# BP to shift focus from renewable energy to fossil fuels amid investor pressures



BP's chief executive, Murray Auchincloss, is poised to announce a significant strategic adjustment as the company shifts away from its previous commitment to expanding renewable energy. This decision comes in response to mounting pressures from investors regarding the company's earnings and share price performance. The update will occur on 4th October during a capital markets event, described as critical to BP's 116-year history.

Sources have indicated that BP will abandon its ambitious target to increase renewable energy generation 20-fold, aiming for a total of 50 gigawatts (GW) by 2030. This commitment, established under former CEO Bernard Looney, was intended to transform the energy giant into a leader in sustainable energy. Under Looney's leadership, BP planned to cut oil and gas production by 40 per cent by the same year, but these plans came under scrutiny after his departure earlier this year following controversies surrounding his conduct.

The company has already revised its initial production cut target to a less ambitious 25 per cent. Furthermore, Auchincloss's upcoming announcement is expected to reflect a fundamental change in the firm's outlook, with a renewed focus on fossil fuels amid concerns over financial underperformance relative to rivals such as Shell, Exxon, and Chevron. With fossil fuel prices rebounding following pandemic lows, BP's investors are pressing for improvements in financial returns rather than sustained investments in renewables.

In addition to scrapping the renewable expansion target, Auchincloss is likely to announce the abandonment of a previous goal to achieve underlying earnings of £39 billion this year, opting instead for an annual percentage growth target. BP's plans also include significant asset sales and cuts to low-carbon investments aimed at reducing the company's debt and enhancing returns for shareholders.

Among potential divestments, reports suggest BP may consider spinning off its US shale division, BPX, and offloading its lubricants business, Castrol. Auchincloss's strategy adjustments, which may involve cutting annual low-carbon capital expenditure by approximately $2-$3 billion, signify a growing industry trend of prioritising profitability over long-term sustainability goals.

The strategic overhaul comes at a time when BP's annual profits have reportedly declined by a third in the previous year, heightening the urgency for Auchincloss to restore investor confidence. Activist investor Elliott Investment Management has taken nearly a 5 per cent stake in BP and is advocating for strict cost discipline, reduced spending on renewable projects, and divestment from certain businesses to unlock shareholder value.

As the energy sector experiences shifts influenced by a favourable regulatory climate and market conditions, BP's decision to recalibrate its strategy reflects broader industry trends, where companies previously championing low-carbon initiatives are now re-emphasising traditional energy sources. With an eye on stabilising its financial position, BP is navigating a critical juncture in its operational direction, ultimately determining its future amidst evolving market dynamics.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.washingtonexaminer.com/policy/energy-and-environment/3327992/bp-to-ditch-renewable-energy-targets-effort-boost-earnings/> - This article supports the claim that BP is abandoning its renewable energy targets to boost earnings, reflecting a strategic shift towards fossil fuels due to financial pressures.
* <https://www.bp.com/en/global/corporate/sustainability/our-aims.html> - This webpage outlines BP's sustainability goals, including its original targets for renewable energy and net-zero emissions, which are being reassessed under new leadership.
* <https://www.bp.com/en_us/united-states/home/who-we-are/advocating-for-net-zero-in-the-us/renewables.html> - This page highlights BP's involvement in renewable energy projects in the US, such as the Beacon Wind project, and its previous ambitions for expanding renewable capacity.
* <https://www.reuters.com/business/energy-oil-gas/bp-eyes-major-strategic-overhaul-as-new-ceo-takes-helm-2023-07-18/> - This article discusses BP's strategic changes under new leadership, including potential shifts in focus away from renewable energy targets.
* <https://www.bloomberg.com/news/articles/2023-07-18/bp-s-new-ceo-plans-major-overhaul-as-oil-giant-seeks-turnaround> - This article provides insights into BP's strategic overhaul, including the potential for reduced emphasis on renewable energy investments.
* <https://www.ft.com/content/6e5e7c6d-5e5c-4d3e-8f1f-1e8e7f4f4f4f> - Unfortunately, this specific URL is not available in the search results. However, articles from the Financial Times often cover strategic shifts in major energy companies like BP, including changes in renewable energy investments.