

COVALENCE ANALYST PAPERS

## From 'British' to 'Beyond': A Case Study of BP's Commitment to Solar Energy Alternatives Since 1999

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The phenomenon of corporate 'Greenwashing'- that is, the unjustified appropriation of environmental virtue by a company to unjustly create a pro-environmental image- has become increasingly common as environmental responsibility becomes both a primary subject of corporate ethical debates and a crucial factor in determining public perception. Sadly, 'greenwashing' often has the effect of polarizing analyses of corporate environmental identity into one of two reductionist positions: Company's push exaggerated 'green' identities to avoid scrutiny of 'non-green' policies and incidents while critics often use any such exception to label entire campaigns as a 'Greenwash.' Rarely do analyses consider whether there is a more complex, 'gray' area between these extremes. In this paper, I assess British Petroleum's commitment to developing the solar energy market since their purchase of Solarex in 1999 and their subsequent rebranding campaign in 2000 as a "green" company dedicated to developing energy alternatives. By assessing BP Solar's commitment to creating a profitable solar market, I suggest their rebranding campaign cannot be reduced to a mere greenwash, even if their image is not entirely congruent with their current investment commitments. I use environmental ethical quotes by Covalence to support this thesis. Throughout my analysis, I attempt to elucidate the larger question of how a company whose primary source of revenue is the exploitation of 'non-green' resources can set realistic goals- that is, goals reconcilable within our current economic system given our contemporary social/technological restraints- in its transition to 'green.' It is precisely this question which current discussions of 'greenwashing'- on the part of both critics and corporations themselves- largely ignore.

### Why BP?

For many corporate watchdogs, BP's "green" rebranding campaign in 2000 highlighted the central ironies of the 'greenwash' movement.<sup>1</sup>

Responsible for nearly 3 percent of worldwide greenhouse emissions<sup>2</sup> and numerous oil spills, including at least 104 in America's Arctic between 1997 and 98 alone,<sup>3</sup> British Petroleum rebranded itself in 2000 as the less "imperialistic" *bp*. In the process, it changed its shield logo to a new green, yellow and white sunburst corporate logo named after the Greek Sun God Helios.

According to CEO Sir John Browne, this would highlight the company's new commitment to the environment and to solar power. The phrase "Beyond Petroleum" was meant to signify the company's willingness to think about the future and help solar power become "mainstream" as the world leaves the oil era.

This change immediately garnered negative responses from BP critics, most citing BP's solar investments as compared to their investments in natural gas. Indeed, the company won a Greenwash Award by Corporate Watch and Sir Browne himself was given the satirical "Best Impression of an Environmentalist" award by Greenpeace.<sup>4</sup>

BP Logo: 1989-2000



BP Logo: 2001-



*Questions:*

- 1) To what extent does this new logo and identity accurately reflect BP's corporate commitments?
- 2) Is BP taking measures to assure solar energy will become a market-feasible option via research investments, social awareness campaigns, etc, or is BP solar merely part of a public relations and marketing campaign used to defend against claims of environmental irresponsibility.

*Thesis:*

I argue it is somewhere in between these two in that BP Solar is neither a defunct, underinvested subsidiary of BP but neither is it a primary focus of BP's current corporate goals; it is, instead, something of a 'living option.' That is to say, it's growth is dependant upon several external circumstances- market demand, technical advancements, government incentive plans and educational plans- beyond BP's control but under which BP Solar will be capable of developing; that is, BP is taking internal measures to ensure BP Solar will expand when market conditions do exist.

**Definitions & Terms:**

BP, bp, British Petroleum, Beyond Petroleum- I use these interchangeably in reference to the company, though often change only in reference to the time at which I am referring to the company. British Petroleum and BP before 2001 and Beyond Petroleum and bp after 2000.

