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Blamed for Climate Change, Oil Companies Invest in Carbon Removal

By Clifford Kraus

SQUAMISH, British Columbia — Everyone knows an electric fan can make people feel cooler on a steamy day. But could fans moderate the planet’s rising temperatures?

Some of the world’s biggest fossil fuel companies would like to find out.

Chevron, Occidental Petroleum and the Australian mining giant BHP this year have invested in Carbon Engineering, a small Canadian company that claims to be on the verge of a breakthrough in solving a critical climate change puzzle: removing carbon already in the atmosphere.

At its pilot project in Squamish, an old lumber town about 30 miles north of Vancouver, the company is using an enormous fan to suck large amounts of air into a scrubbing vessel designed to extract carbon dioxide. The gas can then be buried or converted into a clean-burning — though expensive — synthetic fuel.

Investing in Carbon Engineering and other carbon-reduction initiatives is part of an emerging effort by fossil-fuel industries to remain relevant and profitable in a warming world. With electric cars and solar and wind power becoming increasingly affordable, executives acknowledge that business as usual could put their companies at risk.

Already, fossil-fuel companies face a barrage of lawsuits, investor resolutions and regulations prompting them to invest more in clean energy. Advocacy groups are also pressing companies and lawmakers to keep oil and natural gas in the ground by challenging hydraulic fracturing, especially in Europe, and fighting pipelines meant to transport production from Canada’s oil sands.

“This is about recognizing that climate change poses significant risks to all economic sectors,” Fiona Wild, BHP’s vice president for sustainability and climate change, said about the company’s \$6 million investment in Carbon Engineering. “Climate change is no longer seen as a fringe issue. It’s a business risk that requires a business response.”

Of course, big energy companies continue to drill for oil and gas and are pushing the Trump administration and other governments to open more territory to exploration.

But some businesses have signaled that they are changing. A few companies, including Royal Dutch Shell and BP, are linking compensation to emissions reductions. Equinor, the Norwegian oil company, plans to increase spending on clean energy to 15 to 20 percent of its capital investment by 2030, up from 5 percent now.

Carbon Engineering’s pilot on the rocky shores of Howe Sound is one of several carbon “direct-air-capture” ventures being attempted around the world. It is still a small effort, but its backers say it could play an important role in arresting climate change.

Much of the work is done in an old industrial warehouse of corrugated metal adorned with faded graffiti, a structure once used by a company that made chemicals for the pulp industry. The temporary offices are decidedly makeshift, with the bathrooms entered from outside. No carbon is actually being pulled out of the atmosphere permanently because the company is still in testing mode.

Chevron and Occidental, which have each taken seats on Carbon Engineering’s board, refused to disclose their investments. The company says it raised a total of \$68 million in its most recent funding round to expand the pilot and develop its first commercial plant.

Critics of fossil-fuel companies say such investments are so modest as to amount to little more than a public-relations stunt.

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But other experts disagree. “It could be greenwashing, but so what?” said Dieter Helm, a professor of energy policy at Oxford and the author of “Burn Out: The Endgame for Fossil Fuels.” “If money is being spent on research and development to develop ways to sequester carbon, that is a good thing.”

Executives at Carbon Engineering said they welcomed investments by fossil-fuel companies not only for the money but also for their engineering and lobbying skills.

“I have great big brothers now who are looking after me,” said Steve Oldham, Carbon Engineering’s chief executive. “Initially companies wanted to show that they were thinking of being green. Now you are seeing action.”

The company said its commercial plants would have banks of large fans, 33 feet in diameter, to collect air and run it through a complex chemical process.

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