



Presentation to the German British Forum

China & India

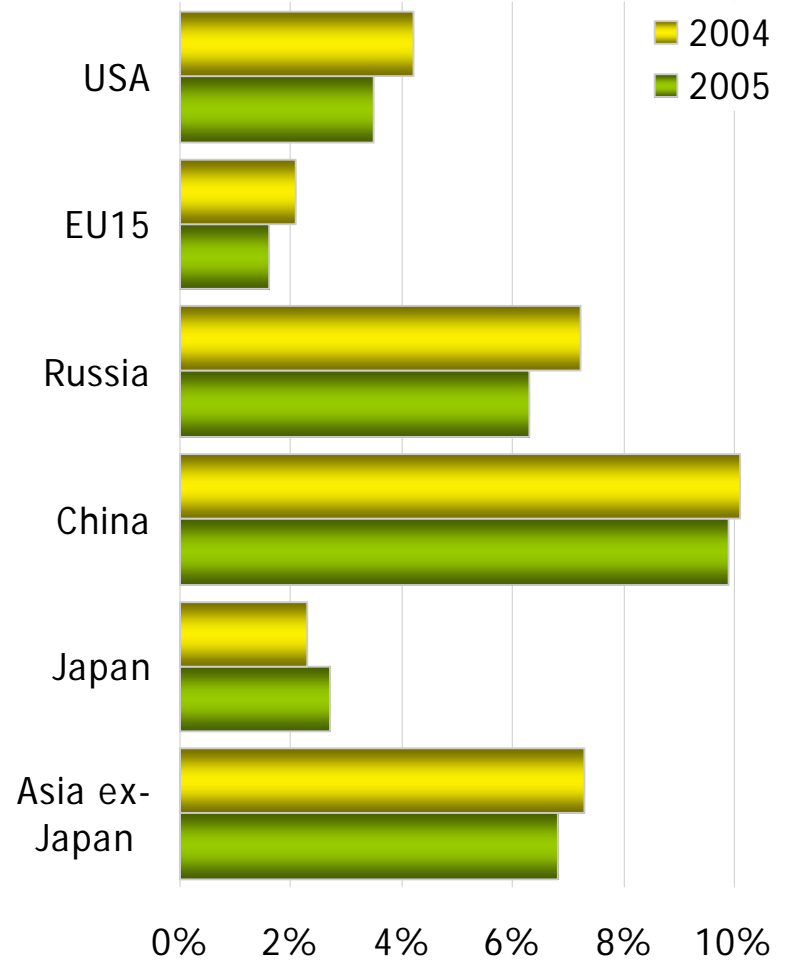
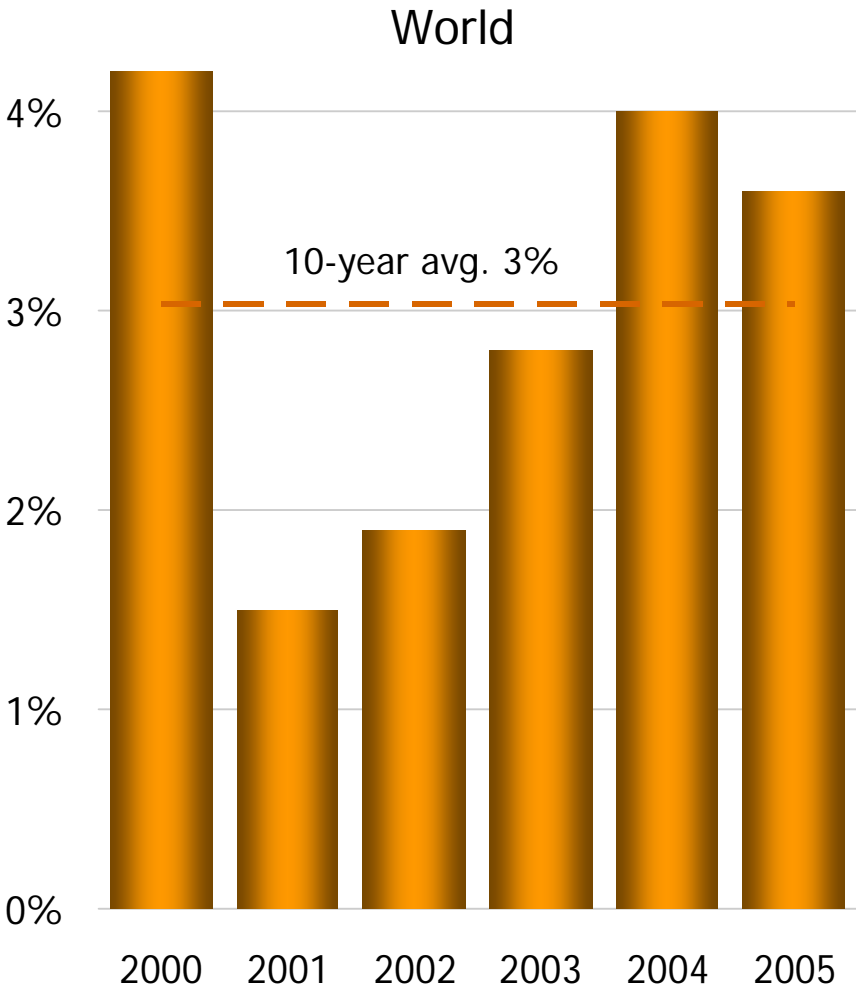
Tuesday 14 November 2006

