

North Sea Transition (NST) Forum meeting

17th September 2024

Introduction and Opening Remarks

Stuart Payne

Stuart Payne opened the meeting and thanked everyone for their attendance and welcomed Ministers Michael Shanks and Dr Allan to their first Forum meeting.

Stuart explained to the Ministers that the NST Forum is non-lobbying and allows government, industry and regulators to openly discuss challenges and allows ministers to hear about the vital work the sector is delivering.

This group is a good example of when times are hard that we collaborate more not less. We must work together to write the next chapter for the North Sea.

The North Sea remains a massive opportunity in terms of investment and energy security. Industry is delivering on a huge range of opportunities to decarbonise.

Last week the NSTA launched the Emissions Monitoring Report. The report shows emissions reduced 4% last year and an overall reduction of 28% between 2018 and 2023. 50% of the total reduction has been achieved with active emissions reduction measures. Real credit is due to industry for their achievements so far but there is no room for complacency. Achieving the agreed targets is the absolute minimum expected of industry and will require sustained attention, investment and innovation.

For the first time the international benchmarking includes methane. Looking at both carbon and methane, the UKCS performs very well internationally, partly because of strong achievements in methane reductions.

The NSTA shortly hope to award the first permits for carbon storage in the UK. But this is just the start, we estimate the UK needs up to 100 appraised carbon stores to meet the 2050 net zero target this is a huge opportunity for the UK supply chain.

Stuart thanked everyone for the work being carried out by the Steering Group and Task Force members.

Simon Roddy

Industry faces challenges, the Steering Group and Task Forces bring Government, Regulators and Industry together.

It is a unique structure that enables collaboration and to jointly make progress towards the transition.

Minister Michael Shanks, Minister for Energy

Can see that there is a real commitment to make the transition work.

Understands how important this industry is, there is a lot to be proud of, remarkable things have been done over the last 60 years. It is important to note that the next part of the story can also be something we can be proud of.

The transition needs to be organised and just.

Aware of the challenges that exist in the sector, a key priority for the government is to provide confidence and certainty.

Government is committed to a fair transition and will not turn off the taps. Oil and gas will be a key component of both our energy mix and the economy for decades to come.

Would like to work in partnership with industry to deliver the transition in a way that is managed and prosperous for all.

Government is taking steps to urgently consult on what comes post Finch. The consultation will be launched shortly and should be concluded by spring 2025.

There will also be consultation on licensing. The Government is not planning on revoking licenses or saying that there will be no further oil and gas consents in the North Sea.

Finally, would like to comment on the issue of pace, we know that there is already a decline in the North Sea, this needs to go in tandem with an increase in renewables. Want to avoid any gap, we need pace and balance.

Looking forward to hearing from you all today and thank you for all the work already done.

Keen to engage with industry as much as possible and collaborate where we can to ensure that we get this right.

Dr Allan, Acting Minister for Climate Action, Scottish Government

Pleased to hear today from Minister Shanks on the UK Government perspective and was also pleased to be at OEUK's conference this morning to hear from industry on the transition.

The current situation at Grangemouth is a major concern and the UK and Scottish Governments are working together to address this issue and put together a package of support. This is a good example of working together.

The Scottish Government continues to support a just transition for the offshore oil and gas sector. We know that the North Sea oil and gas basin is declining, we need a just transition to renewables.

The First Minister is very aware of the keenness that the industry has to work together with government to ensure we have the skills needed and the right fiscal regime to allow for investment to make the transition.

Two weeks ago, the First Minister published a new Programme for Government, and a new Green Industrial Strategy was also published last week. This strategy sets out a clear mission to ensure Scotland realises the maximum possible economic benefits from the opportunities created by the global energy transition. Want to ensure that the growth of the net zero industry equates to good well-paid jobs.

The Scottish Government's Energy Strategy and Just Transition Plan will be published shortly – including doubling ambitions for renewable energy generation.

Forums like this provide real opportunities to hear about what is important to industry and we can co-operate in a shared endeavour to create a just transition.

Task Force Updates

Subsurface

The Subsurface Task Force is focused on promoting responsible use of subsurface storage and energy resources to ensure energy security.

For Carbon Storage the focus is on maturing the huge resource that the UK has.

Need to ensure that we have the correct investment conditions that will attract capital to mature resources.

For oil and gas the task force is looking at the case for a continued oil and gas licensing regime.

Need to continue to support existing infrastructure as the basin declines, this activity will help support electrification and push out decommissioning.

Wells

This task force brings together the industry to improve the efficiency of existing oil and gas wells. The task force has 5 subgroups:

- Right scoping – improving well economics
- Efficient Wells Operations - Sharing best practices/reducing non-productive time.
- Improved Partnerships – Focus on campaigns
- Reservoir and Wells Optimisation – Sharing best practice
- Wells Decommissioning Skills – reducing cost

Technology Leadership Board

The Technology Leadership Board bring together operators, suppliers, regulators and technology organisations.

The first priority is to accelerate the deployment of existing technologies with a focus on technologies that will help reduce emissions and improve asset integrity.

The second priority area is digital and data with a focus on sharing data initially in the areas of well abandonment and decommissioning.

