

North Sea Transition Forum (NSTF)

27th June 2023

Opening remarks

- Stuart Payne opened the meeting and thanked everyone for attending.
- He welcomed the Minister for Energy and Net Zero, the Rt Hon Graham Stuart to his first NSTF meeting.
- Stuart Payne noted that there has been a huge amount of external focus on the sector, which continues to reinforce the 3 pillars: providing energy security, lowering emissions, and accelerating the transition.

Rt Hon Graham Stuart

- The industry is at the centre of the political debate, but progress is being made.
- It makes no sense to import oil and gas and lose jobs, tax revenues and the capabilities we need to deliver the energy transition.
- Since his last visit the government has published an updated Hydrogen Investment roadmap and progressed the Energy Security Bill.
- The government remains committed to the transition in the North Sea.
- The North Sea Transition Deal celebrated its second anniversary in March and is still a global exemplar of working in partnership to manage the energy transition.
- Momentum needs to be maintained, especially when it comes to the more difficult parts, need to push forward.
- Need to deliver on platform electrification, officials have been working on improving regulatory clarity.
- The supply chain is of vital importance, and we need to see what more needs to be done. Keen to ensure that the Energy Skills passport is progressed.
- Aware of concerns around investment, recognised how important the investment climate is to ensure the industry can thrive.
- Listened to feedback and introduced a price floor which should give industry and investors' confidence.
- The terms of reference for the review of the long-term fiscal regime have been published, this will focus on how the regime can support energy security while realising our net zero commitments.
- Will continue to listen to the challenges and keen to work together to overcome these.
- The NSTA and OPRED were recognised for the work on the 33rd licensing round.
- Pleased to see the agenda includes the Energy Narrative as we must tell the story, that continued investment will enable us to achieve net zero.

North Sea Transition Deal (NSTD) Update

- The NSTF is accountable for the delivery of the NSTD and for keeping the minister updated on the progress being made.
- There is a voluntary target of 50% of UK content on projects, NSTA analysis show that 70% UK content has been achieved for decommissioning projects. This is proof that industry is delivering on the commitments made.

Industry

- The NSTD is very important to the sector and industry is committed to making this work.
- Welcomed recent announcements but there are still issues around investment. The price floor has not done what it intended to do; investors are still concerned.
- Ongoing licensing is critical for reducing the reliance on imports and an industry that can invest in the energy transition.
- Need an efficient and robust consenting process, industry would welcome efficiencies in the licensing process. Having the correct resources is vital.
- Projects depend on each other; new licenses support existing licences.
- Gas production is getting tight to meet needs, need to avoid critical volume where terminals could switch off before we have alternative energies in place. OEUK will provide further details on this to the minister.
- There is a big gap between what the UK need and what we currently produce, with additional investment this gap could be reduced.
- The industry is committed to meeting the CCUS commitments in the NSTD, need an acceleration on Track 1 and Track 1 expansion projects, need FID next year for Track 1.
- Progress has been made in decarbonising assets in line with targets. Continue to work on platform electrification, decarbonisation allowance has been very welcome.
- Thanks, and acknowledgments were given for the support received from DESNZ.
- Grid access still has some issues, but these are being worked on.
- Progress on the Skills Passport has been slower than expected, however this should be delivered by the end of this year.
- We need an integrated supply chain to support the energy transition. Focus is on self-help, currently mapping the strengths and weakness and mapping these to future energy industry requirements.

Government

- Good progress has been made on the deal so far, this is the result of good collaboration between government and industry.
- The feedback on the EPL has been heard, need evidence to back up assertions.
- We recognise that regulatory speed is important but also need to ensure that the correct decisions are being made. There have been constructive conversations between the regulators and industry.

- Progress on electrification has been challenging but a lot of progress has been made and issues are being worked through.
- Things seem to be progressing with supply chain and skills. The question was asked if it was needed to go to a granular level and ask more specific questions to overcome some of the remaining issues.
- The Energy Bill is on track to go through parliament this session.
- There are some challenges in the Bill around CCUS and hydrogen, it would be good to tell the story of what unlocking this could mean to the UK.

Project Funnel

- There are huge opportunities available in the North Sea.
- There are 21 potential projects, these projects equate to about £15bn of investment and about 1.5bn barrels of oil and gas. These projects will be essential to the delivery of electrification.
- The question was asked about emissions per barrel. With electrification the emissions will be much lower and compare very well with the rest of the world.
- OEUK can provide information which shows the impact the high-profile projects will have on emissions.
- There are delivery challenges which include:
 - Investor confidence
 - Access to capital
 - Complex regulatory landscape
 - Global competition for supply chain skills
 - Grid connections.
- Overcoming these challenges will be essential to getting projects progressed.

Industry Narrative

- Listened to the Minister's challenge at the last meeting around the industry narrative and have been working on this.
- Developing a simple and consistent industry narrative around energy security, people and skills, economic value, and a clean energy future.
- Have recognised that there is a need to reach out to the whole of the UK.
- Are taking a proactive approach to storytelling and working with partners and 3rd party advocates share the narrative.
- The Subsurface Task Force have developed an advocacy pack for policy makers, which highlights the critical role oil and gas has for energy security and net zero.

Closing remarks

- The minister highlighted that COP28 may provide an opportunity to share key messages around CCUS and show how the industry is part of the solution for the energy transition.