



BP Biofuels

a growing alternative

Ruth Scotti, US Regulatory Affairs Manager
Financing Sustainability Panel
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Biofuels in the context of BP



How Biofuels Fits

Exploration and Production

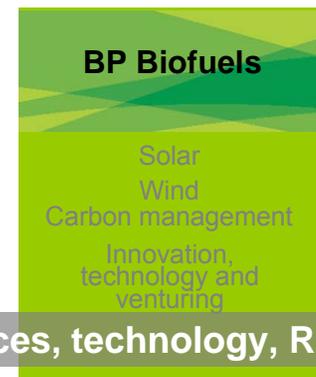
Refining and Marketing

Alternative Energy

More resources more efficiently

More efficient products

Low-carbon future



Access to company-wide operating protocols, capital resources, technology, R&D

Our Strategic Investments

Cellulosic feedstocks

Advanced technology (lignocellulosics)

Making ethanol better

Advantaged molecules (biobutanol)

Sugarcane ethanol (Brazil)

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Partnerships to develop more sustainable biofuels

better,



Feedstocks



- \$1 billion investment
- Two world-scale sugarcane ethanol refineries in Brazil.



- Biofeedstocks for cellulosic biofuels

Technology



- Accelerate the development and commercialization of cellulosic ethanol



- Developing biobutanol as a premium biofuel molecule



- \$500 million investment, including research into LC biofuels



- \$400 million investment
- World-scale biofuels refinery in UK.

Continually improving how biofuels are sourced, developed and perform in engines through thoughtful application of advanced technologies and practices.

Sustainability: understanding the issues



Land and conservation

- Native forests
- Biodiversity
- Water quality/quantity
- Soil conservation



Climate change

- Well-to-wheel impact
- N₂O and fertilizers
- Waste management
- Crop yields



Social and community

- Food versus fuel
- Displacement of people
- Employment
- Economic development
- Poverty alleviation
- Health and safety





What are key drivers for Sustainable Biofuels Investment?



Policy – Set Sustainability Guard Rails



Demand Side Policies

- RFS
- Blenders Credit

Supply Side Policies

- Production incentives
- Investment Support Programs

1. Goal of these policies was to de-risk investing in biofuels.
2. Policies should define and support a definition of sustainability consistently for investment certainty
3. Mechanisms to accommodate evolving definition



Business Fundamentals – Value Proposition for sustainable biofuels



Risk Reduction

- Sustainable access to necessary resources (Water, Soil, Labor)
- Reputational - Could lose policy support



Cost Efficiencies

- Brazil
 - Low cost producer
 - 30 years of cost driven efficiency yield environmental benefits



Targets for Emerging Industry facilitate sustainability value proposition



- As the advanced biofuels industry matures innovation will drive continuous improvement in sustainability performance.
- Successful policies will set a clear progression of improved performance that accommodates the technical challenges associated with an emerging industry
- Set regulation early and ensure sufficient time for industry to develop low cost methods to achieve performance level.



Biofuels done well can contribute to



energy security



- 2007: 1 million barrels/day displaced
 - 2020: 2.4 million barrels/day displaced
- (BP estimates)

rural development



- Employment
- Infrastructure
- Increasing prosperity of rural communities

GHG reductions



- Up to 90% using Cellulosic and/or Brazilian sugarcane ethanol

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