

“Energy transition risks – reducing the cost and volatility of transitioning to net zero and unlocking opportunity ”

November 30th 2022



Risk Capital, supporting Energy companies resolve uncertainty and volatility in a sustainable world

- 1 The need for sustainable risk capital
- 2 Delivering integrated risk solutions for new & emerging risks - across project life cycles
- 3 North Sea Energy Transition, spotlight on
 - CCS
 - Technology risk
 - Decommissioning
- 4 Engaging earlier to move faster....?

Facilitating Change & Supporting Innovation

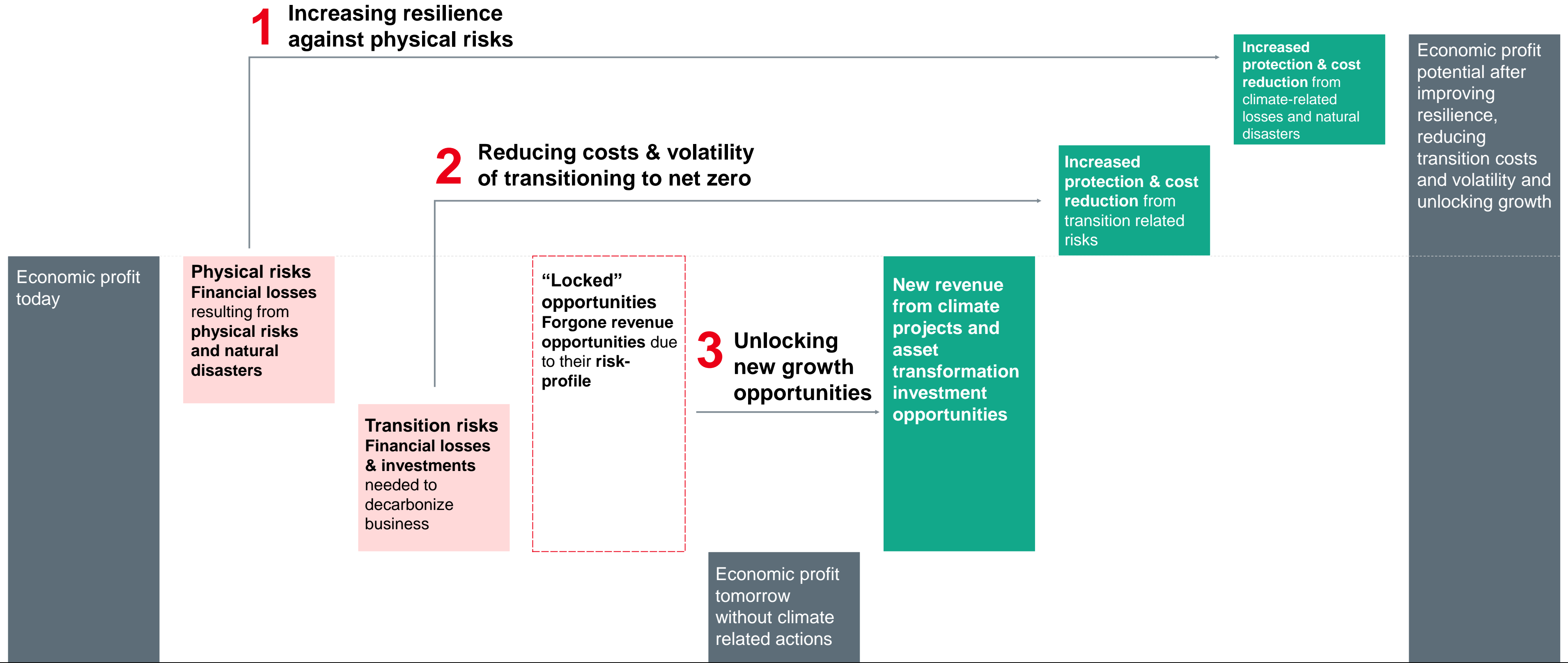
The need for Sustainable risk capital

- Will risk and investment capital remain committed to energy companies?
- Can insurers provide sustainable long term insurance?
- Do insurers have a risk appetite for 'new energy' technologies & decarbonisation risks?
- Can insurance de-risk projects and improve bankability?