Peter Mather

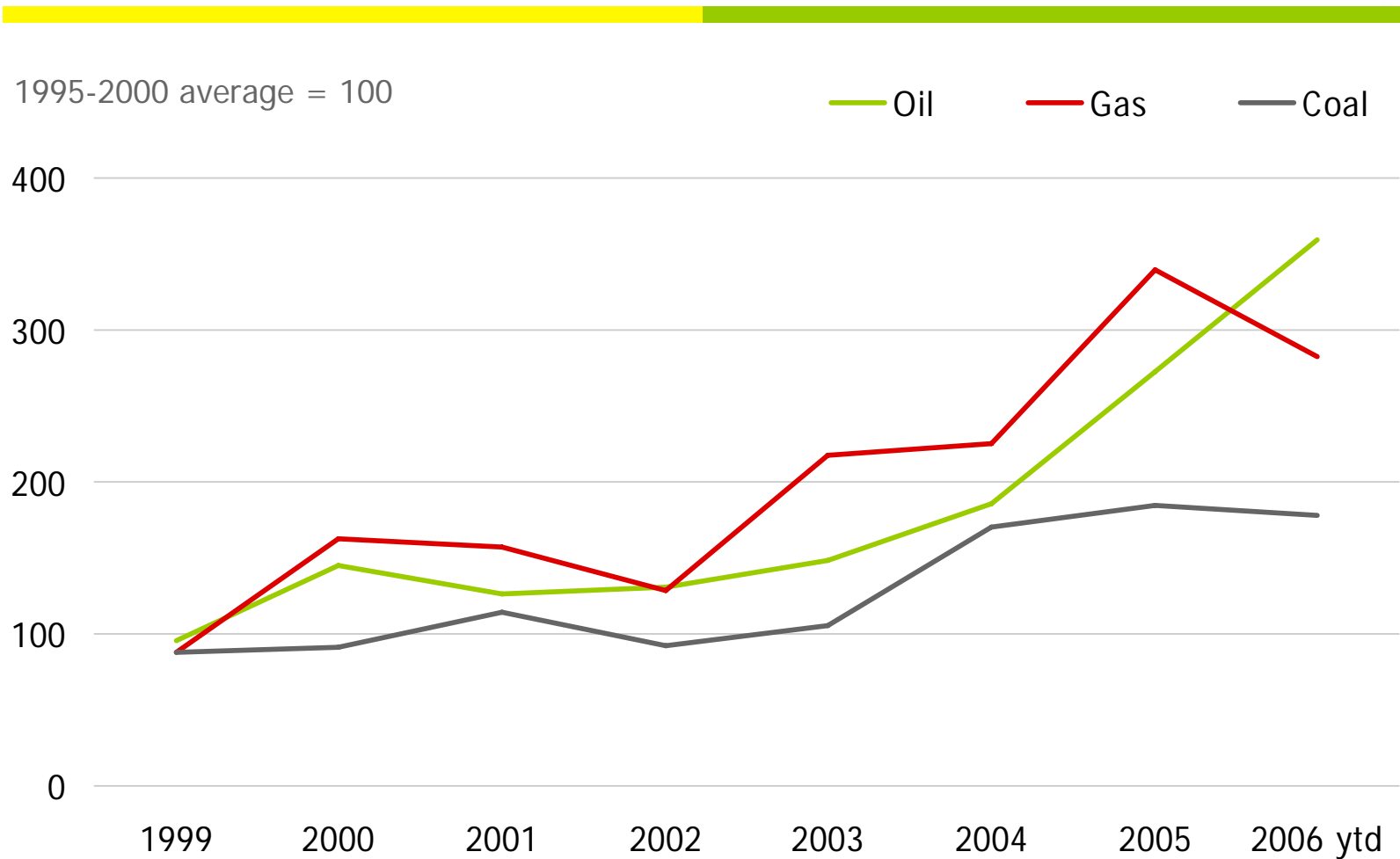
Head of Country, UK & VP Europe Region

BP plc

Economic Growth



Energy Prices

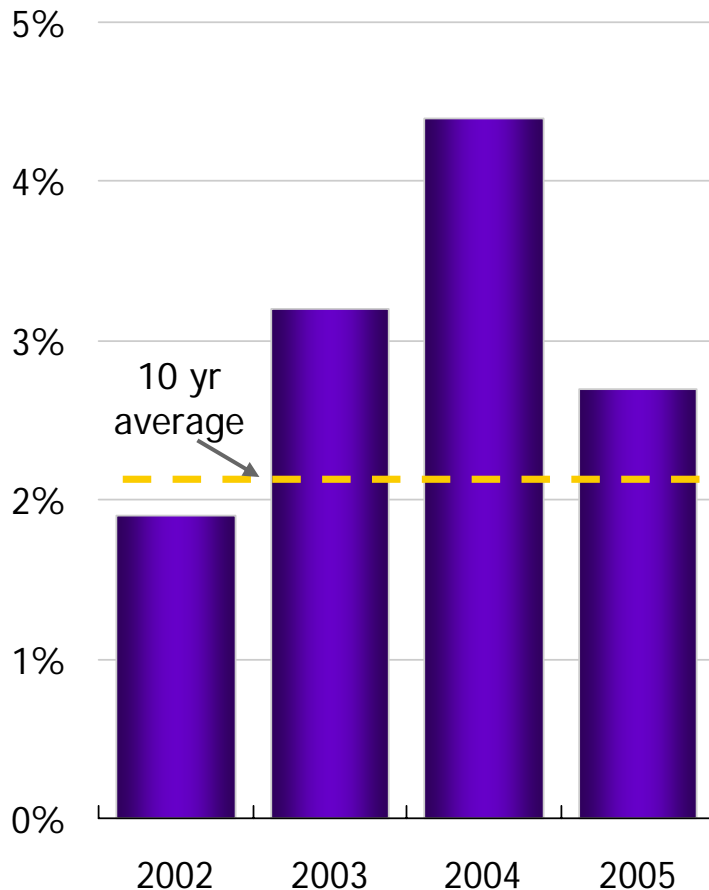


Note: Oil = Dated Brent, Gas = Henry Hub, Coal = average of US, European and Japanese prices

