OFFICIAL REPORT
AITHISG OIFIGEIL

Net Zero, Energy and Transport Committee

Tuesday 20 January 2026

Session 6

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NET ZERO, ENERGY AND TRANSPORT COMMITTEE
3rd Meeting 2026, Session 6

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Michael Matheson (Falkirk West) (SNP)

COMMITTEE MEMBERS

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)
Monica Lennon (Central Scotland) (Lab)
*Douglas Lumsden (North East Scotland) (Con)
*Mark Ruskell (Mid Scotland and Fife) (Green)
*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Adam Berman (Energy UK)
Sarah Boyack (Lothian) (Lab) (Committee Substitute)
Simon Coop (Unite the Union)
Jim Fairlie (Minister for Agriculture and Connectivity)
Eilidh McCabe (Transport Scotland)
Kelly Minio-Paluello (Scottish Government)
Carole Stewart (Transport Scotland)
Professor John Underhill (University of Aberdeen)
David Whitehouse (Offshore Energies UK)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Net Zero, Energy and Transport Committee

Tuesday 20 January 2026

[The Convener opened the meeting in private at 08:46]

09:02

Meeting continued in public.

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning, and welcome to the third meeting in 2026 of the Net Zero, Energy and Transport Committee. We are now in public session. We have received apologies from Monica Lennon, and we welcome Sarah Boyack to the committee as the Labour Party substitute.

We began the meeting in private so that we could sign off a report that we had agreed to take in private at a prior meeting. Our second item of business is a decision to take in private item 6 on our agenda, which is consideration of today's evidence on the draft climate change plan. We will also use that item to consider the evidence that we heard on the plan at our meetings on 16 December and 6 January. Do members agree to take item 6 in private?

Members *indicated agreement*.

Subordinate Legislation

National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2026 [Draft]

09:03

The Convener: The next item is consideration of a draft Scottish statutory instrument. The order would give Scottish ministers the power to draw up standards of conduct for people benefiting from concessionary travel that could lead to the benefit being withdrawn from individuals. The Delegated Powers and Law Reform Committee considered the order and made no comment on it in its report.

I welcome to the meeting Jim Fairlie, the Minister for Agriculture and Connectivity, and his supporting officials: Carole Stewart, bus strategy and funding unit, and Eilidh McCabe, concessionary travel policy manager, Transport Scotland; and Kelly Minio-Paluello, solicitor, Scottish Government.

As the instrument has been laid under the affirmative procedure, it cannot come into force unless the Parliament approves it. Following the evidence-taking session, the committee will be invited to consider a motion to recommend that the instrument be approved. I remind everyone that the Scottish Government officials can speak under this item, but not in the debate that follows.

The committee has received some written evidence from stakeholders on the subject, including a late submission that we received this morning from Young Scot. I thank it for that.

I invite the minister to make a short opening statement.

The Minister for Agriculture and Connectivity (Jim Fairlie): Thank you very much, convener. I also thank the committee very much for inviting me to discuss the draft order.

As the committee is aware, free bus travel has been a truly transformative policy, helping to reduce child poverty, grow the economy and tackle the climate emergency. In December of last year alone, more than 15 million journeys were undertaken by those eligible for free bus travel, and the vast majority of those journeys were undertaken by individuals who exercised their entitlement to free bus travel responsibly.

Unfortunately, a small minority do not travel responsibly, and their behaviour, whether it be abuse towards drivers, intimidation of passengers or vandalism, is unacceptable, making others feel unsafe and eroding confidence in public transport. This new piece of legislation will allow concessionary travel to be suspended for or

withdrawn from anyone who breaches the forthcoming code of conduct. The code will set out appropriate behaviour for those who travel on the bus network using their entitlement to free bus travel, and it, and the accompanying procedures, will apply to all users of the national concessionary travel schemes, regardless of age.

We are taking a phased approach to implementation. This will not be an overnight change, but it is an important step forward. The legislation sets out the framework and, once put in place, it will send a clear message that antisocial behaviour will not be tolerated.

For this change to our free bus travel schemes to be successful, on-going and open engagement with stakeholders in the policy development process is essential. I am grateful to the many organisations that have been working, and which continue to work, with officials to ensure that the implementation of the new legislation will result in an effective and equitable process. Detailed reporting and suspension procedures, as well as the code itself, will be shared with the committee in due course.

The order is one of a range of measures that we are introducing to set out our expectations with regard to safe and responsible behaviour on Scotland's public transport network. We are developing a multifaceted approach to encourage positive behaviour on the bus network, including by developing educational materials, outlining responsible behaviour on buses and exploring additional visible safety measures, such as the potential for travel safety officers. They will provide a multipronged approach to ensure the safety of drivers and passengers on buses.

The initiatives complement the Scottish Government's wider approach to tackling antisocial behaviour, which includes the prevention and early intervention approaches taken in the violence prevention framework and the cashback for communities programme, as well as the package of measures that we are putting in place to ensure responsible behaviour on Scotland's rail network. Our aim in introducing the legislation is to protect a benefit that helps tackle poverty. By making buses safer and more welcoming, we will ensure that those who rely on free travel can use them with confidence.

I commend the order to the committee, and I am happy to take questions on it.

The Convener: Thank you very much, minister, and I must ask Sue Webber to accept my apologies for not saying at the beginning that she was present. She will get a chance to ask a question at the end.

I am pretty sure—in fact, I am 100 per cent sure—that this legislation will never apply to me, but I should for the record point out that I probably have the ability to get concessionary travel, given that I am over 60. However, I do not think that I am going to fall foul of this legislation—at least, I hope that I never will.

The first question will come from me—and no smirking, minister, because I really do not think that you will see me affected by what is in the code. Can you outline the evidence that you have heard on the issues that have emerged and the extent of the antisocial behaviour? It would be very helpful to hear that, given that we are talking about both ends of the age groups, as it were. I am pretty sure that it is not just young people whose behaviour sometimes slips.

Jim Fairlie: The convener is absolutely correct—this is not about targeting young people. We have been very clear about that from day 1. It is about antisocial behaviour, which arises in all age groups, not just those who come within our concessionary travel schemes.

The committee will be aware of the issues that were raised in the responses to our survey. Quite often, it is young people who feel intimidated during bus travel, particularly by older males, and I would like us to be able to talk about this in terms of withdrawing the scheme from anyone who is entitled to the card but who gets involved in this type of antisocial behaviour, whoever they might be, and to get away from talking about young people.

I also point out that boisterous behaviour is not antisocial behaviour—teenagers will be teenagers. In the correspondence that the committee will have received, there is discussion at various points about boisterous youngsters causing people to move seats, but that is just kids being kids. There are definite cases of antisocial behaviour, which has been widely talked about across the chamber and among the groups that have made representations. We felt that it was appropriate to ensure that we had the opportunity to remove concessionary travel in those cases, should there be a requirement to do so.

The Convener: I am pretty sure that there has always been boisterous behaviour on buses; certainly, that was the case when I was younger. Before I move to the next question, can the minister clarify whether he has evidence of older people misbehaving on buses, which would mean that their concessionary travel pass could be removed?

Jim Fairlie: I cannot give a specific answer, but we have received anecdotal responses from young people. When the proposal was announced, it caused some consternation among

young people in particular, because they felt as though they were being targeted. They have made the point that some older people, particularly older males, can create fear and alarm for younger people as well as older people. We are looking at the draft instrument as an ability to remove an entitlement. We are not just targeting younger people or older people. We do not have regular reporting figures from the operators because, until now, they have tended to deal with any issues themselves. When we have the level of antisocial behaviour that would merit taking away a bus pass, we have evidence that that has been on-going.

The Convener: Purely for the record, I think that anyone who makes use of concessionary travel and misbehaves to the extent that their bus pass should be removed, whether they are a young person or an old person, should have it removed. That sort of behaviour is unacceptable.