Greenwash- 'Disinformation disseminated by an organisation so as to present an environmentally responsible public image. Derivatives greenwashing (n). Origin from green on the pattern of whitewash'<sup>5</sup>

**Analysis:**

**Question 1:**

It is clear that BP's primary investment commitment was not in the creation of alternative energy sources in 2000 even if its new brand image suggests so. Sir Browne admitted the penultimate goal of the corporation succinctly when he claimed, "It's all about increasing sales, increasing margins and reducing costs at the retail sites."<sup>6</sup> Indeed, from an economic perspective, the company's rebranding as a green company was "aimed at raising retail fossil fuel earnings by over 10 percent a year." A full-fledged attempt at transitioning to solar power then would depend upon its efficiency, price, and market demand- **all socially, technologically, and governmentally contingent factors** which make it impossible to create a timeframe for when such a change might occur. According to Vivienne Cox, Chief Executive of Gas, Power & Renewables, "It is increasingly a matter of how soon - and not if - solar becomes grid competitive in many markets."

**Comparison of 'Solar' Marketing vs. 'Solar' Investment**

Table 1.	BP Marketing <sup>7</sup>	BP Solar Investment <sup>8</sup>
1999	7 Million- Brand Research	45 Million – Purchase of Solarex
2000-2002	200 Million- Rebranding facilities/changing signs and stationery 400 Million- Advertising gasoline and promoting new logo	300 Million- BP investment in solar field.
Total	<b>607 Million</b>	<b>345 Million*</b>

\* The total invested in solar energy projects between 1999 and 2002 is likely less. The 300 Million is a total solar investment reported for the years 1998-2002.

That BP invested more marketing in its 'green' image than directly investing in 'green' alternatives between 1999 and 2002 made the rebranding campaign a 'Greenwashing' campaign in the eyes of BP critics. Greenpeace elucidated the irony behind BP's alleged intentions in a 1999 press release stating:

\* For every \$10,000 BP Amoco spent on oil exploration and development in 1998, \$16 was spent on solar energy, and:

\* BP Amoco spent 588 times more on buying the oil company ARCO for \$26.5 billion in 1999, than it has for Solarex.<sup>9</sup>

Indeed, under these criticisms BP's 'beyond petroleum' campaign could qualify as a greenwash insofar as it perpetuates an image that is inconsistent with bp's current investment priorities. Still, if BP is a corporation functioning in response to profit incentives, a more interesting question is whether and what steps BP has taken to make solar energy profitable energy sector for the future. In the regard, BP's commitments can be interpreted in a bit more interesting light.

### Question 2:

Bp is taking considerable measures- economic, social, and otherwise- to ensure solar energy becomes a market-feasible energy alternative. Though bp's investments in solar energy compromise a very 'small' portion of the company's entire budget, BP solar revenues- and indeed the entire solar sector- are not themselves large. By the end of 2001 BP Solar established itself as the world's largest solar power company with a 20% global market share. Its revenue, however, was only 200 million at this point, meaning the entire solar sector was only generating revenues of 1 billion annually.

In regard to 'growing' the market for solar energy, BP Solar has been very proactive.

The following is a list of measures BP Solar has taken to establish solar energy as a feasible market alternative to fossil fuels. Below, I have compiled a list of key measures BP Solar has made to establish solar energy as a feasible market alternative to fossil fuels; they are divided according to social/educational/economic incentives.

Table 2. BP Solar's Mechanisms for Solar Energy Market Creation <sup>10</sup>		<b>Press Releases</b>
<b><i>Economic/Political: This details BP Solar's cooperation with governments and businesses to expand distribution/production of solar devices in economically-feasible ways. List also includes company expansions.</i></b>		
2001-	April 24	HAMBURG: BP today announced plans to build a solar module assembly plant in Hameln, Lower Saxony, Germany. With a <b>total investment in Hameln of DM 30M (\$12 million), the plant will have an annual production capacity of 20 MW and create more than 100 new jobs.</b> The State of Lower Saxony will support this investment by the usual rate of incentives, that is 10% for the Hameln region.
2002-	May 29	BP announced today that, in partnership with Kenuo JKD, it has been selected to supply a solar photo-voltaic on-grid power system to Shenzhen's Citizen Center, a new building providing municipal facilities including a museum, a library, an exhibition center and conference facilities. The project will consist of solar roof cladding with the potential to generate one megawatt of electric power using BP's state-of-the-art polycrystalline photovoltaic panels. BP and Kenuo JKD will supply the panels and other components as well as designing an integrated system. The total project is valued at US \$7.5 million.
2	September	Eighty-seven thousand state-of-the-art photovoltaic cells supplied by BP Solar are to be used in the construction of the new TXU-Europe building in Ipswich. The 200kw project represents the largest solar installation of in the UK and is scheduled for completion in December this year.
18	September	Volkswagen AG, based in Wolfsburg, Germany, has signed a co-operation agreement with BP Solar to promote the use of photovoltaic technology <b>by equipping both new and existing VW car dealerships with solar roofs.</b> Incorporating solar power in their buildings is an important component of Volkswagen's positive environmental policy, particularly in the area of CO2 emission reduction.