2005 Energy Growth



Growth in World Energy Consumption



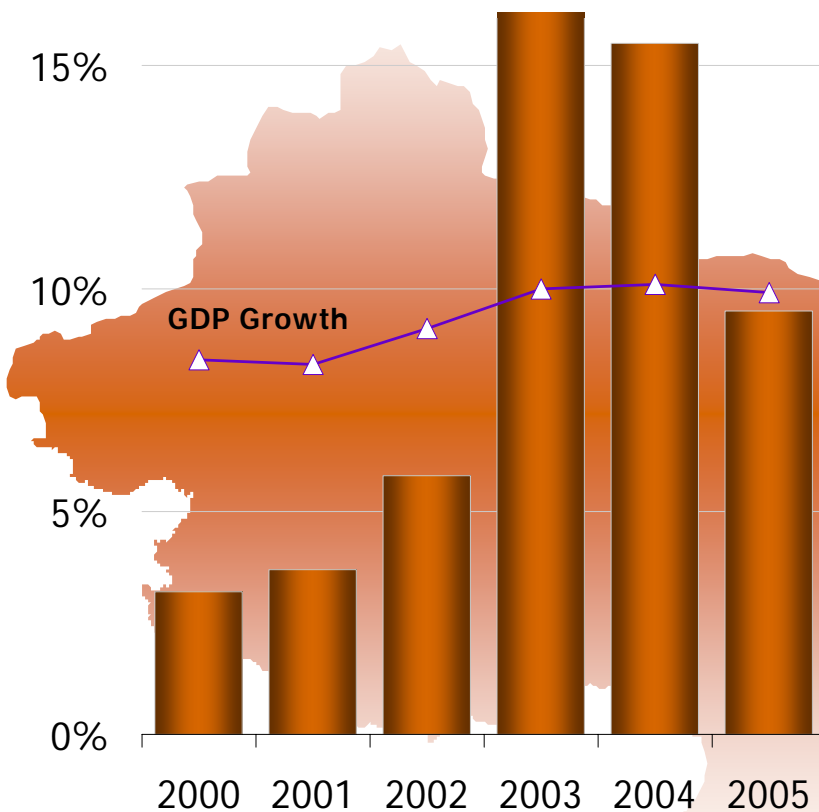
Growth by Fuel

| | 2004 | 2005 |
|---------|------|------|
| Oil | 3.6% | 1.3% |
| Gas | 3.3% | 2.3% |
| Coal | 6.2% | 5.0% |
| Nuclear | 4.2% | 0.6% |
| Hydro | 5.6% | 4.2% |
| <hr/> | | |
| Energy | 4.4% | 2.7% |
| GDP | 4.0% | 3.6% |
| Carbon | 4.8% | 2.9% |