Mark Ruskell has some questions about the mechanics.

Mark Ruskell (Mid Scotland and Fife) (Green): I recognise that antisocial behaviour is a problem on our buses and I think that the minister is right to highlight it. Why has no code of conduct been presented with the order? The minister has spoken about making a distinction between antisocial behaviour and boisterous behaviour. Where are those definitions in the order, and where is the code of conduct?

Jim Fairlie: The code of conduct is still in development. I have to take some responsibility for that. Officials have done a lot of work on it, but I chose not to present it to the committee at this stage, because I want to be sure that everything is tied into it. We will present the code of conduct to the committee as soon as possible. The fact that we received Young Scot's submission only this morning indicates that there are still things that we want to do.

Young Scot is part of the Confederation of Passenger Transport's antisocial behaviour stakeholder group; however, its submission notes that it does not feel that the proposal to remove bus passes has been presented to it directly. I want to be sure that, when we are delivering the code of conduct, we have crossed as many of the t's and dotted as many of the i's as we possibly can to ensure that it is fair and robust. When we reach the point that officials present the code to me as the final article, I want to be comfortable that I can come back to the committee and say, "This is the code of conduct. We think that it will be the proper vehicle to allow us to be able to carry out the process."

Mark Ruskell: You can perhaps see the difficulty that the committee is in. We are being asked to approve an order—a power, effectively—to remove a person's bus pass without knowing what circumstances it could be applied under. I will give you an example, which was raised by a constituent of mine as well as the minister's. There are some examples of people who have a disability who have become very frustrated when they cannot get their wheelchair on to a bus. In some instances, that has led to an altercation or an argument between them and the bus driver. How would the code of conduct deal with someone who is having an argument with a bus driver? Would that be included as antisocial behaviour?

Jim Fairlie: Those are precisely the kind of things that I want to be sure that we have got around. Carole Stewart nodded when you set out that example, so she clearly understands it; it might already be in the code.

Mark Ruskell: That is in the code. That person's bus pass would be removed if they were having an argument with a bus driver.

Jim Fairlie: Is that in the code at this point, Carole?

Carole Stewart (Transport Scotland): In practice, we anticipate that the bus operating company, Police Scotland or someone else will file a report on the circumstances of a particular incident, which will come to Transport Scotland for consideration. The process would not involve a person's pass or eligibility for a pass being taken away on the spot; there would be a report and follow-up mechanism within Transport Scotland.

Mark Ruskell: That is as close as we have come to an acknowledgement that, if a disabled person had an argument with a bus driver because they were frustrated that they could not get their wheelchair on a bus, it would probably result in proceedings that would end up with Transport Scotland.

Jim Fairlie: Transport Scotland would have to take a view on the situation. It is not an automatic—

Mark Ruskell: There would be a whole process of Transport Scotland adjudicating on it and the person needing to present evidence on it.

Jim Fairlie: Yes. A driver making a complaint would not necessarily guarantee that a pass would be taken away. Transport Scotland would have to take a view on that.

Mark Ruskell: Again, I am trying to fish for real-life examples. It seems that you and your officials have done the work on this, but you are not presenting it to the committee. What about somebody who is listening to music on headphones very loudly? They might be listening to Kate Bush, for example. Could that be raised as

a complaint, and would it go to Transport Scotland for the adjudication process?

Jim Fairlie: I apologise to the committee that I did not allow officials to give you a copy of the draft code at this stage. I also apologise to the officials, because they have done a hell of a lot of the work on this, but I was not comfortable with it being shared at this stage in its draft form, because I wanted to make sure that we had done everything. I apologise to the committee that I have not done that. We could sit here for as long as you need to look at specific examples—Carole Stewart will be able to answer questions on those.

Mark Ruskell: Could the example that I gave trigger a Transport Scotland adjudication process on the withdrawal of somebody's bus pass?

The Convener: Mark, I will come in very briefly.

Minister, I fear that a lot of the questions this morning will be about understanding the draft code, which the committee has taken evidence on, and which would really help the committee in considering the instrument. It is up to the committee to say whether it supports the instrument—personally, I support its principles, but I am concerned about its implementation. However, I will sow this seed now: you have an option to withdraw the instrument and produce the draft code. The matter would then come back to the committee, and we would have a chance to look at the instrument again along with the draft code. I am not saying that that is what the committee wants, but you have said that there is something there. I fear that there will be lots of questions on the code, so I ask you to consider that. I would like you to respond to Mark Ruskell's question, and that is just an option that I want to put on the table at this stage.

Mark Ruskell: Let us go back to Kate Bush.

Carole Stewart: The code of conduct covers certain types of behaviour, for example, a passenger acting in a way that hurts or threatens others on the bus, such as by hurting someone physically; using abusive, threatening or indecent language; or engaging in any kind of harassment. It also covers behaviours that damage or disrupt the bus, including by breaking seats, breaking windows, safety equipment or other parts of the bus, or doing things that make it hard for the bus to run safely.

Mark Ruskell: All those things are potentially criminal activities, particularly breaking a bus or abusing somebody. Presumably, they are also reflected in the conditions of carriage that all bus companies have, which relate to every passenger, regardless of whether they pay to get on and whether they have a pass, and whatever their age group. Why are the conditions of carriage not being enforced at the moment?

Carole Stewart: Operators' conditions of carriage give them the right to remove passengers who act in a way that hurts or threatens others or causes damage or disruption to the bus. The code of conduct is related specifically to the national concessionary travel schemes and the entitlement to travel for free.

Mark Ruskell: Will there be a big difference between—

Jim Fairlie: We were asked as a Government—

Mark Ruskell: Hang on, minister. Is there a big difference between the conditions of carriage and the code of conduct? Conditions of carriage are an existing agreement for passengers. There are questions about how those could be enforced better and about whether bus drivers are able to enforce them on their own, but those are existing conditions on every single passenger, regardless of whether they pay to get on or not, so what is the difference between the two?

Jim Fairlie: I asked the very same question during meetings in the early stages about whether the removal of a bus pass was necessary. The operators, passenger organisations, this committee and members in the chamber asked us to look at the removal of a bus pass as a result of people's antisocial behaviour. Yes, the operators have the ability to use their conditions of carriage. I made that point on a number of occasions when we were having early discussions, but we were asked to introduce the ability to remove a bus pass because people thought that that would solve the problem with antisocial behaviour, and that is what we have now done.

Mark Ruskell: I have a final question, convener. I struggle to see how that will tackle the worst antisocial behaviour that we are seeing. There is some horrendous antisocial behaviour, with people throwing bricks through bus windows and ripping up seats. There is a huge amount of bad behaviour at some bus stations. I struggle to see how this measure tackles the root cause of that behaviour. Is it not the case that if somebody has their bus pass removed, they can just walk on a bus, as many people do in England, where there is no young persons scheme, and pay a fare to get on, or borrow someone else's card?

It might be headline grabbing, but I struggle to see how the measure actually deals with the issue of people, whatever age group they are in, who are determined to get on the bus and abuse other people, which is completely unacceptable and breaches the conditions of carriage.

Jim Fairlie: I am disappointed that you are talking about the measure being headline

grabbing. Its purpose was certainly not to be headline grabbing. Its purpose was to respond to the calls from large numbers of people for the bus operators to have the ability to remove a bus pass, or at least to give the information to Transport Scotland to enable it to remove a bus pass.

Will it solve the problem on its own? Absolutely not. It is a societal problem, and we have had discussions on it in the committee and in the chamber before. The order will not be a panacea or a silver bullet; a range of other work is on-going. As I said in my opening statement, we have the violence prevention framework and the cashback for communities programme, and work is on-going to try to ensure people's safety when they are travelling on public transport of any kind in a number of areas. Ms Brown has taken forward work on youth behaviour and antisocial behaviour.