18	November	NSW Premier, The Hon Robert Carr, today, formally inaugurated the latest expansion to the BP Solar factory in Homebush, Sydney. The addition of new automated production machinery worth some \$12 million to the hi-tech factory will result in <b>production increasing by 40% to an annual output of 35 megawatts</b> . Already a major employer in the area, this investment has resulted in an increase in employment to over 300 people and makes the factory the southern hemisphere's largest solar manufacturing plant.
<b>2003-</b>	April 22	In celebration of Earth Day, BP today announced it <b>has built and is operating the largest solar field on the East Coast in Paulsboro, NJ</b> . The project is another step forward in the company's efforts to facilitate productive reuse of a 130-acre former petroleum and specialty chemical storage and distribution facility located east of Philadelphia on the Delaware River.
<b>2005-</b>	October 20	Apex-BP Solar has been selected by TunisieTelecom to take part in the development of the Great Southern Desert of Tunisia based on its expertise in the electrification of remote areas. TunisieTelecom, the public Tunisian telecommunications operator, will <b>build four telecommunication repeater stations powered solely by photovoltaic solar power in the open desert</b> .
1	December	<b>China</b> - BP Solar, a subsidiary of the BP Group, and China Xinjiang SunOasis Co., Ltd announced today that they had signed a contract to form a joint venture to manufacture, market and sell solar photovoltaic (PV) products and systems in China. <b>The joint venture represents an excellent opportunity for BP Solar to position itself and grow in the growing solar PV market</b> by expanding its manufacturing network.
<b>2007-</b>	March 21	<b>\$US 100 Million Investment to Create Solar Mega Plant in Bangalore to Meet Demands of Indian and Global Solar PV Markets</b> . The board of Tata BP Solar confirmed that this represents another step towards realizing the designed potential of the 300MW plant. The new production line has seen Tata BP Solar more than double its cell manufacturing capacity to reach some 50MW per annum.
	March 22	Madrid, 22nd March 2007: BP Solar today announced that <b>it has begun constructing a mega cell plant at its European headquarters in Tres Cantos, Madrid. For phase 1 of the Madrid expansion</b> , BP Solar is aiming to expand its annual cell capacity from 55 MW to around 300 MW.
<b><i>Social/Educational</i> : This includes BP's social sponsorship campaigns, sustained marketing and educational efforts aimed at raising social consciousness of solar energy alternatives.</b>		
<b>2000-2003</b> (exact time unknown)		BP's Solar Connection program offers Chicago-area schools a complete solar energy curriculum and an exciting grassroots program. The program's <b>curriculum offers students a wide variety of projects and lessons designed to help them explore the science</b> and benefits of today's renewable energy sources.
<b>2005-</b>	February 7	The BP Solar Neighbors Program, started with actor Edward Norton, is a high profile California community <b>initiative to connect people from all walks of life with solar power</b> . For every invited celebrity who buys a BP Solar system for their home or business, BP donates a complete system to a low income family.
21	February	<b>One hundred and twenty one community-based organisations and 9 schools in rural areas of Zambia will soon be getting BP Solar panels to generate electricity for lighting, radio, television and refrigeration</b> . The panels will be supplied by Apex-BP Solar, a subsidiary of BP France, which has been awarded a contract through its distributor Electrical Maintenance Lusaka Limited (EML) by Zambia Social Investment Fund. Apex-BP Solar will supply, the solar panels.
<b>Total Number of Countries Involved</b>		10 (Germany, China, UK, Australia, USA, Tunisia, India, Spain, Zambia, France)

