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BP shuts alternative energy HQ

- 'Beyond Petroleum' boast in doubt as clean energy boss quits
- Renewables budget will be reduced by up to £550m this year

Terry MacalisterThe Guardian, Monday 29 June 2009

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A sign at a BP petrol station is reflected in raindrops in London. Photograph: Luke MacGregor/Reuters

BP has shut down its alternative energy headquarters in London, accepted the resignation of its clean energy boss and imposed budget cuts in moves likely to be seen by environmental critics as further signs of the oil group moving "back to petroleum".

But Tony Hayward, the group's chief executive, said BP remained as committed as ever to exploring new energy sources and the non-oil division would benefit from the extra focus of being brought back in house.

BP Alternative Energy was given its own headquarters in County Hall opposite the Houses of Parliament two years ago and its managing director, Vivienne Cox, oversaw a small division of 80 staff concentrating on wind and solar power.

But the 49-year-old Cox – BP's most senior female executive, who previously ran renewables as part of a larger gas and power division now dismantled by Hayward – is standing down tomorrow.

This comes alongside huge cuts in the alternative energy budget – from \$1.4bn (£850m) last year to between \$500m and \$1bn this year, although spending is still roughly in line with original plans to invest \$8bn by 2015.

The move back to BP's corporate headquarters at St James's Square in London's West End made sense, particularly when the group was sitting on spare office space due to earlier cutbacks, said Hayward.

"We are going through a major restructuring and bringing the alternative energy business headquarters into the head office seems a good idea to me.

"It saves money and brings it closer to home ... you could almost see it as a reinforcement [of our commitment to the business]," he said.

Cox was stepping down to spend more time with her children, Hayward added. "I know you would love to make a story out of all this," he said, "but it's quite hard work."

The reason for the departure of Cox is variously said by industry insiders to be caused by frustration over the business being downgraded in importance or because she really does intend to stay at home more with her young children. Cox had already reduced her working week down to three days and had publicly admitted the difficulty of combining different roles.

She will be replaced by another woman, her former deputy Katrina Landis, but the moves will worry those campaigning for more women in business, especially as Linda Cook, Shell's most senior female executive, has recently left her job too.

BP has gradually given up on plans to enter the UK wind industry and concentrated all its turbine activities on the US, where it can win tax breaks and get cheaper and easier access to land.

In April the company closed a range of solar power manufacturing plants in Spain and the US with the loss of 620 jobs and Hayward has publicly questioned whether solar would ever become competitive with fossil fuels, something that goes against the current thinking inside the renewables sector.

Hayward has also moved BP into more controversial oil areas, such as Canada's tar sands, creating an impression that he has given up on the objectives of his predecessor, Lord Browne, to take the company "Beyond Petroleum".