There is a range of work, but this measure is one tool in the box that is available. If people are entitled to free carriage, that can be withdrawn from them if they continue to cause incidents of extreme antisocial behaviour or persistent antisocial behaviour. It is not the silver bullet—it was never intended to be—but it is certainly something to consider.

Mark Ruskell: What about travel wardens? The West Midlands has travel wardens, who stop people who are carrying out antisocial behaviour from even getting on the bus, regardless of whether they have a pass.

Jim Fairlie: That is one of the things that we are looking at. It already happens on Lothian Buses and Stagecoach buses. They are not called travel safety officers—they are called something else. There are agreements with—[*Interruption*.] I am sure that Ms Webber is going to come in on that in a second, because I can hear her talking away.

The Convener: Sorry—whoa, whoa! While I am convening the committee, I ask members to quietly allow other members to get their questions answered, without adding bits in. Ms Webber will get her chance at the end, as I have indicated. [*Interruption*.] Ms Webber, you will get a chance at the end. As a respect to the committee members who do this week in, week out, let them get their questions in without making comments from the sidelines, so that I can hear them.

Jim Fairlie: To finish the point that I was making, the measures include the potential to have travel safety officers. We are continually looking at how we make sure that public transport is safe.

The Convener: Michael Matheson wants to ask a supplementary on that. I know that Kevin Stewart and Bob Doris also want to come in, so there is a heap of questions. By the look on her face, I suspect that Sarah Boyack wants in as well.

Michael Matheson (Falkirk West) (SNP): Good morning. Like others, I recognise the need for us to deal with issues of antisocial behaviour on public transport.

As I have not had sight of the code of conduct, can I clarify: is the intention for the code to deal only with the issue of antisocial behaviour that takes place on buses or can the sanctions also be used for young people who make use of the bus, carry out antisocial behaviour, and then get back on the bus?

Very often I hear—as I am sure that others also do—that there have been problems with antisocial behaviour in certain town centres, because young people have got a bus in, caused antisocial behaviour, and then gone back home again on the bus.

To be clear: does the sanction apply only to antisocial behaviour that takes place on or in the vicinity of the bus?

Jim Fairlie: Again, I apologise to members for not giving the committee a copy of the draft code of conduct.

I will ask Carole Stewart to pick up that point.

Carole Stewart: The power and the code of conduct have to apply in relation to the concessionary travel entitlement. If antisocial behaviour takes place in exercising the use of that entitlement it is within scope for the code of conduct and the procedure. However, I will ask Kelly Minio-Paluello to verify that for me.

Kelly Minio-Paluello (Scottish Government): The power in the legislation would apply if a person breaches the standards of conduct "while using the Scheme".

Michael Matheson: Let me unpack my question. If a person gets on the bus, takes the bus to a location and commits an act of antisocial behaviour in that location, and then gets back on a bus at some later stage, to go back home or wherever else, would that be classified as a breach of the code?

Jim Fairlie: In legislation, under the current code, what would that be?

Kelly Minio-Paluello: The provision states "while using the Scheme", so depending on the circumstances, it would need to be determined whether the conduct took place while the person was using the concessionary travel scheme.

Michael Matheson: Hold on. Does that mean that if someone uses concessionary bus travel, commits some form of antisocial behaviour nowhere near a bus and not associated with public

transport, then the sanction of removing their concessionary travel could be deployed? Is that what the code of conduct would allow to happen?

Kelly Minio-Paluello: I think that Carole Stewart is better placed than I am to answer that.

Jim Fairlie: As we currently sit here, I do not know the answer. We will go away and look at that.

The reason I am uncomfortable with presenting the code at this stage is exactly because I do not know whether we have the detail on those kinds of questions. However, I am happy to take away as many questions as the committee wants to ask us; that way, when we present the code to the committee, those answers will be there.

Michael Matheson: Okay. We do not currently know whether it could be applied in those instances.

My second point is in relation to process. Given that the decision maker will be someone within Transport Scotland, what are the intended governance arrangements around that individual in relation to their making of those decisions, and what threshold of evidence will be required in order to justify a decision?

09:30

Jim Fairlie: Again, we are still working that bit out. We cannot bring in the lifting of the entitlement at this stage because there is still a lot of work to do on the details. The principle of card removal is one thing that we have tried to get done in order to give the clear signal that, although the use of a card is an entitlement and a right, it is one that can be removed if people engage in antisocial behaviour.

We are still working through the details of what the code will include. The stuff that we are hearing this morning is incredibly valuable, because my officials and I will use it as the code is developed fully. Questions of the kind that you have just asked are still being worked on as we speak.

Michael Matheson: Minister, you will appreciate the difficulty that that creates for committee members. We do not know whether the removal of the card can apply to instances of antisocial behaviour away from a bus—associated not with the public transport but with the person having made use of concessionary travel. We do not know what the governance arrangements will be for the decision-making process in respect to any sanction that is to be applied, nor what threshold of evidence will be required in order to satisfy the decision maker in taking action. That makes it difficult for committee members to understand what we are expected to agree to.

In principle, I agree with the idea of being able to remove someone's concessionary travel, but we need to be satisfied that we have worked through the practicalities and the operational assurance that is needed for "fairness, equity and inclusion", as Young Scot described in its evidence. From what I am hearing this morning, we do not appear to be able to give that assurance.

Jim Fairlie: I absolutely appreciate those concerns and all the considerations that we have heard from Young Scot, which has every ability to feed into the code of conduct—that is absolutely at the foundation of how the code of conduct is being drawn up. However, I absolutely take on board the committee's concern that there are questions that we cannot answer at this stage. We can say, however, that we want to proceed with the principle of being able to remove the concessionary card.

I take the convener's earlier point about withdrawing this Scottish statutory instrument and coming back with it. My concern is the timescales for the parliamentary process, given where we are in the parliamentary session. I hope that we can take enough comfort from the team that is pulling together the documentation that it will approach this properly and equitably, ensuring that fairness is at the heart of what they are trying to do. My officials are more than capable of that.

I therefore ask the committee to agree to the principle of allowing us to remove the card if the thresholds have been met.

Kevin Stewart (Aberdeen Central) (SNP): I will expand a little on the deputy convener's line of questioning. The minister has pointed out the way in which the issue will be dealt with if incidents happen during the course of travel. However, as many members around the table have experienced, the complaints are mainly about where the antisocial behaviour takes place. People travel on the bus, get off the bus, commit the antisocial behaviour, then get back on the bus. A prime example of such behaviour is in the Union Square shopping centre in Aberdeen. Lots of folk are saying, "Why on earth have these kids got the ability to travel from one end of the city to the other to cause chaos, then go away?"

We need to know where all of this applies—whether it is just on the bus or where folk have used free travel to get to an area and cause antisocial behaviour there. We need more clarity on that.

Beyond that, what your officials have described is basically that criminality would have to have taken place in order for the card to be withdrawn. That is grand, but there is a fine line between what some folks would see as antisocial behaviour and

what others would see as annoyance. The code of conduct needs to be explicit about such things.

When I was going home the other week on the Megabus, a woman on the bus barked orders at her dog all the way from Edinburgh to Aberdeen. Quite frankly, it was doing me in—but, let us be honest, that is not any reason to take away the woman's bus pass.

We need to say explicitly where the lines are. Is it only criminality? What constitutes antisocial behaviour? We cannot do that, sitting here today. How are you going to convince the committee, minister, that what you are embarking on—which I think is the right thing to do—covers all the bases that we want to be covered and, beyond that, is fair and equitable?

Jim Fairlie: I take on board the point that Kevin Stewart makes.

The Convener: It was a point, I think.