A comprehensive approach to help clients capture the climate opportunity

Insurance helping clients navigate uncertainty and volatility



Carbon Capture & Storage – the opportunity for Insurers

- **Has existed for 30+ years ..but still considered a relatively new risk**
- Risk exposures share common ground with E&P, midstream and downstream
- Base requirements include traditional property, BI and well control insurances
- **Low risk appetite for leakage / ETS indemnity / long term policies**
- London market CCUS working group for product development
- Engagement with Regulators, Consultants, etc
- **CCUS presents a new opportunity – can the market respond?**



Technology Solutions for New Energy Risks

Clean Energy Technology Risk

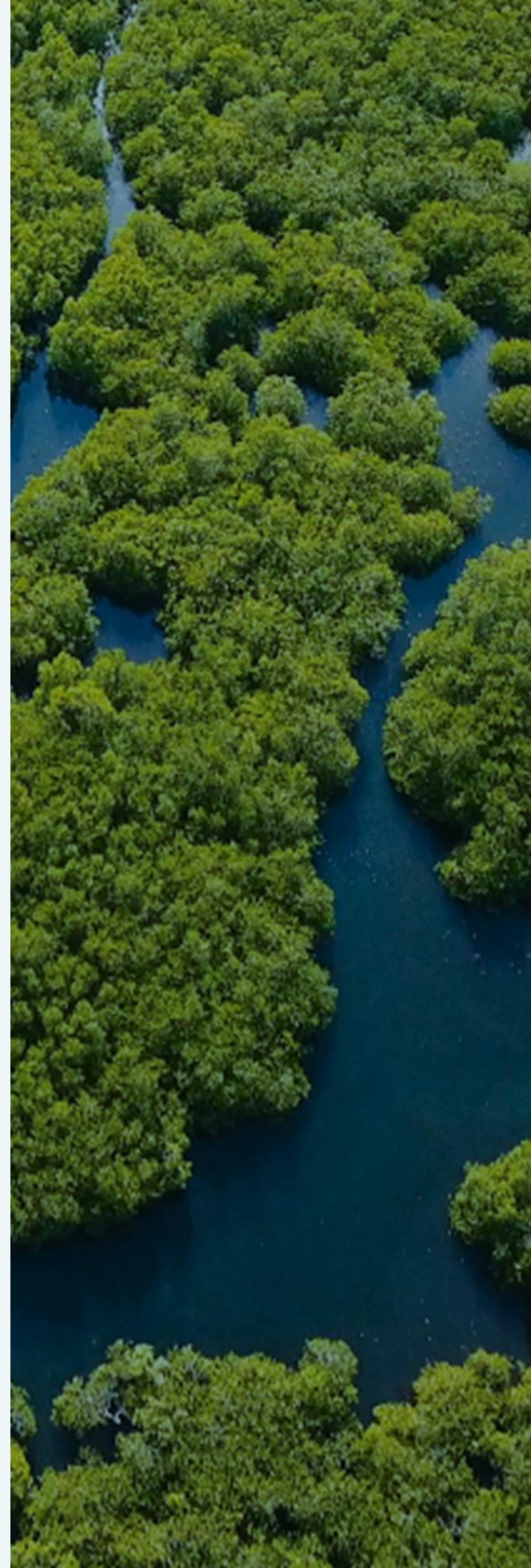
- Hydrogen Electrolysis
- Carbon Sequestration / DAC
- Biofuels
- Waste to liquid
- Geothermal etc
- Value chains

New Energy Technology Insurance Solutions

- Risk Assessment & Mitigation
- Performance / Product / Availability - Guarantee and Warranty cover
- Long term protection
- Improving Project Bankability & Liquidity

The market response

- Conventional risk vs technology risk
- Risk engineering and data driven
- Small number of bespoke markets



Construction & Decommissioning Risks, including Cost Overrun

Balance sheet liabilities – stranded capital

Increasing complexity:

- Late Life Projects and Deferral
- Oil & Gas price volatility
- Carbon emission intensity
- Combined with operations
- Combined with construction
- Repurposing and construction (ie CCUS)
- ‘Accelerated’ decommissioning risk