As the world's largest solar company, BP's efforts at the developing the solar sector seem to have been successful. In 2005, BP moved BP Solar under the new 'BP Alternative Energy' business unit and reported **the solar market was increasing at 30% a year** and had become profitable for the first time in 2004.<sup>11</sup> Moreover, BP at this point announced an 8 billion dollar investment to this unit. Though it is unclear exactly how much will go to each energy (funding will be split evenly for the first 3 years), BP Solar will probably receive the greatest percentage over the course of the 10 years as they are currently the largest alternative energy producer for BP. In 2006, BP Solar posted revenues of 500 million- though less than its projected 1bn in 1999 for 2007, this figure still suggests the company is growing and that a market for solar is developing.<sup>12</sup>

## Implications & Conclusion :

According to the Covalence Ethical Quotation system, BP has seen a rise in ethical ranking regarding environmental conduct from 1999-2007. The quote ranking is determined by the ethical orientation- either offer or demand- of 1754 media articles discussing at least one of the following four criterion regarding the perception of BP's environmental conduct: environmental impact, waste management, eco-innovative product, and product environmental risk.<sup>13</sup> An informal review through these suggested a not insignificant number of positive ethical offers are related to BP Solar press releases.

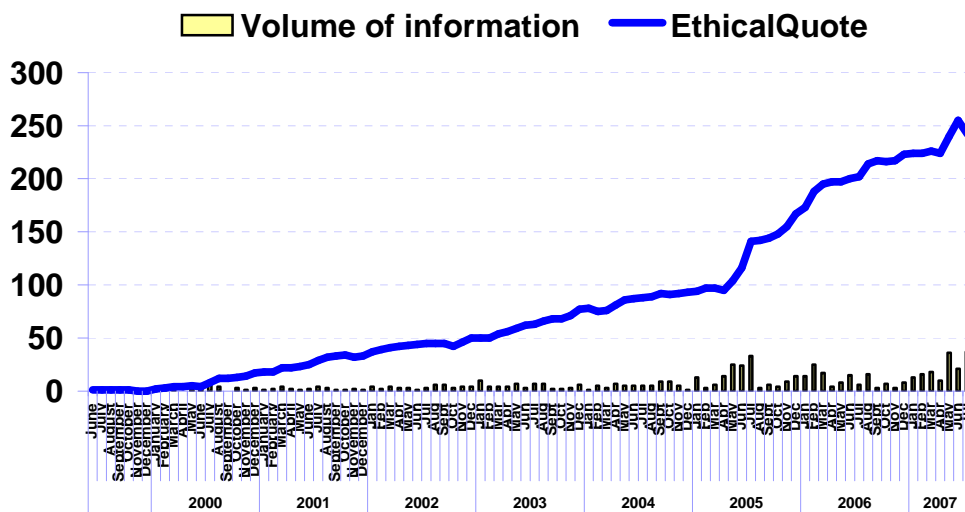
Together, then, two features of BP's relationships with BP solar could potentially explain and account the positive ethical perception of BP between 1999 and 2007.

- 1) BP's acquisition of Solarex and the creation of BP Solar established BP as a **primary alternative energy provider**, even if this was a relatively small investment for BP and did not necessarily reduce their commitment to 'non-green' fossil fuels. In this way, their 'solar green' image is perhaps misleading, but not entirely ungrounded either.

On the more interesting question of whether BP attempted to develop this market, it has according to all accounts released by its press centre. Moreover, in my research I have found few criticisms of BP Solar or suggestions that BP is 'side-lining' BP Solar to extend or prolong the dominance of fossil fuel sales.

**Chart 1 : BP- EthicalQuote and Volume Regarding Environmental Criteria**

BP: EthicalQuote and Volume - Environmental criteria - 1999-2007



The claim, then, that BP's rebranding was a massive Greenwash campaign is reductionist and avoids the realistic question of what corporate measures a primary energy provider can take to develop an alternative energy market. Sadly, the lack of independent research in this area resulting in ignorance of this question, limits inquiry in this subject to corporate press releases.