The next question comes from Bob Doris.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): We are almost violently agreeing on the principle here—we are trying to get the detail right and give the committee confidence. It will be difficult for the Government to do that.

Mr Stewart made a very reasonable point but, within it, he said something that I disagreed with in relation to the code of conduct needing to be explicit. In previous exchanges, I wrote down the word "context". I go back to Mr Ruskell's point—Mr Ruskell asked about the example of a person with headphones on. You cannot possibly answer that question, minister, because context is everything. FirstBus's conditions of carriage state that it is a breach of those conditions to

"play or operate any musical equipment or instruments (including radios, mobile phones, MP3 devices etc) on vehicles at a volume that is likely to cause annoyance to other Customers".

Are bus companies enforcing that just now? Possibly, but probably not. That is due to driver safety as much as anything else, I suspect. So, the word "explicit" gives me a bit of nervousness when context is everything.

Let me give another example. Mr Ruskell talked about life experiences and I was personally involved in such a situation the other day. He was talking about disabled people and some of the issues that they have in accessing a bus—whether there is space for someone with a wheelchair and, sometimes, for a personal assistant to help them to get on the bus. The other day, I got on the bus with my children's two scooters, one of which was foldable and the other of which was not, although it was smaller. I got on the bus fine on the way out to a skate park; on the way back, the driver politely and professionally challenged me about whether I could take that larger scooter on the bus. Being a geek, I knew the conditions of carriage: I could do so at the driver's discretion. On the way to the skate park, the driver gave me permission at his discretion to get on the bus with both scooters, but perhaps, on the way back, a different driver would not use that discretion, leaving me and my family unable to get home.

The driver was very professional when he let me on the bus, so why do I make that rather trivial point? It is because context is everything. I want to see a code of conduct with broad brushstroke principles and, perhaps, underpinning guidance that allows contextualised decisions to be taken by Transport Scotland.

There is a question in there, which is: should the code be explicit, should it have broad principles, and how does context come into all of that and into the decision making?

Jim Fairlie: All those things that you said, particularly about context, are vitally important to making sure that we get the code right.

We are not disagreeing on the principle of being able to remove the entitlement to travel. As I said, we have just received the response from Young Scot. Again, I apologise for not having the code in front of me, but I wanted to be sure that we could get as many of the potential problems, issues, loopholes and concerns fed into it as possible. I am finding this meeting incredibly useful, because we can now feed some of the points that have been raised into what the code will look like, and the code will then come back to the committee.

Bob Doris: Will there be associated guidance, or will the code stand alone?

Jim Fairlie: The code will come with guidance. I will ask Eilidh McCabe to confirm whether that is right.

Eilidh McCabe (Transport Scotland): Do you mean guidance for operators or for users?

Bob Doris: I suppose that I mean guidance for everyone, but I will leave that to the minister and his team. I am asking what the thoughts are currently on guidance.

Eilidh McCabe: We anticipate that there will need to be some education—which might take the form of guidance—particularly for bus drivers, on what they need to know to be able to report incidents to Transport Scotland, perhaps through their depot managers; what antisocial behaviour looks like; and what thresholds we would anticipate coming into the code of conduct. We are trying to make the draft code easily accessible in order for everyone to understand the expectations

that will be placed on them. There might also be an explanation of what the consequences of not meeting those standards might be.

Jim Fairlie: We can also share the current code as drafted for comments from the committee. If the committee comes back with comments and suggestions, we will be more than happy to look at them.

Bob Doris: Minister, you talked about bringing the code back to the committee. I am content today to give the Scottish Government the power, via Transport Scotland, to withdraw that entitlement to travel—in certain circumstances, where that power is contextualised and appropriate. What we are debating today is the process around how that power will be used and how it will be proportionate. You mentioned bringing the code back to the committee. Would the committee have a further vote on whether to approve that code or otherwise? That might determine how I view today's evidence session.

Jim Fairlie: No. There would not be a further vote on the principle of allowing the concessionary cards to be removed. The code of conduct would come back to the committee for it to comment on and feed into so that we have as broad a range of views—from the committee and from the people who have written to us—as possible. That is to make sure that the code covers everything that we need it to cover. I will provide a copy of the current draft code for the committee to feed comments into it. We will take on board the new stuff that we have heard today, and that will help us to put together a final code of conduct that should then be put in place.

Bob Doris: If there is time, I might come back in later, but I think that I have had a fair crack of the whip for the moment.

The Convener: There I was, when scheduling for this with the clerks, thinking that it would all be over in 30 minutes, apart from the shouting. How wrong I was.

Sarah Boyack (Lothian) (Lab): This is a really important issue. Like the convener, I have to declare an interest in that I have a free bus pass for the over-60s. When it was introduced, I never thought that I would be using it. Having taken part in the parliamentary debates and seen evidence from constituents, I can see that there is antisocial behaviour out there. There are people who are conducting themselves in absolutely inappropriate ways, and it is putting drivers at risk, so this could not be more important.

It is important to discuss both the principle of removing people's passes and the circumstances for doing so. I hope that we can come back to the issue, because Young Scot was not consulted, and there have been comments from the Scottish Youth Parliament and from the Children and Young People's Commissioner Scotland. It is really important that safeguards are in place. I would like to discuss both those things at the same time.

I would also like to hear more about travel safety officers and how they will be targeted to support the safety of bus users. The fact that people are not using buses came through in evidence from young people; they worry about using the bus now, because other people conduct themselves totally inappropriately. Where is the resource for that and how will it be targeted?

09:45

How do we raise the profile of the legislation so that young people can see it? Should it be through TV, social media, adverts and schools but also more widely? As has been commented on, it is not just young people who might abuse their bus pass by not behaving appropriately; certain other groups of people might do so, too. Could there be something in guidance and in the code of conduct? It is really important that you consider all that.

My final question is about the disability issue. Will drivers be briefed about people with Tourette's, for example? There are some really important issues in how the legislation is implemented. People want it to be implemented, but we must ensure that the process in relation to the code of conduct is fair when Transport Scotland is considering the removal of a bus pass. I hope that the minister listens to us and that the committee has spare time to enable us to get this right, because it is so important.

Jim Fairlie: The reason why it is taking so long to get the code of conduct is precisely so that we look at all the issues that have been raised by the committee today. You are absolutely correct: it is vital that we get it right. The process must have fairness, equity and parameters, and it must understand context, as Bob Doris was saying. I completely take on board all those things. The principle of being able to remove a pass was the primary reason for laying the SSI at this stage, so that we could get the process moving and ensure that we did not run out of parliamentary time to get it done. I hope that the committee has enough confidence that the work that you are all asking about is being undertaken and that it will be done diligently by the team of officials who are working on it.

Sarah Boyack: Do you not want to answer any of the specific questions that I posed about the safety issue and travel safety officers? The travel safety officers issue is not just about the code of conduct. It is also about how we get the SSI

implemented effectively as a new piece of legislation that ensures that there are consequences for antisocial and disruptive behaviour on our buses.

Jim Fairlie: As I said earlier, we are looking at potential visible safety measures, including travel safety officers—we can call them that just now—which some private operators already have.

On how we will publicise it, there are a number of routes for how that will be done. A lot of it will be through social media, if it is targeted at young people, but there will be other things that we can do to ensure that people understand it.

Passing the SSI is a signal that the kind of behaviour that you rightly talk about as unacceptable will be tackled. All of this will build up the momentum to make sure that people understand that, with a bus pass, there is a responsibility as well as a right. Therefore, the code of conduct has to be clear and understood by people.

The Convener: You had a lot of questions, Sarah, and I am not sure that we will get through them all. As I am conscious of the time, I will move to Douglas Lumsden, unless there is a specific question that you want to ask or that you feel is not sufficiently answered for you to move on.

