

BP predicted that global oil consumption is likely to peak by the late 2030s partly due to the rise in renewable energy, electric vehicles and increasing regulations on single-use plastics. The British oil giant released its “Energy Outlook” on Tuesday forecasting that demand for oil will peak at about 110 million barrels per day between 2035 and 2040 before gradually slowing and plateauing. Consumption is currently around 97 million barrels per day.

BP’s annual Energy Outlook is based on predictions from its “Evolving Transition” scenario, which reflects government policies, technological and societal trends.

For one, BP predicts consumers will start shifting to electric vehicles, from 2 million EVs on the road in 2016 to more than 300 million by 2040.

Still, that 300 million figure only represents a 15 percent chunk of the predicted 2 billion passenger cars that will be on the road by 2040, meaning there’s still a long way to go before the death of crude, BP execs say.

“The suggestion that rapid growth in electric cars will cause oil demand to collapse just isn’t supported by the basic numbers—even with really rapid growth,” BP’s chief economist Spencer Dale noted to the Telegraph.

“Even in the scenario where we see an ICE [internal combustion engines] ban and very high efficiency standards, oil demand is still higher in 2040 than it is today.”

Bob Dudley, BP’s CEO, noted that while there has been political and technological progress in slowing the growth of carbon emissions, “this slowing falls well short of the sharp drop in carbon emissions thought necessary to achieve the Paris climate goals.”

As the BBC pointed out from the outlook, BP expects carbon emissions to rise 10 percent by 2040—which would fail the emissions pledges made in Paris. The company suggests that reducing oil output of 85 million barrels per day would satisfy the goals of the global climate accord.

On a positive note, BP recognizes that renewable energy is the fastest-growing fuel source and will increase five-fold by 2040 to meet about 14 percent of the world’s primary energy consumption. That would explain why BP is betting some of its chips in this sector.

Bloomberg reported that BP recently bought a \$200 million stake in British solar developer Lightsource Renewable Energy Ltd. and is considering a bid for Terra Firma’s Rete Rinnovabile Srl, a solar company based in Italy.

Other measures are also putting a dent in oil demand. Dale told the Guardian that increasing regulations on plastics, such as bans on plastic bags, could mean 2 million barrels per day lower oil demand growth by 2040.

“Just around the world you see increasing awareness of the environmental damage associated with plastics and different types of packaging of one form of another,” he told the



BP: Oil Demand to Peak by 2040, With 5x Growth in Renewables

Guardian.

Source: ecowatch