



Why go green? Discourse analysis of motivations for Thailand's oil and gas companies to invest in renewable energy

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ABSTRACT

One of the main challenges of modern times is making the energy sector increase its uptake in renewable energy, and determining the role that fossil fuel companies can play in helping or hindering this process. The present study analyses the business strategy of PTT, a state-owned Oil and Gas company in Thailand, and two of its associates, Thai Oil Group and Bangchak Petroleum, to 1) examine renewable energy investment in the past 15 years and 2) shed light on discourses that the companies have used to legitimize their new businesses. For this purpose annual reports from the company websites were analysed, which highlighted how biofuels were the main priority for investment for all three companies since the early 2000s, whereas Solar PV was also recently targeted by PTT and Bangchak Petroleum. The discourses formed to legitimize their investment varied according to energy source and company. Discourses on complying with government policy, enhancing national energy security, and increasing the uptake in environmental friendly energy were found repeatedly in the annual reports of all three companies. Finally, the study provides policy recommendations on how Thai authorities can take a proactive role in helping O&G companies' transition towards a low-carbon energy future.

1. Introduction

Thailand, a Party to the United Nations Framework Convention on Climate Change (UNFCCC), has already submitted its Intended Nationally Determined Contribution (INDC) -as agreed in the Paris Agreement of 2015-, where it intends to reduce greenhouse gas emissions by 20–25% from its 2005 levels by 2030. Prior to this recent commitment to reduce greenhouse gases (GHG), the government of Thailand had also been attempting to enhance energy security (as the country heavily depends on oil imports) by implementing the Alternative Energy Development Plan (AEDP). The plan was first launched in 2012, with a target to increase alternative energy consumption by 25% in 2021. In 2015 this target was revised to renewable energy contributing 30% of the total final energy consumption by 2036, which would also help Thailand work towards achieving goals 7 (Affordable and Clean Energy) and 13 (Climate Action) of the Sustainable Development Goals (SDGs). The three main sectors in which the government aims to increase the uptake of renewable energy are heat generation, electricity generation, and liquid fuel for transportation. Currently, fossil fuel companies (particularly oil and gas) are

the primary energy suppliers in Thailand for the latter two sectors. Overall, fossil fuel companies (and particularly oil and gas) represented almost 75% of final energy consumption in 2014 (DEDE, 2014). These companies have found that their business operations lie at the centre of the government's effort to move towards low carbon energy, though they must still ensure the long-term viability of their business. This dilemma is particularly important for the case of PTT Public Company Limited, a state-owned company which is mandated with promoting national energy security to ensure the economic growth of the country.

Academic literature and media have long scrutinized big oil multinational corporations –such as BP and Shell–, and the renewable energy investments or divestments they have made, which can be traced back to the first oil shocks in the 1970s (Kolk and Levy, 2001; Levy and Kolk, 2002; van de Wateringen, 2005; Davis, 2006; Levy, 2009; Sheppard, 2010; Pinkse and Van den Buuse, 2012; Dalby, 2014; Juhasz, 2013; Switzer, 2014 Morton, 2015; The Economist, 2015). However, to what extent Oil and Gas (O&G) companies –especially those which are state-owned in developing countries– welcome the development of disruptive renewable energy technologies appears to be under-examined in literature. More importantly, there seems to be a wide gap in literature

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regarding the lack of analysis on the discourses that O&G companies have used to legitimize their business diversification from fossil fuels to renewable energy sources, given the fact that such renewable energy technology is not their core business. Essentially, it is crucial to understand the rhetoric or discourses which companies have used to explain their reasons, as this can help explain their way of thinking. Such findings are undoubtedly beneficial for policy makers to attempt to harness the huge resources of companies –even those in the O&G sector– to help in the sustainable energy development of human society.

Thus, to close this gap in literature the present study conducted a comparative analysis of multiple case studies of companies, namely Thailand's single state-owned O&G company, PTT Public Company Limited, and two of its major associates in the oil and gas business- Thai Oil Group and Bangchak Petroleum (hereafter referred to as PTT, Thai Oil and Bangchak, respectively). PTT was chosen in order to present a case study of a state-owned O&G company in a developing country; whereas Thai Oil and Bangchak were included to expose the complex business strategy of the sector, where established O&G companies often invest in renewable energy through their subsidiaries or associates. The paper excluded other multinational O&G companies operating in Thailand since they operate only in the upstream side of the industry (exploration and production of crude oil and natural gas). The paper is divided into five sections. *Section 1* conducts a brief literature review on the responses of O&G companies to climate change, as well as the use of discourse analysis to examine decision-making processes related to energy policy. *Section 2* will clarify the methodology and conduct a brief literature review on discourse analysis, which is here understood as the study of language-in-use (Hajer and Versteeg, 2005). In *Section 3* a brief analysis is provided on the development and commercialization activities of renewable energy resources by O&G companies. *Section 4* will present the findings of the discourse analysis for each company, and finally *Section 5* will provide the conclusion and policy recommendations.