Sarah Boyack: There were a couple of questions on disabilities earlier, and I raised another example. Proper guidance is needed on all those issues to make people aware of them, so I would like to hear a commitment about that. As other members have said, the two issues go together: what we are discussing today and the context. That needs to be in the code of conduct, because young people have not been consulted—we have had that feedback. Getting the two right is critical.

Jim Fairlie: I would dispute that young people have not been consulted. They have been consulted.

Sarah Boyack: Sorry, but not all young people—

Jim Fairlie: I refer to the correspondence that the committee has received from Young Scot. Bear in mind that Young Scot sits on the Confederation of Passenger Transport stakeholder group, so it has been part of this process. You have seen the responses from a number of different groups, including the Youth Parliament. Young people have been consulted. However, there is more work to be done, which we will endeavour to do.

Sarah Boyack: What about the concerns expressed by the children's commissioner and the SYP?

Jim Fairlie: That is why there is on-going work to ensure that we get this right.

Douglas Lumsden (North East Scotland) (Con): Let us say that I am a 16-year-old and I have had my entitlement removed. Would that entitlement be gone for the rest of my life? Would a time period be put on that? How would I get it back? Would there be an appeals process? Can you explain some of the process around that?

Jim Fairlie: It is not gone for good. It will depend on the severity of the sanction that was placed on the young person. I am not quite sure what the process is at the moment for how they get it back—whether they have to write and ask. How is it done at the moment?

Eilidh McCabe: They would have to reapply.

Jim Fairlie: They would reapply to get their bus pass back.

Douglas Lumsden: Would there be a time limit before they could reapply, or could they reapply straight away? How would that work?

Eilidh McCabe: It would be after the suspension has finished.

Douglas Lumsden: Okay, so that I can get this clear in my head, the bus operator would report the issue to Transport Scotland, which would decide on a sanction. How long would the process take after the bus operator has reported the issue to Transport Scotland? How about somebody who was constantly involved in antisocial behaviour? Would the bus company still have to put up with that person? How long for?

Eilidh McCabe: The specific details on how long are still being worked out. We would anticipate that there would be a period of time to allow the cardholder to put their side forward, including any mitigating circumstances such as disabilities, as suggested by committee members. A decision would then be made.

Douglas Lumsden: Do you anticipate that being a week or a month? How long would it take?

Eilidh McCabe: It would be a matter of weeks, not months. That detail has not quite been ironed out yet, but there would need to be enough time to allow someone to make representations to Transport Scotland and for those to be considered.

Douglas Lumsden: How would the person's details be captured? Would the driver get those details from the young person's travel card? How would they capture the details to report that person?

Eilidh McCabe: It would be in the transaction details on the card system. The driver would be able to take the card details off the system and use them in the report to Transport Scotland.

Douglas Lumsden: The young person has tapped their card, so the driver would be able to get the details from the system and report that person. Are there any general data protection regulation issues around how that is being handled by the driver?

Eilidh McCabe: As part of the SSI development, we consulted the Information Commissioner's Office on data sharing and how to do that appropriately. We intend to develop a standard reporting template to ensure that the information that is shared is only what is necessary for the process. We are trying to discourage any unnecessary information sharing, and the information sharing would be only among specific parties. Bus operators would need to assure themselves that they, too, are meeting the data protection requirements.

Douglas Lumsden: That would be part of the guidelines, I presume.

Eilidh McCabe: Yes.

Douglas Lumsden: Minister, I have a question about whether the entitlement could be removed at certain times of the day. For example, let us say that a young person is using the bus to get to school. Is there an option to say that they can keep their entitlement until 6 o'clock in the evening and then are no longer allowed to use that entitlement, because they have been involved in antisocial behaviour? Was that considered? If so, was it discounted?

Jim Fairlie: My understanding is that that was not considered. If the entitlement is removed, the entitlement is removed completely.

The Convener: Just to clarify, if the entitlement is removed, you are removing the young person's ability to get to education. Is that what you are saying?

Jim Fairlie: No—

The Convener: That is what you just said.

Jim Fairlie: No, it is not. The ability to get to education is the responsibility of a local authority—it is the local authority's responsibility to provide the young person's travel. The scheme was never designed to get young people to their education. That responsibility lies with the local authority.

The Convener: Just to push the point so that I fully understand it, if a young person uses Lothian Buses, for example, to go to school, and he or she has had their concessionary travel removed, they can walk or cycle but they are not allowed to use the bus to go to school. That seems bizarre.

Jim Fairlie: It depends on whether they can pay, and on whether the local authority has a requirement to provide free travel to school for them. The concessionary scheme is not about school transport.

The Convener: They cannot use their travel card; they just have to pay their money. That does not protect bus users from being abused.

Jim Fairlie: If someone has had their card removed, they will have gone through a process to ensure that that was appropriate. The scheme was never about giving free travel to children to get to school—we were absolutely clear about that. If there is a requirement for the local authority to provide that person's travel to school and it has chosen to let pupils use the concessionary travel scheme instead, that is a local authority issue. It is not an issue for the scheme.

The Convener: Okay. I am going to stop the questions there, for a variety of reasons. We are at the limit of our time for this discussion and various issues have been raised. Unusually, I am going to move the meeting into private so that the committee can discuss what we are going to do about the SSI. Everyone, apart from the committee, will have to leave the room so that the clerks can explain the procedure.

09:56

Meeting continued in private.

10:25

On resuming—

The Convener: Welcome back. We move to agenda item 4, which is subordinate legislation, to debate motion S6M-20054, which calls on the committee to recommend that the draft National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2026 be approved. I invite the minister to speak to and move the motion.

Jim Fairlie: Given the considerations that I have heard from the committee, I am concerned that it is not minded to recommend the approval of the SSI. I am extremely disappointed with that, given that the committee, members in the chamber and stakeholders all asked us for it.

I accept that the draft code of conduct is not in front of the committee, and I have apologised for that. However, no code will ever be perfect; you could give me 200 different scenarios on which we could come up with a range of different views. What we have is an opportunity to provide security for the bus sector, which has asked us to give it the tools and security that it wants to be able to remove a concessionary travel entitlement from someone who is consistently or damagingly creating antisocial behaviour.

I do not want to move the motion on the amendment regulations if I do not have the committee's support. I am concerned about the way that the debate has gone this morning and that the committee is so minded. Does the committee have anything to add before I decide whether to move the motion?

The Convener: According to procedure, minister, it is up to you to speak to the motion and to say at this stage whether you will move it or not move it. I am just looking at the clerks and that is correct: at this stage, it is up to you, not the committee, to make recommendations. I can make some comments on behalf of the committee if you decide not to move it.

Jim Fairlie: I do not want to move the motion today and then have to go through the whole process again. That would be wrong for the stakeholders and the Parliament, and would be the wrong thing to do. I am extremely concerned that the committee will not recommend the approval of the SSI—which was asked for—so I will not move the motion.

The Convener: Minister, thank you for making that decision. As convener of the committee, I say to you that there is no doubt that committee members accept the need for the legislation, and I believe that the committee will empower me to work with you to ensure that what can be done is done to allow you to bring the matter back as soon as possible, so that we can fully understand the proposals. I give you that assurance, and I thank you for making your position clear this morning.

I briefly suspend the meeting to allow a changeover of witnesses.

10:28

Meeting suspended.

10:31

On resuming—

Draft Climate Change Plan

The Convener: Welcome back. We move on to agenda item 5, which is an evidence-taking session on the Scottish Government's draft climate change plan. The plan sets out how the Scottish Government intends to meet its carbon emissions reduction targets. The committee is leading a cross-committee effort to scrutinise the draft plan, and the Scottish Government has said that it will lay the final plan by the end of March. Everyone who gives evidence today will be contributing towards a final report that we will publish in late February, with a debate in the chamber to follow.