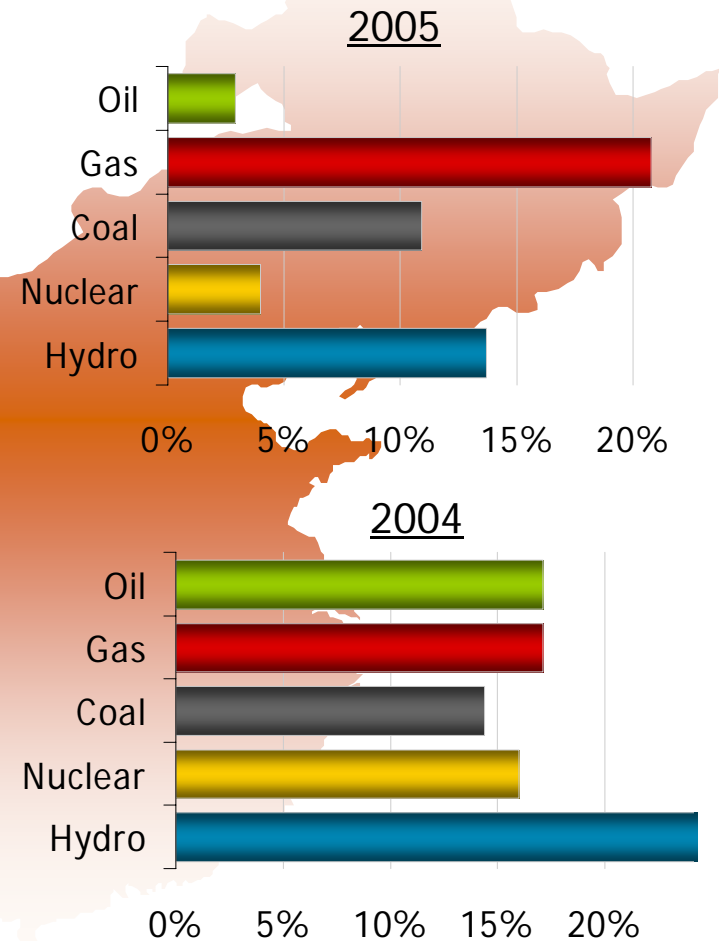
China Energy Consumption



% year on year growth



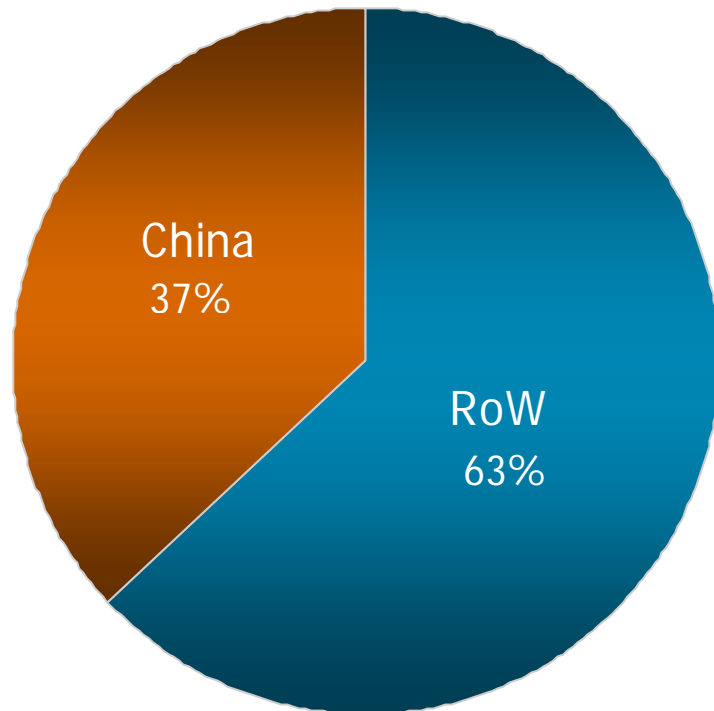
Consumption Growth by Fuel



