



Big Challenge: Needs Joint Effort, Bright Talent & Smart Financing

Shell Statement on European Strategic Energy Technology Plan (SET-Plan)

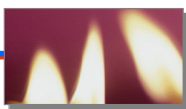
Over the next few decades we will be faced with the tremendous challenge to meet the accelerating growth in demand for energy in an environmentally responsible way. Technology is essential to answering that challenge. Big innovations have long leadtimes. A sustainable energy future requires action today!

Technology implies much more than research and development. It is the whole sequence from creating scientific ideas, turning those ideas into technological innovations or tools, and then applying them.

Today the European Commission announces its Strategic Energy Technology Plan, giving its vision on what needs to be done in the next 10 years to achieve the EU decarbonisation targets by 2020 and 2050.

We believe technology development and energy/climate policies should be aimed at two objectives:

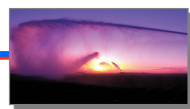
1 - Emission Reduction (CO₂ / unit of energy)



Shift to Natural Gas



Nuclear Power



Renewables

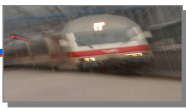


Bio-products



Carbon Capture and Storage CCS

2 - Energy Conservation and Efficiency (Energy / unit of GDP) :



Mass Transportation



Road Transport



Buildings



Appliances



Doing things differently

Shell has been involved in translating promising research into real innovation and technology. The Shell Technology Report shows the power of innovation in a number of areas as well as the joint effort through international co-operation with other research institutions.

Talent & Investment

For SET Plan to be successful two important enablers are required: Human Talent and Financial Resources.

Many future engineers and research professionals are needed to strengthen scientific, technological and economic innovation in Europe. Shortages in these disciplines are already imminent in many EU member states. Inspiration and motivation for science and technology needs to be addressed to curb this trend. Shell is involved in public private partnerships with government, academia and other companies in programmes such as Jet-Net (www.jet-net.nl).

As way to contribute to this challenge, Shell has been organizing for several decades the Shell Eco Marathon (www.shell.com/eco-marathon). This year 3000 students competed in this energy efficiency contest. Commissioner Potocnik was the Patron of the 2007 Shell Eco Marathon and the winner of the "Urban Concept" class is on display today. This car developed by students of the Technische Hogeschool Den Haag, runs on Hydrogen and won with 557 km on 1 liter of petrol equivalent.

The other enabler is financial resourcing. It is important to understand the technological innovation process, which runs through stages: 1) Discover & Develop, 2) Demonstrate and 3) Deploy on large scale. Each stage is different in nature, has different challenges and each need a differentiated kind of support.

Governments can either make financial resources available themselves, but if these are not there, it should consider how to attract private funds into the early stages of development. For example the European Commission could considerably speed up the implementation of CCS – thereby avoiding significant CO₂ emissions - by issuing extra allowances from the EU Emissions Trading Scheme for CCS plants in the Demonstration phase, because this would enable industry, banks, foundations to invest in these Demo plants.

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For more info on what Shell is doing to address the world's energy challenge visit: www.shell.com/realenergy