I put on the record that the committee is extremely grateful to the members of the Scottish Youth Parliament's Transport, Environment and Rural Affairs Committee for attending a meeting with us last Thursday and for the evidence that it gave us.

I also put on the record that the committee visited the energy transition zone in Aberdeen yesterday, and we are grateful to ETZ Ltd for hosting us and showing us some of the work that it is doing. In the afternoon, we met community groups from across Aberdeen to discuss the climate change plan. I thank the attendees for attending that meeting. It was clear that, at all levels, people had engaged with the plan and maybe had different interpretations of it. A note of those meetings will be circulated to committee members, so that we have it for the record.

I welcome Professor John Underhill, director of the centre for energy transition and professor of geoscience, University of Aberdeen; David Whitehouse—who is here in person—chief executive officer, Offshore Energies UK; Adam Berman, director of policy and advocacy, Energy UK; and Simon Coop, national officer for energy and utilities, Unite the Union. Thank you all for attending this morning.

As is generally the way on the committee, I get to ask the very easy opening question. I will give you all a chance to answer. We have slightly overrun, and I am sorry for keeping you waiting. However, our time is quite short, so if you agree with somebody else on the panel and everything that they have said, you can just say, "I agree", and if you do not agree with them, you can say, "I do not agree", rather than rehearsing the whole thing again. I am sorry—that is probably over-icing the cake, but we are quite short of time.

My first question is, what position should the Scottish Government have with respect to future oil and gas licensing and production in the North

Sea? I think that last year was the first year that we did not drill a well in the North Sea since—I was going to say 19-canteen, but it was certainly a long time ago. David, do you want to start off?

David Whitehouse (Offshore Energies UK): By way of introduction, I will say that Offshore Energies UK represents 500 companies that work in the UK's energy sector, including oil and gas companies, wind developers and a huge number of companies in the supply chain. My background is that I have worked in oil and gas for 20-something years.

To answer your question, I think that the climate change plan is important. It is important to have a plan that shows how Scotland seeks to eliminate emissions. The task that lies ahead of us is to turn it into a delivery plan, so that it goes from being words and ambition to a delivery plan.

The role of oil and gas in the plan is critical. Today, 75 per cent of the energy in Scotland still comes from oil and gas. We are lucky to have a world-class oil and gas sector, and we still have significant opportunities in the North Sea. The United Kingdom as a whole will require somewhere between 10 billion and 15 billion barrels of oil and gas on the journey to reaching the UK target of net zero by 2050. As things currently stand, the UK is on target to produce less than a third of that from our North Sea.

However, with supportive policy, the UK could produce at least half of its own oil and gas. That would have really positive impacts for the security of the country and our energy supply. It would add more than £150 billion-worth of value back into the UK economy, much of which would come to Scotland. Significantly, that would support jobs and the supply chain companies that we have in the UK and in Scotland—companies that we need for the broader energy transition. If we are to deliver on the climate change plan, we need to recognise that there is a significant role for the oil and gas sector to play in working alongside the build-out of renewables. For those reasons, I think that it is right that we continue to support oil and gas production in the North Sea. We should be prioritising home-grown energy across the board and prioritising our home-grown oil and gas.

My final point is that what happens in the North Sea does not stop in the North Sea—it ripples through all our industries. If we do not produce oil and gas from the North Sea and we do not manage the transition, that will have impacts at Grangemouth and on our chemical, fuel and pharmaceutical sectors in Scotland and in the UK more broadly.

What is happening in Aberdeen at the moment is of national significance. Policy is driving activity away. We are losing that capability. That has an implication for places such as Aberdeen, where I live, but also for our broader economy. We need to recognise that and to recognise that we are on a journey to net zero. Through the climate change plan, we must support the oil and gas sector to help with the transition to net zero.

The Convener: That was very clear. John, what are your views?

Professor John Underhill (University of Aberdeen): I would like to amplify and echo a lot of what David Whitehouse said. I will not repeat what he said—to stick to your edict, convener—but I would like to add a couple of points.

First, on windless, cold, dark days, we are often using up to 60 per cent of gas from the North Sea. Secondly, on the climate issue, domestic supplies of oil and gas come with a lower carbon footprint than imports of equivalents. While we are still reliant on oil and gas—David mentioned that three quarters of our current energy consumption is still met by oil and gas, as we no longer use coal—there is an argument to be made that that inconvenient reality is such that we should ensure that the carbon footprint is as low as possible. With domestic supplies that is the case, compared with the imports that we get from most countries, with the exception of Norway, which has a lower carbon footprint.

At the moment, we bring in fracked gas from the US as liquefied natural gas. The production of fracked gas is banned in this country, and it comes with a much higher carbon footprint. The same is true whether it comes from Trinidad, Angola, Algeria or Peru. A case can be made that, while we are transitioning and are still so reliant on oil and gas and do not want to have power cuts or to have the heat go off, there is a climate-compatible argument for continuing to have domestic supplies from the North Sea as part of a climate action plan.

The Convener: Adam is next.

Adam Berman (Energy UK): The long-term trajectory is clear. The basin is decreasing in production, even leaving aside anything that has happened in relation to licences or taxes in the past 12 to 18 months.

I should say that Energy UK represents the energy sector in the UK, but the one part of the sector that we do not represent is the upstream oil and gas part of it, so I have no skin in this game. I will just lay out the facts as we recognise them.

The first thing to say from an energy security perspective, particularly when it comes to oil, is that these are not nationalised assets and the UK has no legal ability to secure them in any circumstances. The security argument is a little less robust, particularly when it comes to oil.

On price, again, we are in the context of global markets. Oil in particular will play a very small role in impacting pricing changes. Gas is a bit different. The UK is still very heavily reliant on gas for industrial purposes and for domestic heating. The challenge here, as Professor Underhill has mentioned, is that around 10 to 11 per cent of the UK's overall gas consumption comes from liquid natural gas imports, and that is set to rise over time—that is, the proportion of the UK's gas consumption that comes from LNG will rise over time. To a degree, that is because of the decline of the North Sea. That means, when it comes to price, availability and emissions, we will face a very different picture from that faced today.

On price, we tend to procure LNG on spot markets, so we procure it not very far ahead of when we use it. We do not tend to have five, 10 or 15-year contracts, as some countries do, which come with pros and cons. Therefore, there will always be a question of availability. I am not suggesting that that means that we have an immediate security-of-supply crunch, but you can certainly envisage scenarios where bringing in more LNG puts us in a less advantageous position.

The final thing to mention is emissions. We have heard that not only is the production of gas, whether shale or an equivalent, more emissions intensive, but the entire process of creating LNG—in essence, supercooling and transferring that liquid natural gas to another place, then regasifying it and putting it into your energy system—is very energy intensive. It simply is the case that any domestic production would have lower emissions values than that of imported LNG, so I think that there is some nuance here.

The Convener: Adam, I am going to push you slightly. I gave you quite a lot of leeway to talk about other things, but my question was, do you agree with the Scottish Government's policy on licensing of oil and gas in the North Sea? Could you, after the exposition that you gave, just say yes or no, so that I can give Simon a chance to come in?

Adam Berman: The Scottish Government has studiously avoided having a position on oil and gas extraction in the North Sea. That would be my honest take on it. To your question of whether it is right to have a complete moratorium, in essence, on all oil and gas, my view would be there is a clear rationale in the context of a decarbonising economy to include some increased gas production within that.

Simon Coop (Unite the Union): I will try to be brief and succinct. There is a workforce in oil and gas that is clearly transitioning, but they believe that there are not enough clear plans for good, sustainable, trade union national agreement jobs as the transition moves forward. Therefore, I urge the Scottish Government to have a clear plan in relation to ensuring that the communities that are involved in oil and gas are not in a cliff-edge situation, and that the jobs have enough timescale associated with them to allow that transition to happen. At this moment in time, the workforce and Unite the Union members do not believe that that is the case—they are not seeing the jobs come on stream. There are many examples, one of which is Grangemouth, where Unite the Union has been very clear that there should not be a ban without a clear jobs plan. That is our position on it.