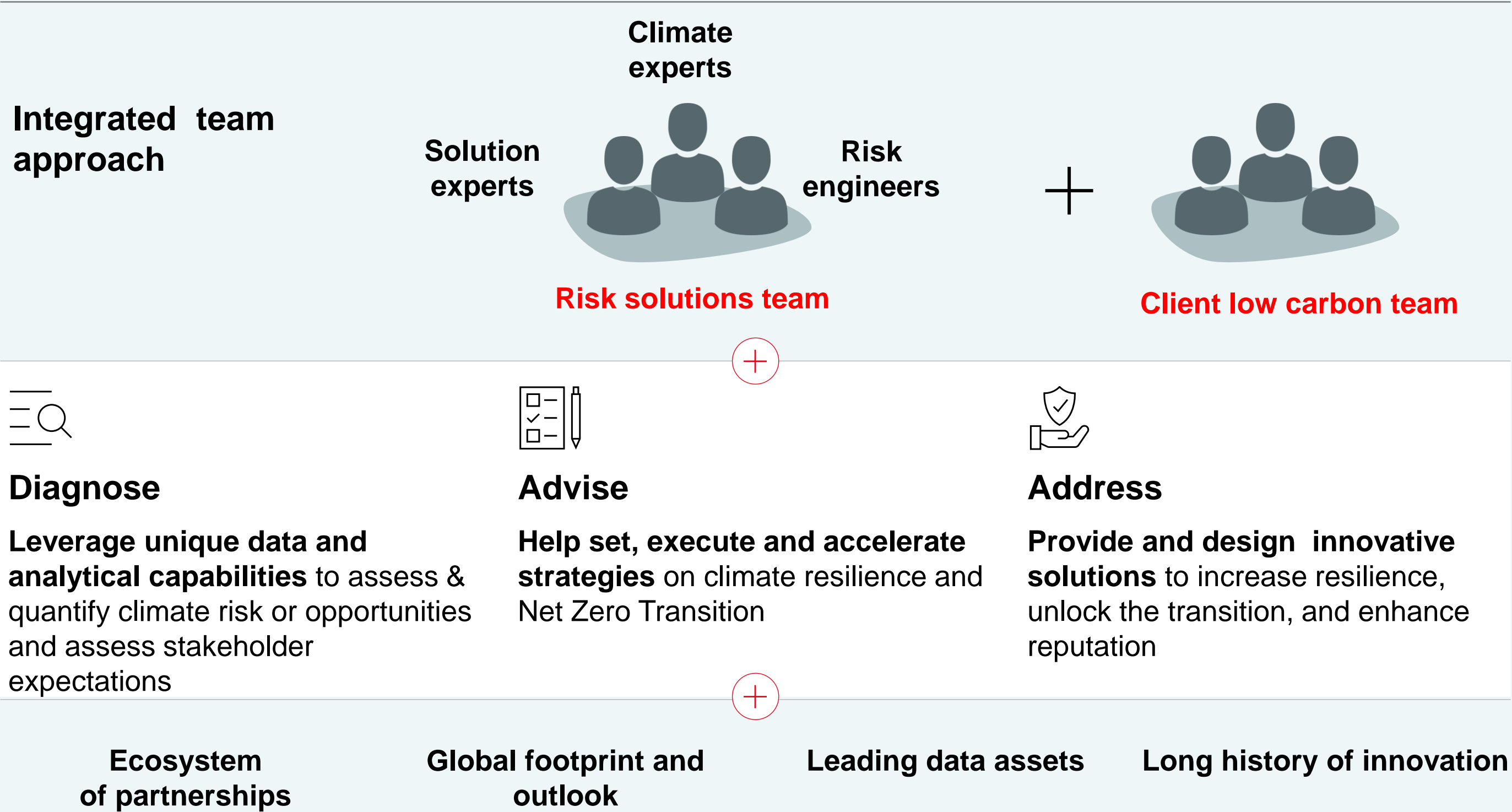
A need for new and evolving risk solutions

Third Party Liability	Removal of Wreck
Pollution Clean Up	Bespoke Contractual Liabilities
Voluntary Removal of Wreck	Additional Costs Clause
Onshore Disposal	Firsty Party Property

Plug and Abandonment Cost Overrun Insurance	Well Infrastructure Condition	Unexpected Blockage
Failure of Equipment in Hole	Additional Marine Spread	Seabed Conditions
Unexpected Marine Life	Vessel Damage	Weather
Control of Well Incidents	Quantities of Consumables	Vessel Breakdown

Insurance
should be a
strategic partner
to help unlock
your climate
and low carbon
ambitions

Strategic partnership model





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