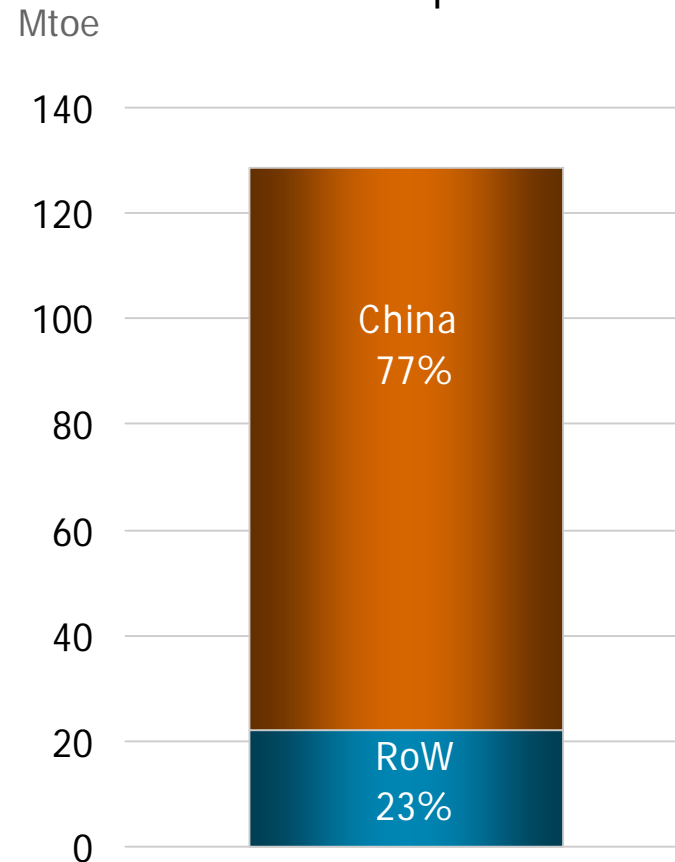
Coal Consumption



Shares of World Coal Consumption 2005



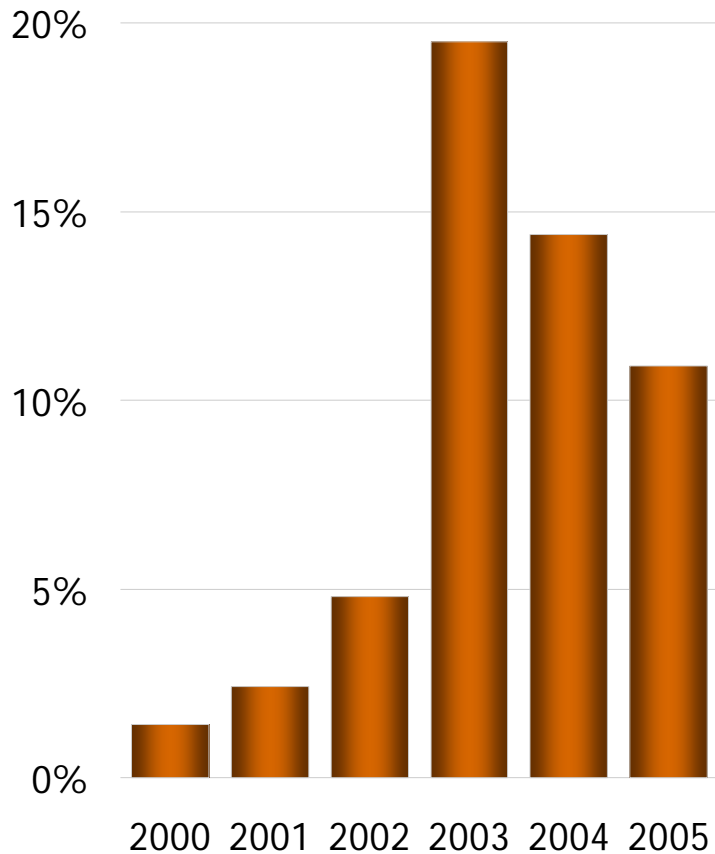
Shares of Growth in World Coal Consumption 2005