On the energy mix, our union and my committee's view is that there needs to be a balanced energy mix of all the different types to ensure security of supply and resilience. If those all come on line and if there are good, sustainable, trade union national agreement jobs to ensure the transition, the workforce will have opportunities. At this point, my union believes that there should not be a ban until we have a clear plan to ensure that communities and workers are protected and that they do not go through a cliff-edge transition, as happened to the coal miners of the past.

10:45

Kevin Stewart: The original question was about the Scottish Government's position, but we know that the future of oil and gas production and licensing in the North Sea is reserved to the UK Government.

Mr Whitehouse said that 75 per cent of our energy use still comes from oil and gas and that 75 per cent of energy jobs are still in oil and gas. To lose that without other jobs being available would be disastrous. Your organisation has said that you want politicians to commit to continued licensing and that you want reform of the energy profits levy before 2030. What will happen if that is not the case? What will happen if we do not follow Norway's route of continuing to drill in fields that have already been explored?

David Whitehouse: Most often, our organisation and our members call for the polarisation to be taken out of energy policy. Our organisation's view is that we use oil and gas, so we should prioritise our own production. It would be great if we could hear politicians saying that we would prioritise our own production and our own jobs and that we would secure value in our economy. We can do that in such a way that we can build renewable energy alongside it. That is our position.

We have made a policy decision. Adam Berman made the point that the oil and gas sector in the North Sea is in inevitable decline. There is some truth to that, but the fact is that, with supportive

policy in place from 2016 to 2019, we maintained flat production in the North Sea. If we project forward, the North Sea could produce a significant proportion of the gas that we need, and we have identified significant opportunities from that. However, as you said, to achieve that, we need to change the energy profits levy, which is driving away investment. There is still a tax rate of 75 per cent, although windfall conditions have long gone. As a result, there is an accelerated decline in activity. As the convener rightly said, no exploration wells were drilled last year.

You asked about the consequences if nothing changes. Making such changes would unlock £50 billion-worth of investment from private companies. The UK would be able to meet half its oil and gas needs, which would add £150 billion to the UK and Scottish economy, and it would support the supply-chain companies that we need for the broader energy transition.

If we choose not to act, we will lose that and there will be accelerated decline in the North Sea. If the energy profits levy is changed in 2030, some key assets that are of national significance, such as the Forties pipeline system, will have been undermined, because there will not have been the appropriate flows through them. We will lose all those benefits and will also run the risk of contagion. There are impacts for us who work in the North Sea, but there are also impacts on the chemicals and pharmaceuticals industries, because the feedstock from oil and gas finds its way to other parts of the UK and Scottish economy.

Kevin Stewart: Professor Underhill, in your recent review, which was published in August 2025, you called for four things: permitting near-field and infrastructure-led exploration; strengthening regulation and stewardship; safeguarding critical infrastructure, as Mr Whitehouse mentioned; and supporting industry confidence. Current policy does not allow for a number of the things that you called for, and it certainly does not support industry confidence.

In answer to the previous question, you talked of power cuts. Some would possibly accuse you of scaremongering, but there is the possibility, if we do not get the transition absolutely right, that that would happen, or, as you pointed out, that we would rely on more carbon-intensive gas from the US and Qatar.

What do we need to do? Does the UK Government need to follow the four proposals that you have made as a neutral academic?

Professor Underhill: I will start by reflecting on the North Sea. Yes, it is a mature province. The average field size has been decreasing, and we will not see a return to the situation in the 2000s and back into the 1990s when we were meeting our needs and were self-sufficient. However, that does not mean that we are in the final throes of the basin. Discoveries have been made that have not come online yet, and near-field exploration and infrastructure-led exploration opportunities exist. They could be tied back into the existing infrastructure to give us energy security and a lower carbon footprint in relation to the oil and gas that we currently need, which would buy us time and aid investment in renewables, because it is many of the same companies that are looking to do carbon storage and the like.

You referred to the intervention that I made in August. In looking back at the past five licensing rounds, I realised that they had not translated into production. That begs the question whether the licensing regime is fit for purpose and whether it needs to be replaced by something else. That is why I suggested the infrastructure-led permitting scheme. I am delighted to say that the Department for Energy Security and Net Zero and its ministers interacted positively, and they have introduced transition energy certificates. However, here is the rub—that is about areas that are “adjacent”. What does that mean? How do we tie back discoveries already made and opportunities that could be drilled?

I have to say, hand on heart, that in and of itself, my intervention on permitting and extending the licensing is one thing but, as David Whitehouse said, it is the removal of the energy profits levy—the windfall tax—that would give the industry the confidence to deliver some of the projects and retain the jobs that you referred to, Kevin.

With regard to seismic contractors, there is a knock-on effect. We have seen something in the order of 17 companies amalgamate through mergers and acquisitions down to just three—TGS, Viridien and SLB are the most notable—and two other companies, Dolphin and Polarcus, have gone to the wall. The UK is no longer meeting the investment criteria that companies look at or providing the supply chain of contractors, such as those in the seismic industry that I just described. We are between a rock and a hard place—we are trying to make a transition while still relying on oil and gas, and we are trying to ensure that, for climate compatibility and energy security, domestic supplies are still supported.

I would argue that the points that I made in August are as valid now as they were then. I hope that not only the transition energy certificates—they build on the infrastructure-led permits that I suggested in my intervention—but the other measures are taken on board.

I will add one other thing. It must be remembered that UK emissions make up less than

1 per cent of global emissions, and the oil and gas industry is 0.03 of that 1 per cent. Scotland is a fraction of the UK total. We are no longer seeing the high emissions levels from industry and power; it is more to do with heat, transport and waste. We need to think carefully and nimbly about what we wish for.

You could argue that our job has been done well in reducing emissions to less than 1 per cent in the UK by weaning ourselves off coal. However, as Simon Coop said, with a transition, people can be left behind. We must make sure that the transition is managed and orderly so that it is just, but what we are seeing at the moment is largely unmanaged and disorderly and hence unjust, as job losses accrue. We are not necessarily doing the right thing by the climate by importing supplies instead of looking at our domestic supplies, which support so many jobs, as you have pointed out.

Kevin Stewart: As an Aberdeen MSP and north-east loon, I think that, given that one in every six jobs in the north-east are energy related, if there is not a just transition for those workers, we are in real trouble.

Professor Underhill, in relation to your four recommendations as well as the issues of meeting climate compatibility and retaining energy security, is Norway following your line when the UK seems not to be interested? Have the Norwegians got it right? Are they following what you suggest?

Professor Underhill: As you probably know, Norway drilled wells last year that have translated into success. Norway has a balanced mix between the different technologies that it is using for energy supply. The Norwegians are fortunate in that they have the topography and landscape that allow them to have the amount of hydro that they have. If we confine ourselves to oil and gas—if we do not look at wind and other technologies, including carbon storage to store emissions—Norway is leading in that area. It is certainly championing its domestic oil and gas while reducing its carbon footprint in doing so.

We import a lot of our gas through a single pipeline from Norway called Langeled. We now import more than 50 per cent of our gas supplies—in fact, it is about two thirds—and half of that comes from Norway alone. So Norway is doing something right in that regard. It also has its national wealth fund—the profits from oil and gas go into that and are put back in for societal benefit.

Kevin Stewart: Convener, I was going to ask another question later, but Professor Underhill has kind of led into it. Should I ask it now and get it over with?

The Convener: Well, yes, but I ask you to be mindful that other committee members want to come in.

