existing coal-fired power generation fleet. The good news is that technologies, capital and knowledge are all there to do it. The problem is we are still not there in terms of governance and policies, and so my proposal to you is we should really pick a couple of priority countries and start to focus in these countries on the most polluting coal-fired power plants. For example, we have one in the Balkans which is emitting as much as the next 15 most emitting plants in Europe. Therefore, closing just that one plant would be a major step ahead. I am sure you can find quite a few in Russia, but in China they certainly can find about 100 gigawatts that they could actually close.

The point is we should really focus here on South Africa, Indonesia and India. In these countries what we really need to do is to help them to unleash the potential that they have for solar, for nuclear and actually for all the flexibility options that Olivier was alluding to. Again, the capital is there. We just have to line up the regulatory framework, the policy priorities and in several cases the capital, so there needs to be a lot of cheap money made available so that TotalEnergies or Integral, or anybody who comes up with a good offer, can basically deliver.

Another point is that gas is probably the wrong enemy, but we must remind ourselves that – and this might also be interesting to you in the region – there is a big problem with gas, which are the fugitive methane emissions. In the UAE, the United States, Australia, Russia, Central Asia and in some parts of the Middle East, but not everywhere of course, there is a lot of progress that can be achieved very quickly and sometimes cost-efficiently. Still, we know from the latest IPCC report that actually methane emissions have been contributing to global warming almost equally to carbon dioxide over the past 30 years. Therefore, if we address that, we can take a big step forward. I wish that Australia and other countries join that EU/US initiative on reducing fugitive methane emissions, and, by the way, the US should lead on that and it should also lead in phasing out its old coal-fired power plants.

A word on agriculture: there are lots of methane emissions from the agricultural, including from cattle, and it is very clear that we need to reduce our beef consumption. Beef emits 30 times more per unit of calorie CO_2 than tofu. That is a fact of life. We can eat more pork, more poultry and we could put a CO_2 price on beef. If you want to eat it, please pay more. I think that could be something that could be done rather easily, at least in our countries. Of course, there is the CO_2 pricing, which is the core instrument to deliver. You can have regulations and incentives that are very good throughout the world, but if you really want to accelerate you need a CO_2 price, and unfortunately, it is only Europe and the UK that have a credible one these days.

Deforestation was talked about, but there is room to save CO_2 in a hurry. We are here in an urgency and that means lower speed for road traffic and for maritime traffic. If you reduce speed to 110 kilometers per hour on the highway you can achieve quite a lot. Maritime transportation can also deliver on that.

A question to you, Mr. Breuillac: we talk a lot about new hydrogen uses and green hydrogen supplies, but why do we not unite forces within the G20 countries and their economies to start greening the hydrogen that we already use and which you were hinting at and, for example, set a target for us that by 2030 in our refineries around the world we will try to incorporate at least 30% of green hydrogen? Of course, that will make the gasoline more expensive, but then if there is less taxation on that maybe that can be affordable, and in any case gasoline prices will have to rise for various reasons.

Within the five-year framework we clearly need to roll out about 1,000 large-scale CCS projects around the world, and you have a very nice one in the UAE that is being developed and you have one in Norway, but we need 1,000 of them by 2030. That seems a lot, but it is possible. We clearly need green finance to get its act together. Africa is going to urbanize. They are going to have a huge growing demand for cement and steel. The problem is whether we can allow them to be produced on the basis of the cement and steel plans we have today. It is impossible, otherwise all our efforts will be in vain. We should therefore gear our development money to set up grants to have these low-carbon steel mills operating there, because otherwise nobody will be able to pay for that as it will be more expensive.

A last point that matters a lot is that we need the skills and we need to really do much more in that regard. For example, I followed the German electoral campaign and everybody was talking about ramping up energy efficiency, the renovation of buildings and so forth. The problem is if you call a plumber in Germany nobody will come because there is nobody, and you will wait three weeks to get a plumber and that will cost you a lot of money. Therefore, how are you planning large-scale building renovation if you cannot even get a plumber? It is a real problem. Everywhere in the world you face problems that require very specific responses, but obviously that has to be lined up with the rollout of technologies that are coming.

Lastly, and I think that is an important point to remember, people need much more nuclear, so we need the taxonomy in Brussels to accommodate for that. It might sound very strange to you here, but in Europe there are strong forces that want to stop nuclear, when we know that we cannot roll out enough renewables and we know that without that we cannot really reach our decarbonization targets. I think that will be a major achievement, and there are still fossil fuel subsidies everywhere, including here, and they need to be removed. That is a longstanding issue, but that is the kind of the basics of decarbonization and I hope progress will be made there. Thank you for your attention.