



A grassroots campaign taking action against mammoth fuel bills and working towards an affordable, sustainable and democratic energy system

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The Rt Hon Alok Sharma, MP
President, COP26

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We are writing to you in your dual capacity as Minister of State, and as President of COP26.

You may be aware that research by Bloomberg News, one of the world's leading financial news organisations, has exposed how

“The Western world’s biggest oil companies likely just generated more cash than at any time since the Great Recession, and investors are about to find out what they’ll do with it.”

“The five supermajors -- starting with Royal Dutch Shell Plc and TotalEnergies SE, who release earnings on Thursday -- will report about \$29 billion in free cash flow combined in the third quarter, according to analysts’ estimates compiled by Bloomberg. ... Shareholders are now anxious to see whether the companies will return their windfalls via higher dividends or stock buybacks -- or use them to produce more oil and gas.”

“ With Europe and Asia short of gas, and the U.S. and India calling for OPEC+ to produce more oil, the profit incentive to drill for more fossil fuels is increasing as the majors plan their 2022 capital budgets.” (1)

This news will ring alarm bells for all who hope COP26 will herald a move away from fossil fuels.

It will also lead to claims on that money from people who are now being driven deep into poverty -- by the soaring prices of oil and gas.

Some people, profiting from the sale of these fuels, are choosing whether to channel their windfall into still further wealth for shareholders, or to invest it in still further production of CO2. Others face a different choice: whether to heat their homes or put food on the table.

In the UK, even before Covid, around 10,000 people died each year because they could not afford to keep warm. Poor housing, insulation, and heating systems, and an energy pricing system that penalises the poor, have combined to produce this yearly death toll, especially killing pensioners and people with disabilities. Millions of households are dreading this winter. In many countries, the poverty is still more acute, and the need is to keep cool as temperatures soar over 50 degrees C.

We are tired of the question: “Where is the money to come from?” to insulate homes, bolster incomes, and transition to renewable energy and heating. Instead, it’s time to focus on “Where is our money going?”. **Governments must commit to removing huge subsidies and windfall profits from oil corporations.** As President of COP26 you should be seeking agreements that accomplish that goal.

What is the point of promises in Glasgow if Big Oil is allowed to continue exploring and investing in still more oil, in the North Sea and round the world? While some oil companies are planning to invest in renewables now, this is dwarfed by their investment in more fossil fuel exploration and development. Despite all governments’ blah blah blah, the shift away from oil, coal and gas is not happening, and the growth of renewables is being impeded by an investment crisis. Investment in renewables will need to increase dramatically in order to reach climate goals.(2) **But in 2020, according to the International Monetary Fund, governments spent \$450bn in direct subsidies for the fossil fuel industry.**(3)

This flow of public money must now be reversed. And the cash must be used to help relieve the energy crisis faced by people who are struggling to survive. In the UK and internationally, we need well-insulated housing, efficient heating and cooling, adequate incomes, and investment in energy which is both sustainable and affordable.

Sincerely,

Ruth London

(1)

https://www.bloomberg.com/news/articles/2021-10-26/big-oil-is-about-to-post-highest-cash-flow-in-more-than-13-years?sref=Oz9Q3OZU&utm_campaign=Carbon%20Brief%20Daily%20Briefing&utm_content=20211027&utm_medium=email&utm_source=Revue%20Daily

(2) <https://www.tni.org/en/publication/energy-transition-or-energy-expansion>

(3) <https://www.theguardian.com/commentisfree/2021/nov/03/cop26-fossil-fuels>