The third priority area is focused on net zero, identifying gaps in technologies for the energy transition.

Carbon Capture Transportation and Storage

The focus for this task force was:

- Accelerating time from licence to injection – Learnings from track 1 projects, these should be considered for future projects.
- Monitoring technology – Worked in partnership with Technology Leadership Board to identify new technologies.

Two reports have been published and are available on the task force's [LinkedIn page](#).

Going forward the focus areas will be:

- Reducing the cost of store development
- Legacy wells – monitoring and rectification best practice.

Supply Chain and Exports

OEUK commissioned a Rystad report which confirmed good indigenous capability across all offshore activities.

The Global Underwater Hub carried out a study and are confident there is capability for CCS and floating wind projects.

Aberdeen university have carried out a study on the skills that will be needed for the transition.

The NSTA Energy Pathfinder tool has been expanded to include energy transition projects.

Early indications for CCS projects show that a number of contracts have been awarded to UK companies. Looking forward, energy transition projects must be able to compete and win on CAPEX and OPEX to provide the most jobs and value for the UK.

Asset Stewardship

The asset Stewardship task force has 4 subgroups:

- JV Hub Strategy – Good practice template and guidelines have been developed.
- Emissions Reduction Action Plans (ERAP) – Cross industry group have developed a set of guidelines which are linked to NSTA Stewardship Expectation 11 (net zero).
- Learning and Sharing – Developing a communications plan identifying best ways to share information.
- Culture – Small group looking at the cultural changes that will be needed to embed emission reduction into company plans and project lifecycles.

A fifth subgroup is being considered to look at electrification and other low carbon power solutions.

It was highlighted that there is still a great deal of potential in the Southern North Sea for gas, and that there is still potential for growth.

Gas will be a vital transition fuel. Currently our indigenous supply is about 50% of our demand. The alternative to not producing our own gas is importing more LNG which has a higher global carbon footprint.

Decommissioning

The objective of the Decommissioning and Repurposing task force is to safely reduce the cost of decommissioning in an environmentally responsible manner.

The task force is comprised of operators, regulators, trade associations and the supply chain.

One of the key areas of concern identified by the supply chain was lack of visibility of the demand, this could result in resources be lost. A dashboard has been developed to provide project visibility which the task force has championed and have been successful in getting additional operators on board.

Without an environment for investment cessation of production will be brought forward, this will increase the demand for the supply chain which will increase costs.

The task force has had some tangible successes which include benchmarking and data sharing.

Challenges include well decommissioning and derogation cases which need to be more efficient.

There is an inconsistency in decommissioning models across the industry and there is a need for greater action and enhanced regulatory powers to incentivise decommissioning delivery. Thanks were given to the operators who were doing well with decommissioning, and it was highlighted that there was room for improvement with some operators.

North Sea Transition Deal Update

The North Sea Transition Deal (NSTD) has been in place since March 2021. The sector continues to support the NSTD and associated governance structures.

There has been tangible delivery across the five key commitments:

Supply Decarbonisation

- Targets are being met.
- Grid access remains an issue.

Carbon Capture Storage

- Good progress with track 1 projects
- Need to accelerate CCS beyond track 1 & 2 projects.
- Need to develop a business model to allow CCS to be taken forward.
- Need to accelerate the pace to ensure that the resources are still available.

Hydrogen Outputs

- Work coupled with CCS storage.
- Working with National Gas on the enabling of blending.
- Need mechanism for hydrogen business models.

Supply Chain

- Commitments are being met

- Supply Chain Champion is in place.

People and Skills

- Shortage of geoscientists which will be needed for the transition, there is commitment to continue to support PHD's. May need additional support for this.
- Also working on foundation apprenticeship.
- Working on an industry-led Skills Passport. Trade Unions fully support the initiative but have concerns with timescales and project communication.

Closing Remarks

Dr Allan

Very useful meeting, messages coming across loud and clear.

The Scottish Government is conscious of avoiding any dip in jobs while developing new sectors.

Messages also understood about the need to grow and develop existing businesses and the clear enthusiasm to support the skills needed for the transition.

Scottish Government will continue to engage with partners on the offshore energy Skills Passport.

Minister Shanks

Very helpful to hear about the sheer amount of work that is happening. There is real substance and look forward to hearing more of the detail.

The phrase 'mind the gap' sums up the challenge faced.

Looking ahead we need to ensure that there is a prosperous transition and that we are investing in projects for alternative energies to avoid the loss of skills.

We all need to be going in one direction, I would like to work with industry. I would push for industry to come back with answers on what this should look like.

The transition has been talked about for a long time, it is happening, Government has a new determination to put in place the industrial strategy. Please put forward your challenges and suggestions. It will be useful to use your collective skills to map this forward.

The Skills Passport is needed now, and I will work with the Scottish Government to see how this can be taken forward.

It is right for me to hear about your concerns on the Energy Profit levy, allowances and the fiscal framework.

We are committed to investment through GB Energy and through the National Wealth fund. Please recognise that UK is an investable proposition.

The Government is committed to moving to clean power by 2030. We want to make sure this is done in partnership to keep skills and people in jobs.