

The North Sea Transition Deal is progressing well, working across the industry, BEIS and other key stakeholders

The North Sea Transition Deal is a transformative partnership between the UK Government and the UK's offshore oil and gas sector. It is the first deal of its kind by a G7 country, and a striking example of the UK showing global leadership in regard to climate change. The deal will harness the power of the UK offshore oil and gas industry to help the UK meet its net-zero targets by 2050, affordably and at pace. By 2030, the deal seeks to unlock up to £16bn of investment, secure up to 40,000 energy jobs and reduce emissions by up to 60Mtonnes. By working together, the deal can address the challenge of decarbonising oil and gas supply, while also ensuring the country benefits from a homegrown transition to a lower-carbon economy.

Supply Decarbonisation



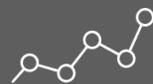
- UKCS emissions are down by 10% since 2018 (half of which are from operator action)
- A number of major electrification projects are underway to progress electrification (CNS / West of Shetland / OMF / SNS)
- OGA electrification competition awarded a total of £1m to 3 different studies seeking to advance offshore electrification plans
- Four levers have been identified to enable these projects: Capex investment, Affordable Electricity, Regulatory Streamlining and Infrastructure / Synergies; Industry, Government and the Government and Regulators Electrification Group (GREG) group are working to address these
- The Methane Action Plan was launched in June, outlining key industry activities required, to reduce methane emissions and intensity

Carbon Capture, Usage and Storage



- The Government has announced that East Coast Clusters and Hynet will be its "Track 1" projects, winning funding from the £1bn Infrastructure Fund, with the Acorn project as a reserve
- Cluster plans are being developed, which include information on which carbon capture projects will be signed up to use the infrastructure, including industrial users and power stations
- Industry technical standards for CCS storage are being developed and shared
- Project "liaison" groups have been established to align activities across projects

Hydrogen



- BEIS' Hydrogen Strategy was released in August, which has been reviewed and responded to by industry
- HSE have published advice in conjunction with the success of the 100% Hydrogen neighbourhood heating trials, stating that 100% Hydrogen can be as safe as natural gas – a significant milestone ahead of community trials
- Specific Hydrogen projects are developing, such as the Hydrogen East Coast Cluster (Kellas / BP/ Equinor), which may enable production 3x1GW of Hydrogen, with additional opportunities from Hynet, Scottish Clusters and the SNS Hydrogen hub
- Changes to gas transmission specifications (GSMR) are required to allow grid hydrogen blending

Supply Chain



- Supply Chain Champion has been appointed, and is undertaking her 100 Day Plan, to champion the sector
- Developing a Supply Chain Strategy, which will set out a roadmap to how the UK Supply Chain will set itself up to benefit from the energy transition
- Welcomed BEIS' funding agreed in the Deal, which is being used to strengthen the UK's offering addressing: Visibility of opportunities, Capability and Capacity mapping and Stimulation of Supply
- OGUK is working with members on the Prompt Payment Code, wherein buying organisations pay suppliers on time
- The Supply Chain and Exports Task Force is developing a shared definition and approach to Local Content

People and Skills



- The OPITO-led Energy Skills Alliance is developing an integrated workforce plan and forecast; the first release will be in Q1, 2022
 - This will include a focus on transitioning the workforce's skills that will be essential to achieve the UK's decarbonisation
- Progressing cross-sector energy training & standards to facilitate workforce mobility and minimise companies' barriers to movement
- Undertaking employment scenario supply and demand planning for CCUS, Hydrogen and electrification in 2025 and 2030
- Addressing the issue of underrepresented groups in the workforce through specific Diversity & Inclusion activities e.g., awareness of recruitment and communicating the impact of D&I performance