



Mackenzie: Focus on the best few energy solutions; Exclusive

Australian Financial Review

June 24, 2024 Monday

Print & First Editions

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Section: NEWS; Pg. 9

Length: 685 words

Byline: Peter Ker and Lap Phan

Body

Shell chairman Sir Andrew Mackenzie says tackling climate change is harder than he realised when he was running BHP, and the world must now focus on a few "winning" solutions and invest in them strongly.

In an exclusive interview with the Tech Zero podcast, Sir Andrew said he believed the world could still cut greenhouse **gas** emissions to net zero by 2050, but may have a better chance if the problem was tackled "sector by sector" across international borders, rather than "country by country" as required by international climate agreements.

Sir Andrew's six-year term as BHP chief executive was marked by a simplification of its portfolio and an embrace of social issues like gender balance and the "Scope 3" emissions of customers.

He exited Australia's biggest company in December 2019 and became **Shell** chairman in May 2021; a move he said provided a different perspective on the world's carbon challenge.

"The one thing that has struck me, since moving from BHP to **Shell**, is it is quite a lot harder than I expected," he told the Tech Zero podcast.

"At BHP, to some extent, we were not quite in the thick of it in the way that we are at **Shell**, and you were able to talk about a lot of things that made sense to me, technically, that I assumed could happen more easily than actually, when you are having to deal with it in a much more full on way, as you are at **Shell**."

Sir Andrew said he "strongly believed" the world needed to focus on the best solutions rather than be distracted by the wide range of potential decarbonisation technologies.

Sir Andrew said he was a "huge advocate" for carbon capture and storage (CCS) in places where renewable electricity was incapable of providing the solution. He said electric vehicle adoption needed to be pushed "hard" and liquefied natural **gas** would be "critical" in supporting the roll-out of renewables.

"Because of the urgency, we have to make our choices and decide where we're really going to put our emphasis," he said.

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"We shouldn't be adding and adding and adding, if at the same time, we're not finding the things that are winning and getting behind that with a lot more investment and more focused investment, and just deciding this is going to work in this sector, and let's get behind that because we don't have a lot of time."

Shell's business was built on selling **oil** and **petrol** for traditional internal combustion engine (ICE) vehicles, but the company has also invested in electric vehicle charging stations, and Sir Andrew said the world needed to push "hard" on electric vehicles, and "maybe harder than we're pushing it".

But despite the rise of electric vehicles, he said the internal combustion engines that consume **petrol** were here to stay, and would enjoy longevity as the world embraced "biofuels" from agricultural waste and synthetically created "e-fuels".

"In looking at the future of **oil**, you look at the future of the internal combustion engine, and some would imagine that the internal combustion engine would just kind of disappear. That won't happen," he said.

"Even in a world of very successful decarbonisation ... the internal combustion engine will continue, but it will be fuelled by biofuels, maybe by hydrogen or indeed e-fuels."

The comments come as big diesel consumers like Rio Tinto are urging the federal government to ramp up support for biofuels, in the belief biofuels are the best way to reduce the emissions of iron ore trucks and trains in the decade before batteries are expected to be a viable alternative.

Sir Andrew said liquefied natural **gas** would be "critical" to the energy transition.

"It is available now, it can be shipped everywhere, it is possible to increase its supply, and it is the lowest carbon fossil **fuel**," he said.

International climate agreements were built on "nationally determined contributions", where each nation set a target for emission reductions and attempts to deliver on it, he said. But the problem might be better tackled by industry sectors that worked collaboratively across borders.

"That's how some of the issues to do with the ozone hole were sorted in the end, trying to move away from CFCs."

Load-Date: June 26, 2024