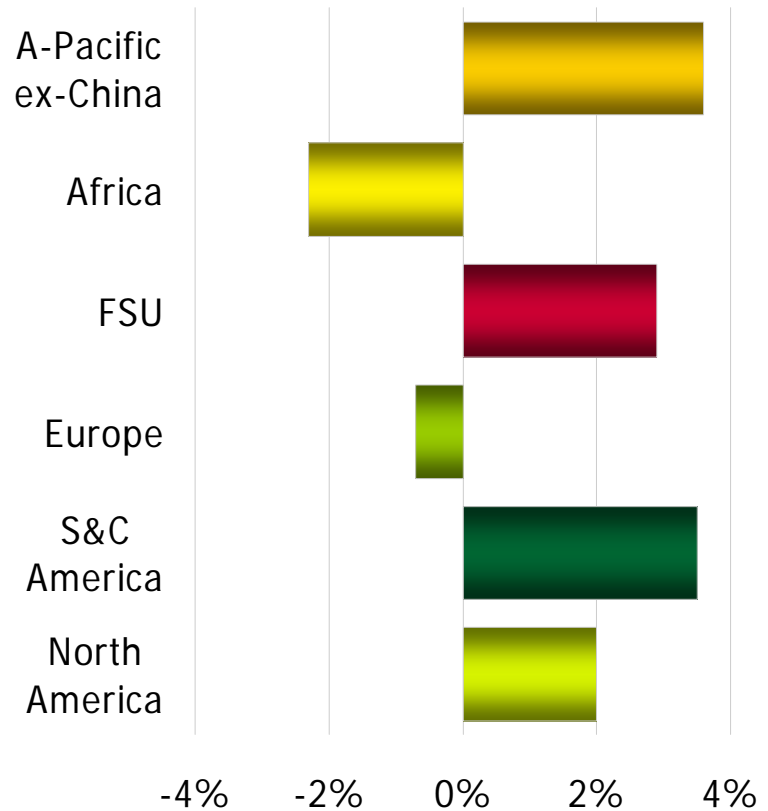
Coal Consumption



Growth in Chinese Coal Consumption



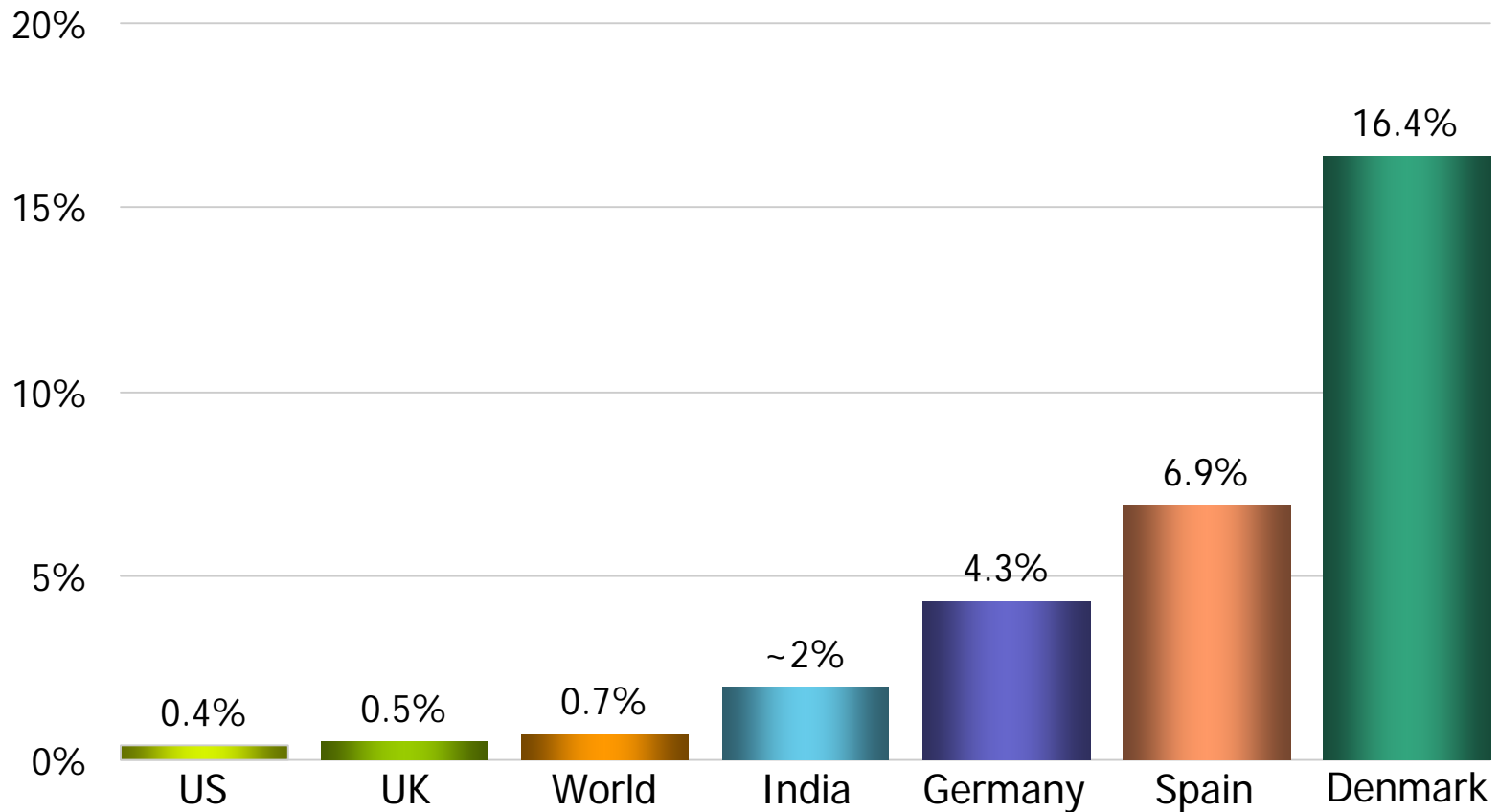
Growth in Coal Consumption Outside China 2005



Wind Power



Share of wind in total electricity generation in 2005



NB. 2004 for Denmark and UK

The India Energy Scene



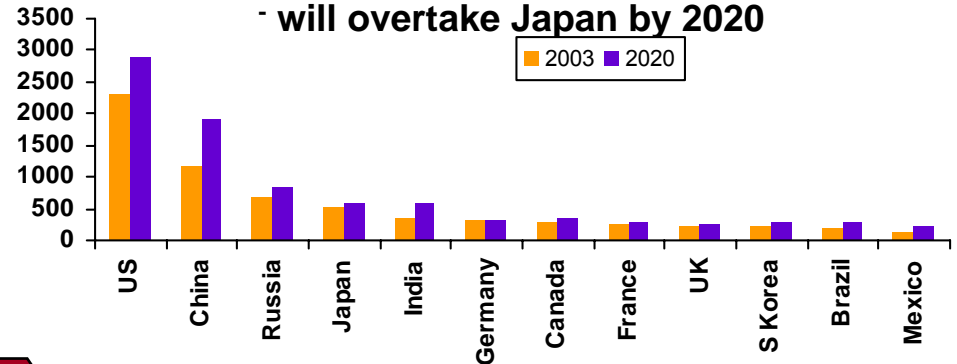
- India is now the world's fifth largest energy market and is forecast to be the same size as Japan by 2020
- Today it has one of the lowest per capita energy consumption in the world

➤ Changing shape of energy basket towards oil and gas driven by:

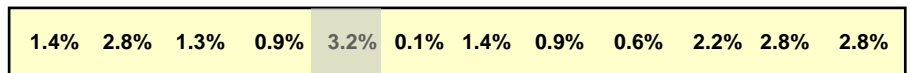
- Rapidly growing need for transportation fuels
- Substitution of "traditional" fuels by oil products
- Environmental pressures for cleaner fuels

➤ Increasing dependence on oil and gas imports to meet growing demand with domestic crude production expected to decline or at best remain flat.

