

## North Sea Transition Forum (NSTF) Meeting 29 November 2021

### Welcome and Opening Remarks

- **Andy Samuel, CE, OGA**, opened meeting, thanked everyone for attending and welcomed the Rt Hon Greg Hands (Minister of State for Business, Energy and Clean Growth), Richard Lochhead (Scottish Government Minister for Just Transition, Employment and Fair Work), and Lord Offord (Parliamentary Under Secretary of State for Scotland). Also welcomed new and returning members.
- Last face-to-face NSTF was over 2 years ago and, while continuing to meet virtually, much has happened in that time - Covid, low oil price, North Sea Transition Deal (NSTD), COP26 and acceleration of energy transition. Industry has faced these challenges, is adapting, and committed to net zero.
- Keen for discussion on key issues of importance to industry, investors, and the transition, recognising the constructive tripartite partnership between industry, Government, and the Regulator.

### Ministers' Update

#### Rt Hon Greg Hands MP

- Delighted to attend his first NSTF meeting. Upon appointment, visited Aberdeen to meet industry.
- UK Govt committed to the industry, Energy White Paper and NSTD. Have a road map – now we need to deliver.
- UK currently importing 40 – 50% of gas requirements. Recognise continued importance of the sector.
- Need to work on short-term and long-term priorities. Electrification of platforms a very interesting innovation which UK Govt has committed £1m funding towards.
- UK supply chain very important – delighted to have Sian Lloyd Rees as Supply Chain Champion.
- Govt due to launch consultation on Climate Compatibility Checkpoint for new O&G licensing.
- Interested to hear about the current pros and cons surrounding investment on the UKCS.

#### Richard Lochhead MSP

- Delighted to attend. Many changes and challenges for industry, both pre and post COP 26.
- Important to accelerate alternative sources of energy. Scottish Govt to refresh energy strategy soon to line up with Just Transition Plan.
- Need to work on protecting jobs during the energy transition and meet skills gaps from carbon to low carbon energy production.
- CCUS important to meet Scot Govt 2045 emissions targets. Disappointed Acorn project (Scottish cluster) not given Tier 1 status by UK Govt. Keen to work with sector to move this forward.

#### Lord Offord

- Aware this Group has been convening regularly for 5 years now – obviously an important forum for Govt/industry discussions linked to sector and energy transition.
- Need to recognise this is a transition. Met with OGUK and Net Zero Technology Centre to hear on key industry issues and technological challenges/innovations.



- See this as 4<sup>th</sup> industrial revolution – Scotland has capital and brains to be at heart of energy transition.

### **North Sea Transition Deal (NSTD)**

#### **Co-Chair, OGUK – Delivering the future – operator perspective:**

- Provided examples of how one operator is accelerating transition while generating cashflow and returns. O&G remained strong cash engine to allow the acceleration of strong industrial position into renewables and shaping new markets (carbon management and clean hydrogen).
- Providing local jobs, supplying UK with O&G, developing domestic energy supplies, investing in renewables, reducing emissions through low carbon projects such as Hydrogen and CCS.

#### **Supply Chain Champion – Delivering the future – supply chain:**

- Long heritage supporting the energy & maritime industries. Supporting the UK Energy Transition - Offshore Wind, Hydrogen, CCUS, New Industry.
- Aberdeen established as technology centre of excellence for floating wind subsea substations and digital operations & maintenance services.

#### **OGA – Delivering the present – emissions reduction:**

- Emissions Monitoring Report – progress against NSTD Targets:
  - *2025 (10% reduction) - 11% reduction from 2018-2020 puts industry on track to meet first NSTD target.*
  - *2027 (25% reduction) - OGA projection estimates that this target will narrowly be met by existing initiatives and installations ceasing production.*
  - *2030 (50% reduction) - OGA projection estimates that this target will not be met in a BAU scenario. Electrification of offshore assets & reduction/elimination of flaring & venting - crucial to meet target.*

#### **OGUK – Delivery update (including electrification):**

- 5 commitments align to create a transformative deal - Supply Decarbonisation, CCS, Hydrogen, Supply Chain Transformation, People & Skills. Deal will require internationally competitive and level playing field as part of a broader energy framework. Structured delivery plan developed, working with industry, BEIS and other key stakeholders.
- Developing Supply Chain Strategy to address barriers currently inhibiting UK Supply Chain.
- Wide range of electrification projects being considered across UKCS cutting the emissions from O&G extraction. Industry working with Govt and Regulators to address the barriers to electrification.

*Note: For OGUK summary on progress with the NSTD - see attached Annex.*

### **Licence to Operate**

#### **OGUK**

- Industry is already delivering key energy transition projects. COP26; industry in action to deliver COP26 goals. NSTD – an exemplar of industry in action.
- Role of O&G in UK's future - polarised debate, UK in unique position, industry acting to deliver transition. Public - small minority see industry unfavourably with majority supportive or neutral.
- Public attitudes – 2022 will continue engagement & delivery. Key messages – Essential Industry, Protect the Economy, Transform the Supply Chain. Cannot get to net zero without O&G/industry/investment.

## **General Discussion**

- Key question was raised on a meaningful Road Map for the supply chain – it was confirmed that OGUK were working on this with a view to a draft in the new year as part of the work on the transition deal supply chain commitment.
- Investor confidence and raising capital highlighted as a key issue (no O&G FIDs made during 2021). Need for clarity, stability, predictability, and regulatory certainty. Clear that large O&G companies were key to investing in transition technologies.
- Important to look at how to improve regulatory oversight / process – bring together key contacts in different regulatory bodies to ensure decisions not take in isolation (silo approach) and speed up time taken to make such decisions.

## **Closing Remarks**

### **Rt Hon Greg Hands MP**

- Important to get right balance – recognising importance of Climate Change Committee, science, and universities in the discussion. Found the NSTF meeting invigorating – greatly value the sector, the NSTD is the Bible going forward, must maintain progress on emissions and electrification.

### **Lord Offord**

- Need to emphasise how interconnected renewables are to carbon industries – need a blend. Accelerate investment. Next generation all about net zero.

### **Andy Samuel**

- Climate Change Committee very important – need to ensure that new project proposals, considerations, and decisions are evidence based and consistent with CCC curves.
- Many thanks to ministers for joining meeting and everyone for their contributions.