



North Sea Transition Authority

North Sea Transition Forum (NSTF) Meeting 21st March

Welcome and Opening Remarks

- Andy Samuel opened the meeting, thanking everyone for attending.
- A lot has changed since last meeting. Keen to reflect on where we are and what actions are required to move forward. The relevance of this forum and the tripartite work is vital.

Kwasi Kwarteng – Video message

- Thanks for work over the last year delighted with the progress made.
- A lot has happened in last 12 months, events in Ukraine have highlighted the importance of protecting our economy from volatile energy markets, the North Sea Transition Deal (NSTD) is central to this.
- Still need hydrocarbons but need to move to a sustainable and self-sufficient future.
- The NSTD lays the groundwork for a successful energy transition, the one year on report published by BEIS captures the progress made.
- Government policy hasn't changed, there will be continued support for North Sea production for security of supply.
- Welcomed that the Oil and Gas Authority has changed its name to the North Sea Transition Authority (NSTA), reflects their role.
- The Government will shortly set out an energy supply strategy, which will take a balanced approach to energy.
- Committed to net zero and security of supply and supporting our domestic oil and gas industry.

Rt Hon Greg Hands

- Delighted to be back in Aberdeen.
- Pleased to support the name change to NSTA.
- A lot has changed since the last meeting in November, what has not changed is Government support at all levels for the sector, which will continue.
- Would not want to see UK importing more hydrocarbons.
- Commitment to net zero in 2050 remains priority.
- Need to ensure investment continues and that the challenges in the NSTD are met.
- The Government has made a commitment, let's work together to achieve the NSTD and realise the gains for energy security and net zero.

Lord Offord

- 35% of energy will still come from hydrocarbons in 2050. What more can we do to explain to the public that hydrocarbons will still be needed and that new projects will need to come on-line to meet this need?
- The 35% will need to be from green fields.
- How do we get renewables up to 65% and get the supply chain ready to meet these needs?

Security of Supply

Overview

- Purpose of session is to give a perspective on what industry and government is and should be doing in relation to near-term security of supply.
- For the second-year exploration and appraisal is at record low level, must increase E&A to keep production going forward. Production decline rates have returned to those seen 10 years ago.
- Four fields commenced production last year, but these just offset those shutting down.
- A Resilience Support Group has been set up to ensure operational reliability, this group will work with regulators and other stakeholders.
- Short-term opportunities include expanding the gas specification.
- Need to work together to ensure that processes are streamlined, fit for purpose and fast for getting approvals for projects.
- The NSTA are key to leading on this.
- Appreciative of the Government support.

Discussion

NSTA

- Mobilising staff to look at what more can be done. Field Development Plans are being progressed all with an overlay of net zero in accordance with the net zero effective test. Continue to look at nominations for CCUS and also active on hydrogen.
- Operations director will be looking at barriers to investment and will work with other regulators on solutions.

Industry

- Focussing on maintaining the installations where Covid is still pandemic.
- Concern around procurement issues.
- Important to articulate that this is about the transition and energy security.
- Agreed that the regulatory process works, but the process needs to be faster without reducing quality.
- In the short-term, looking at how the gas supply can be increased.
- The positive messages from the Government need to continue as this helps investor confidence.

- Medium-term, securing investment capability in the offshore wind sector should be maintained and accelerated. Identify how oil and gas projects can be progressed.
- The supply chain is focussed on making the transition real, but it is still fragile. Need to rapidly create an investible proposition in the UK.
- There are many new technologies that are trying to be turned into real projects, opportunity to try and come up with an insurance product to help progress projects.
- From a workforce perspective it is important to progress training that will enable the transition and look at finance options rather than self-sponsorship.
- Also need wider engagement to change public perception.
- Industry believes that movement on the gas specification would increase supply.
- Exploration is vital to limiting UK imports and increasing security of supply. A licensing round is key for this.
- Technology will have a big role to play in the transition, a test and demonstrator centre possibly for offshore floating wind could help the UK to become a global leader.

BEIS

- Good progress has been made this year, key to this has been collaboration.
- Worked hard to get the message out that oil and gas remains important but need to ensure that we do not lose sight of net zero.
- Need to take a balanced view and get the message out that the industry is decarbonising.
- On electrification, grid connection is a challenge, but BEIS are working closely with the regulator. Understand it is important to get clarity around the enablers.
- Will be working through the responses to the climate compatibility checkpoint as quickly as possible so that progress can be made.

North Sea Transition Deal – One Year On

- The one year on report has been published and can be found [here](#).
- Everyone's efforts were acknowledged.
- The NSTD has five commitments, the report outlines the progress made against each of these.
- Security of supply is implicit across all of the deal, but does this need to be highlighted?

Supply Chain

- Progress has been made on the Supply Chain commitment:
 - Supply chain champion was appointed in October
 - Visibility mapping of forthcoming opportunities
 - Capability and capacity mapping
 - Supply chain roadmap development

Technology

- Technology study has been championed by the Technology Leadership Board.

- Technology mapping being done across hydrogen, CCUS and Offshore winds looking at to identify:
 - UK economic opportunity
 - Technology gaps
 - Supply chain impact
- Overarching is trying to make new technologies competitive.

Electrification

- Enablers to unlock electrification:
 - Ability to access the grid
 - Addressing the commercial details
 - Need for alignment across stakeholders to agree common way forward
 - Electrification task and finish group to drive pace and facilitate solutions
- Pace needs to be increased.
- Industry money should be put into electrification, this would show that the NSTD is quid pro quo and demonstrate that the industry is committed to delivering net zero.
- Industry is committed to electrification and is not looking for government capital support, clarity and help with regulatory aspects would be very helpful.
- BEIS are progressing three main areas:
 - Regulatory clarity
 - Exploring the possibility of CfDs
 - Grid connection
- Need to have a list of the barriers and a timetable to overcome these.

Update from Future Leaders

- Industry going in the right direction, embracing net zero, protecting security of supply and using expertise to unlock low carbon solutions.
- NSTD helps crystallise what the future energy system may look like and creates a shared vision for all the industry no matter what an individual's role is.
- Not everyone in industry is aware of the NSTD and that net zero is central to the NSTA strategy.
- Ask from the group would be to turn own staff into ambassadors for the NSTD and the industry, this could help turning the shared vision and NSTD into reality.
- Thanks to the ministers for their support for industry.
- Please elevate the message of our shared vision and make it more visible.

Closing Remarks

- Industry appreciates Government support.
- Challenge for this year is to tackle regulatory barriers
- Everyone was thanked for participation; focus must be on the practical challenges. Glad the atmosphere in the industry is strong. While UK demand for oil and gas remains high, not supporting North Sea oil and gas would mean importing more LNG, which has a higher carbon footprint.
- Progress made shows the success of the NSTD agreement.