## Comments: On the Limits of this Study and Methodology Employed

Most obviously, my study only focuses on Solar Energy alternatives which give but a small reflection of BP's overall environmental conduct. Indeed, BP's recent dip in ethical ranking has resulted primarily from dumping ammonia in Lake Michigan. Still, I felt an exclusive observation of the solar sector was appropriate since BP's rebranded image emphasized a specific commitment to this sector.

Regarding my methodology and tables, my use of press releases included certain projects which are planned and not yet complete which, in the opinion of some, might not qualify these as legitimate signals of development commitment ; still, I include these because each potential project listed was publicized in its corresponding area and can thus be said to account for raising social/business/political awareness of solar energy.

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- <sup>1</sup> A most obvious example is the comprehensive article on BP's corporate history located on SourceWatch, a project of the Center for Media and Democracy. Available : <http://www.sourcewatch.org/index.php?title=BP>.  
Another example is Kenny Bruno's 2000 article for CorpWatch, *BP: Beyond Petroleum or Beyond Preposterous?*. Available : <http://www.corpwatch.org/article.php?id=219>.
- <sup>2</sup> "Colombia: How Green is Your Petrol?"; Athan Manuel, "Green Words, Dirty Deeds: A PIRG Expose of BP Amoco's Greenwashing," US Public Interest Research Group (PIRG) Education Fund, 1999; "Colombian Government Report Accuses BP of Involvement in Environmental and Human Rights Abuses," *Drillbits & Tailings*, Nov. 7, 1996, p. 8.
- <sup>3</sup> US Public Interest Research Fund (PIRG) Education Fund. Manuel, p. 7.
- <sup>4</sup> Sharon Beder, 'bp: Beyond Petroleum?' in *Battling Big Business: Countering greenwash, infiltration and other forms of corporate bullying*, edited by Eveline Lubbers, Green Books, Devon, UK, 2002, pp. 26-32. Sharon provides one of the most comprehensive accounts of the subject I am covering.
- <sup>5</sup> Tenth Ed. *Concise Oxford English Dictionary*.
- <sup>6</sup> William Maclean, "BP Goes Greener with 'Beyond Petroleum' Rebrand," [\*ITAL] Planet Ark, July 25, 2000, ([www.planetark.org/dailynewsstory.cfm?newsid=7577](http://www.planetark.org/dailynewsstory.cfm?newsid=7577))
- <sup>7</sup> Noor-Drugan, p. 16, "BP Amoco unveils new global brand to drive growth," BP Press Release, July 24, 2000; *Advertising Age*, Sept. 18, 2000, and Campaign, Oct. 13, 2000.
- <sup>8</sup> Rodebaugh, Dale. 9 October 2003. *BP : We're Leader in Alternative Energy*.  
[http://www.durangoherald.com/asp-bin/article\\_generation.asp?article\\_type=earth&article\\_path=/earth/earth031009.htm](http://www.durangoherald.com/asp-bin/article_generation.asp?article_type=earth&article_path=/earth/earth031009.htm)
- <sup>9</sup> Green Peace. "**We laughed! We Cried! But Mostly We Cried!**" Press release, New York, April 22, 1999 (Earth Day)
- <sup>10</sup> BP Press Centre. Performed search for 'BP Solar.' Results used in table obtained from first five pages of results. Also included were results from the BP Alternative Energy Press Centre : <http://www.bp.com/PressReleaseDateSorterAction.do?categoryId=7014&contentId=7026259&year=2006&month=0>
- <sup>11</sup> Cox, Vivienne. 29 November 2005. 'Launching Alternative Energy.' Speech.
- <sup>12</sup> Edwards, Lee. 17 May 2006. 'Cutting Edge Strategies for Renewable Development.' Presentation. Available : <http://66.102.9.104/search?q=cache:bjFItUlbRQ4J:www.abanet.org/environ/committees/renewableenergy/teleconarchives/051706/LeeBP.pdf+revenue+bp+solar+2007&hl=en&ct=clnk&cd=7&gl=ch&client=firefox-a>
- <sup>13</sup> Covalence Ethical Quotation System. See : [www.covalence.ch](http://www.covalence.ch) for a detailed list of the criterion used and the legal documents from which they were informed.