

Cross-Party Group on Oil and Gas

24th November 2021, 1800 - 1900

Minute

Present MSPs

Fergus Ewing MSP (Convenor)
Emma Harper MSP
Michael Marra MSP
Jim Fairlie MSP
Gillian Martin MSP
Audrey Nicoll MSP
Beatrice Wishart MSP
Liam Kerr MSP
Jamie Halcro Johnstone
Jackie Dunbar MSP
Michelle Thomson MSP
Tess White MSP
Alexander Burnett MSP
Clare Adamson MSP
Paul McLennan MSP

Invited guests

Deirdre Michie OBE (Chief Executive of OGUK)
Nick Terrel (Industry Chair of the OGA Exploration Task Force)
David Evans (OGUK, Secretariat)
Craig Wilson (OGUK, Secretariat)

Non-MSP Group Members

Jenny MacDonald - SDS
David Rennie - SDI Energy
Rhonda Miller - Total
Lorna Gledhill
Izzy Gaughan – Weber Shandwick
Ibiyemi Omeihe
Danielle Nicolson

Apologies

Douglas Lumsden MSP
Liam McArthur MSP
Sarah Boyack MSP
Kenneth Gibson MSP
Foyso Choudhury MSP
Monica Lennon MSP
Ariane Burgess MSP
Fiona Hyslop MSP

Convenors opening remarks and approval of minutes

- Convenor welcome and thanks
- Informed CPG has now been formally approved
- Minutes from last meeting formally approved (seconded by Beatrice Wishart)
- Convenor expresses his pleasure that a non-partisan space has now been created to promote better understanding of the industry. This should be a forum to explore the issues of the day, to remove political heat and bring light to issues.
- Convenor advised OGUK will be able to facilitate meetings between members organisations and MSPs.
- Convenor introduced speakers – Deirdre Michie, OGUK and Nick Terrel, OGA.

Presentation from Deirdre Michie OBE, CEO of OGUK - regarding industry and the North Sea Transition Deal.

- Introduction and thanks
- OGUK represents all operators and 80% of OGUK's 400+ members are in the supply chain.
- DM explained the oil and gas industry is changing and transitioning. The industry is looking to underpin the energy transition, while providing energy security and economic benefit.
- DM stressed the importance of oil and gas to the Scottish economy, outlined in OGUK Economic report – covering energy security, investment, GVA, employment and tax take.
- Industry was not immune to impact of COVID. Much effort was expended to safely maintain appropriate offshore staffing levels to ensure continuity of supply. COVID did, however, cause a serious reduction in capital expenditure.
- Climate Change Committee (CCC) Balanced Net Zero Pathway shows continued (but declining need) for oil and gas up to 2050. OGUK of the view we should continue to maximise domestic supply over increased imports.
- Overview of North Sea Transition Deal offered. Five key pillars: Decarbonise operations (via Methane Plan); Expand CCUS capacity; Build hydrogen production; Strengthen supply chain to take advantage of transition; Invest in skills to ensure just transition.

Presentation from Nick Terrel, Industry Chair of the OGA Exploration Task Force - The Case for Responsible Upstream Investment in the UK

- Introduction and thanks
- OGA Exploration Task Force established to analyse case for continued oil and gas exploration and to assess potential CCUS locations.
- NT offered overview of his wide-ranging experience in the sector
- Overseas investors very closely monitoring Scottish and UK regulatory and political landscape as part of their decision-making processes.
- Demonstrated that UKCS is a very low emission basin, in comparison to other nations.
- UK oil and gas industry very vocally and visibly committed to Net Zero – which stands in stark comparison to some other nations.
- The UK will require a strong and healthy oil and gas industry (able to deliver investment and capital expenditure) if it is to meet its net zero ambitions.
- Unsanctioned oil and gas projects will still be required to meet our forecasted (diminished) need by 2050.
- UKCS can provide 78bn tonnes of storage space for CO₂ – equivalent to hundreds of years of UK emissions.
- There is an economic opportunity to import and store CO₂ from Europe.

Q&A with Speakers

Beatrice Wishart MSP: ‘The industry’s workforce is it’s best asset. How many of the anticipated 40,000 new jobs in the energy transition will come from the existing workforce?’

Deirdre Michie: ‘Studies show 90% of jobs in oil and gas show high/medium transferability to renewables – so there is a lot of opportunity. The average age of an oil and gas worker is 44 years old. OPITO is looking to map what future skills will be needed. We need to provide clarity to existing and emerging workforce to show what opportunities will be available in the future and to help them make positive decisions about their future in the sector. Many organisations are already in the process of transition their business model, so much of this is happening seamlessly already.’

Jamie Halcro-Johnston: ‘Economy and Fair Work Committee are looking at supply chain issues. To what extent is this impacting the sector?’

Deirdre Michie: ‘Industry is facing supply chain issues – as a result of pressures around inflation, operating costs, materials and banking and lending. OGUK has a lot of qualitative information about this, but we are currently trying to produce more qualitative evidence.’

Gillian Martin MSP: ‘Public trust in the sector is an issue. This makes it difficult for the industry to make its case, even when the facts are clear. How can this issue be addressed?’

Nick Terrel: 'Agree it is a challenge. It is important to share facts and evidence with independent advocates who may be better positioned to deploy this. It is particularly important to inform people about the reality of offshoring our emissions to other countries and the high carbon footprint this incurs.'

Fergus Ewing MSP: 'Could information from the presentation about the relative carbon cost of production in various nations be shared?'

Jim Fairlie MSP: 'Can household gas supply/infrastructure run with increased levels of hydrogen?'

Deirdre Michie: 'This is actively being explore and OGUK will be happy to share information regarding that.'

Audrey Nicoll MSP: 'There is a risk the energy transition is not a just one and this could have an impact on fuel poverty. How can we prevent this?'

Deirdre Michie: 'OGUK very much agrees. It is important that we optimise our existing industries and energies until new technologies grow and become more viable.'

AOB

- Convenor brings meeting to a close
- Gillian Martin MSP has a Members' Business debate on 25th November regarding CCUS
- Convenor/Secretariat to contact members and attendees with slide decks and details about future business.