Oil group Equinor cuts green spending

The Australian
February 7, 2025 Friday
Australian Edition

Section: MARKETWATCH; Pg. 20

Length: 503 words

Byline: Emma Powell

Body

The Norwegian state-backed ***oil*** company that is attempting to develop one of the largest untapped ***oil*** fields in British waters has dramatically scaled back its investment in renewables and raised its fossil ***fuel*** production targets, becoming the latest of the world's energy giants to resist the push towards green power.

Equinor, which changed its name from Statoil in 2018, has said it will halve its spending on renewable energy projects to $US5bn between this year and 2027, excluding project financing, and has cut its target to grow clean power capacity from 7 gigawatts to 10-12GW by 2030, from a previous goal of 12-16GW.

It aims to produce 2.2 million barrels of ***oil*** a day by the end of the decade, up from about 2 million barrels previously forecast.

The decision makes the Oslo-based group the latest of the world's ***oil*** and ***gas*** giants to dilute renewables ambitions. BP, the FTSE 100 constituent, is set to unwind 2030 targets to cut ***oil*** and ***gas*** production targets and drop its low-carbon deployment goal when it updates its capital allocation strategy later this month.

Equinor chief executive Anders Opedal said that cutting capital expenditure on renewables would help address challenges in the offshore wind industry, and increase "value creation". The company expects to produce free cashflow of $US23bn by 2027, $US11n of which will be returned to shareholders as dividends.

In December, Equinor combined its British ***oil*** and ***gas*** assets with ***Shell*** under a new 50-50 joint venture, which they claimed would create the largest independent producer in the maturing North Sea.

However, its ambitions in the North Sea were dealt a blow last week when the Scottish courts quashed consent for Rosebank, which is co-owned by Ithaca Energy, and ***Shell***'s Jackdaw field after a legal challenge brought by the campaign groups Greenpeace and Uplift against the government's decision in 2023 to greenlight the projects.

Shell's Jackdaw ***gas*** field and Equinor's Rosebank oilfield must now reapply for government permission because their original approvals failed to consider the emissions that will be generated when the ***oil*** and ***gas*** is burnt.

However, the companies have been allowed to continue development work in the meantime. Equinor has spent Ã‚Â£2.2bn on Rosebank so far.

Philippe Mathieu, executive vice-president for exploration and production international, said that the project would contribute to Britain's growth agenda and create about 2000 jobs in the construction phase.

The fate of the fields will be a test of the government's approach to the North Sea. British Energy Secretary Ed Miliband has vowed to stop issuing new North Sea ***oil*** and ***gas*** licences and described Rosebank as a "colossal waste of taxpayer money and climate vandalism" while in opposition.

Mr Mathieu said the project would boost domestically produced ***oil*** and ***gas*** and reduce reliance on imports.

"If you don't have Rosebank ***oil*** for the UK, then you have to import it from somewhere else â€¦ how much CO2 is that going to cost?" he said. The Times

Load-Date: February 6, 2025