2. Literature review

2.1. O&G corporate responses to climate change mitigation and discourse analysis on reasons for renewable energy investment

Although the O&G industry was initially hostile to climate change mitigation (Kolk and Levy, 2001), the world has since witnessed an increasing divergence of corporate responses between European and American multinational corporations (known as the 'Trans-Atlantic divide', especially after the adoption of Kyoto Protocol in 1997 (Rowlands, 2000)). A wide range of factors that can shape corporate behavior have been discussed, including the nationality of a company, home and host country contexts, company specific features, international association of the industry, and the supranational context, including spillover effects amongst firms across countries (Sethi and Elango, 1999; Rondinelli and Berry, 2000; Stonham, 2000; Levy and Kolk, 2002; van den Hove et al., 2002; Kolk and Levy, 2003; Kolk and Pinkse, 2005; Pulver, 2007; Kolk, 2008a; Kolk et al., 2008b; Skjærseth and Skodvin, 2009; Pinkse and Kolk, 2012).

A literature review on the renewable energy investments by major O&G companies suggests that different views regarding long-term economic advantages can lead to different corporate strategies when diversifying business portfolio from fossil fuels to renewable energy. However, it should be noted that companies changed their views through a number of years, resulting in an on-off relation with renewable energy. BP was first incentivised at the time of oil shock in 1973, entering the solar industry sector through the acquisition of Lucas Energy Systems in 1980 and then Solarex in 1999, which made BP Solar the largest vertically integrated solar company in the world (Pinkse and Van den Buuse, 2012). Royal Dutch Shell achieved a milestone in solar PV development in October 1997 when it invested \$250 million in this emerging industry (Pinkse and Van den Buuse, 2012). Yet, when oil

prices increased and the economic downturn took place in 2008 both BP and Shell decided to divest from renewable energy and return to their core business of petroleum (Levy, 2009; Macalister, 2009). Nevertheless, more recently the world has seen a third wave of green investment by the O&G industry, mostly driven by ethanol blending mandates in the U.S., E.U. and Canada, as well as the aftermath of the United Nations climate change agreement in Paris in 2015 (Morton, 2015; Macalister, 2016).

Annual reports are one of the types of official documents through which companies explain the reasons why they invest in renewable energy. The study takes the reasons found in these reports as a discourse, which is defined as "an ensemble of ideas, concepts and categories through which meaning is given to social and physical phenomena, and which is produced and reproduced through an identifiable set of practices" (Hajer and Versteeg, 2005). Discourse analysis, or the study of language-in-use and language in social contexts (Wetherell et al., 2001), can be applied to reveal the role of language in politics, proposing that language has the power to shape one's view of the world and reality. Thus, the "reasons" which O&G companies- incumbent actors in climate change and energy issues- used to justify their renewable energy investment should not be viewed as neutral but constructed, meaningful, suggestive and atmospheric (Hajer and Versteeg, 2005). As reality is socially constructed, conducting a discourse analysis on O&G companies' reasons to invest in renewable energy is important to reveal how companies make sense of their new investments. For interpretative environmental policy research, the way in which actors make sense of the phenomenon is the focal point; not the environmental phenomena in itself (Hajer, 1995).

A number of authors have applied and carried out a discourse analysis on government energy policy. For example, Andrews (2005) outlined how the discourse on energy security was one of the main rationales of US federal energy policies from 1954 to 2003. Lovell (2008) took the case of low energy housing in the UK to illustrate the influence of discourse on an innovation journey, stating that sustainable housing innovation became narrowly reframed as a low-carbon or low-energy housing as climate change emerged as a dominant agenda in UK policy in late 1990s. Scrase and Ockwell (2010) analysed UK energy policy reviews in 2006–2007 and found that the discourse on energy security was particularly emphasized and used consistently to promote nuclear power as an important option for the UK's energy supply. Otherwise, Eckersley (2016) conducted a comparative discourse analysis to examine how German and Norwegian governments have relied heavily on a discourse of Green Growth to legitimize their climate change policies and diplomacy.

However, to date there has been little effort to analyse the discourses of the private sector, in particular O&G companies (Livesey, 2002; Livesey and Kearins, 2002; Breeze, 2012). Conducting a discourse analysis on the strategy of O&G companies regarding renewable energy investment is significant for at least two reasons. First, as many scholars have attempted to understand what could be the driving factors and barriers for renewable energy diffusion or penetration (Dulal et al., 2013; Jacobsson and Lauber, 2006; Painuly, 2001; Reddy and Painuly, 2004; Sovacool, 2009; Sovacool et al., 2011), the findings from a discourse analysis on the investments in renewable energy of O&G companies can provide another missing piece of the total picture. The second reason lies around the argument that O&G companies could play a crucial role in the transition to low-carbon development in low and middle income countries.

2.2. Thailand renewable energy development policy

Due to a high dependence on oil imports and concerns on the sustainability of gas supply (the country generates over 60% of electricity from natural gas, EPPO, 2016), the government of Thailand has been promoting alternative and renewable energy development through the implementation of the Alternative Energy Development Plan (AEDP),

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