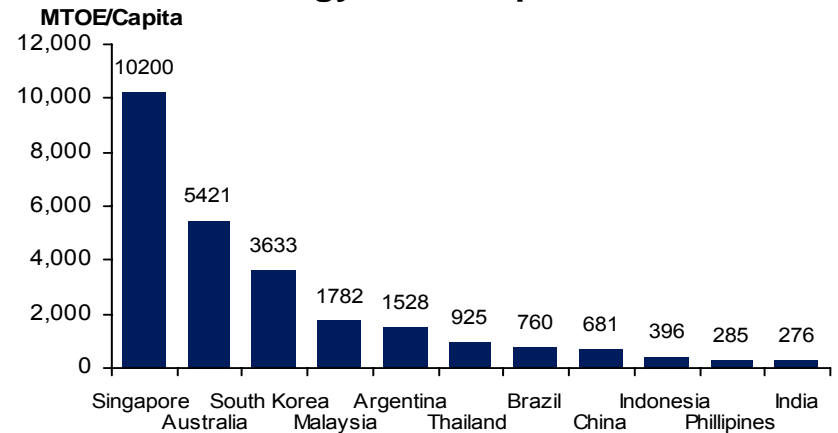
India 5th Largest Energy Market in the World - will overtake Japan by 2020



Energy CAGR (2003-20)

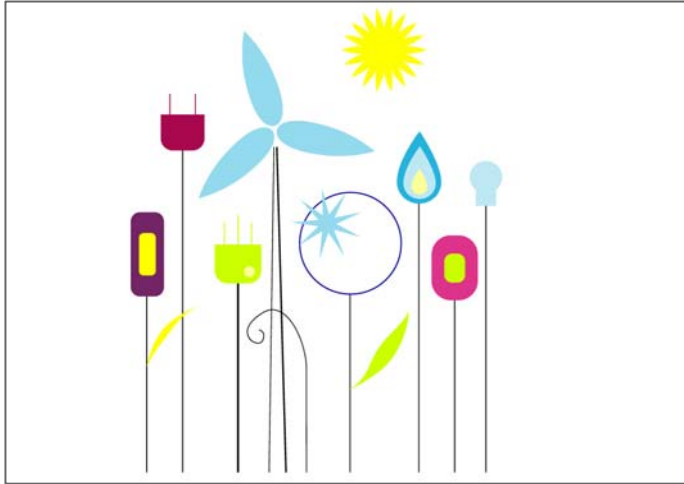


Low Energy Consumption Base



➤ **As India's energy demand continues to rise, supply security will continue to remain a source of concern**

Alternative Energy



Power is the largest source of global CO₂ emissions. 40% of the power generation capacity the world requires by 2020 has yet to be built.

- Develop the world's leading low-carbon power generation and wholesale marketing and trading businesses.
- Three-fold increase in solar Grow wind power to 450MW
- Build commercial hydrogen power plants
- Construct cogeneration plants totalling over 700MW
- Cut greenhouse gas emissions by 24 million tonnes/year

Biofuels



BP Biofuels
a growing alternative

- Why Biofuels?
 - Security of supply
 - Climate and environment benefit
- Formed in June 2006
- Announced plans to invest \$500m in new Energy Biosciences Institute to provide biofuels technologies for the business
- Will partner with science company DuPont to develop advanced biofuels - the first is biobutanol.
- Initial production targeted in the UK during 2007





Some Issues for Discussion...

- What balance can be struck between fuelling growth, energy security and limiting climate change?
- The role of coal?
- What role does Carbon Sequestration have to play?
- Can renewables make an impact?
- What's the right balance between R&D, Regulation/Intervention and Carbon Markets?
- What technology transfer can happen?