Kevin Stewart: I will be brief, and I will not take the opportunity to talk about Norway's sovereign wealth fund, because we could talk about that for hours.

Professor Underhill, you mentioned carbon capture. What are the prospects for the delivery of the Acorn project in Scotland? What needs to be in place for that project to proceed? One thing that has to be in place is the survival of production from some fields, such as Jackdaw. Can you give us a quick overview of that, please?

Professor Underhill: I will try to be brief, but the point is really important. Acorn has a favoured status, as Goldeneye did, because it is adjacent to a pipeline that carried naturally occurring carbon dioxide from the Miller and Brae area and from the Sleipner area, which is across the border in Norway. That pipeline has the right metallurgy. Water plus carbon dioxide becomes carbonic acid, which corrodes steel, so the pipes have to be literally chrome plated, and that pipeline is.

For that reason, Goldeneye originally and Acorn latterly have a favoured status. However, I have to tell you that the Acorn project is challenged. The first issue is about where the emissions come from. Domestically, with Grangemouth and Mossmorran going the way that they are, there is a concern that the emissions that would go to that store are no longer there.

With imports, we have something called the London protocol. We need a bilateral trade agreement to bring carbon dioxide across a border, because it is considered a hazardous waste, but that bilateral trade agreement does not currently exist. You would hope that that was not hard to get around, but it cuts off the European market.

There is also a bit of a technical challenge—indeed, the longer Acorn site, which is 80km long, has been pared back due to the geological evaluation. That is because the western area comes to a sudden drop and the eastern area has a field called Hannay, where the wells that were plugged and abandoned are not compliant for CO_2. The legacy well in that area is an issue.

11:00

My other concern is that Storegga as a stakeholder has in effect put itself up for a buy-in or a sale. That tells me that the three investors—the Singapore investment group, Macquarie and Abu Dhabi National Oil Company—are concerned about their investment. Normally, in a joint venture, the partners—in this case, that is Shell and

Harbour Energy—get first option. They have clearly not taken that option, so it has gone out to a wider tender. As yet, I understand that there are no takers.

The question is: will Storegga's backers walk away? Could that put this particular project in jeopardy? Do we have the emissions to justify the site and the commercial business case? The obvious part of the question is the gas-fired power station in Peterhead. If that were to be brought into place with carbon capture technology attached to it, there could still be dispatchable power from Peterhead, but the carbon would also be captured, transported and safely stored. However, without certainty and confidence about that, I fear that the project will have massive challenges, as we have seen with Storegga putting its stake up for sale.

Kevin Stewart: It is down to a lack of industry confidence as well as supply.

Professor Underhill: Yes. Shell sold its oil and gas assets and merged them with Equinor's assets to produce Adura. That meant that the Acorn project, plus other renewables projects such as MarramWind and CampionWind, remained with the Shell mothership, which has in effect left its oil and gas assets in the North Sea behind with the new company. Members probably know that Shell has also walked away from MarramWind and CampionWind and returned the keys, with a write-down of more than £100 million as a result.

Acorn is now competing on an international stage with projects that are in Shell's overseas portfolio. The question will be whether Shell has confidence in the project. For all those reasons, there is a lot to unpack. However, as a project, Acorn is being challenged.

The Convener: Adam Berman has been waiting quietly in the wings while John Underhill held the stage, so I will briefly bring him in.

Adam Berman: The issue of security of supply and power cuts was raised. To clarify, the industry is not concerned about power cuts. Even at the height of the energy crisis in 2022-23, when Europe lost a massive proportion of its gas imports, we still kept the lights on through a combination of domestic production and imports. We can have a conversation about the future of the North Sea, but to talk about power cuts is hyperbole and not consistent with the reality that the industry faces.

Kevin Stewart: It is only just hyperbole, because there is now so little gas storage.

Adam Berman: Gas generation is also declining substantially year on year. There are different factors in that regard. However, I recognise that gas storage will be critical in the future, so you are right to raise that.

The Convener: Douglas Lumsden has some questions on oil and gas.

Douglas Lumsden: We have already heard that the Mossmorran ethylene plant is closing next month. The Grangemouth refinery is gone. David Whitehouse mentioned that there are risks to the Forties pipeline. Are we close to the tipping point at which such major pieces of infrastructure are no longer viable because there is not enough feedstock coming into them to make them worth while?

David Whitehouse: That is my genuine concern. It is definitely a critical time for the sector. In any of our jobs, we need to be careful that we do not talk ourselves into a crisis, but what is happening is of real concern. Starting to lose the infrastructure and the base expertise would have a significant impact on communities such as the one in which I live. That will not just have an impact on the production of our oil and gas; it will have a significant influence on the supply chain and the opportunities for building out floating wind, carbon storage and so on. This is an absolutely critical time, which is why the conversation about what is happening here in Scotland and in the north-east is of national significance.

Douglas Lumsden: It must be a big concern for you and your members when you see all these closures. You must be considering what comes next and how to increase support for those communities in order to protect those jobs.

David Whitehouse: For us, it often feels like a really polarised debate, particularly in the UK. From an industry perspective, what we are really asking for is this: let us take the polarisation out of the discussion and recognise that we need all forms of energy. Once we do that, we can prioritise producing our own energy with a lower-carbon footprint across the board while also prioritising jobs and people in our communities. That is what we need.

Generally speaking, the first step in doing that is to support the oil and gas sector by repealing the energy profits levy. There is still an opportunity to do that in 2026.

The narrative also needs to become much more inclusive. I speak as somebody who works in the sector and has spent time offshore. Make us part of the solution. Sometimes the language that we use about those who work in the sector is poor, although I can understand why that happens. We often talk about the need for clean jobs, but using that language suggests that those of us who are in the jobs that are dirty in some way, shape or form are not part of the solution. We need to change the language.

Adam Berman made the point that we will need more LNG. To be honest, that is not an inevitability. There is the opportunity for us to do more, and it would be in our national interest to reduce our reliance on LNG, not to plan for it.

We are at a critical point, but the language used and how we speak about energy are too polarised. We need to change that and be respectful of those who work in these critical sectors, which we are proud to have in Scotland.

Douglas Lumsden: When we in this place talk about new fields such as Cambo, we hear that the gas will be used domestically but that the oil is not for use in this country and will be exported. What is your response to that?

David Whitehouse: The situation is sad. We have decimated our refining capability in the UK, so we refine less. The reality is that the gas goes into our grid—we need it. It is true that we do not refine the majority of the oil that we produce in the North Sea, and we have seen that reduce. However, the oil supports our jobs, which is important. It also supports value in our economy and is produced at a lower carbon footprint.

Especially given the geopolitical world in which we live, we must look at energy security more broadly than just Scotland and the UK; we need to consider it on a European basis. Eighty per cent of the oil that is produced in the North Sea ends up either in the UK or European refineries.

It is true that the European Union recognises the importance of UK oil for energy security. Yes, we do not refine as much as we did, but the reality is that oil is produced in the North Sea, supports our jobs and is part of European security.

Douglas Lumsden: Once it goes for refining, much of it will return to be used in this country.

David Whitehouse: Absolutely. We are a net importer of more than half of the oil and gas that we require. That is a net export of billions of pounds-worth of value in our economy.

Douglas Lumsden: John Underhill, do you want to come in on any of that?

Professor Underhill: I agree that the language around clean versus dirty and green versus black is unhelpful. It is about the whole energy mix and getting this right for the energy security and supplies that the country relies on for wealth creation and quality of life, as well as for climate compatibility.

We must stop airbrushing oil and gas out of the equation. It comes back to the very first point about the Scottish Government. The climate plan that has been issued dodges—sidesteps—the issue. It is important that we include it all. That inconvenient reality should be talked about.

Douglas Lumsden: Others would say that oil and gas are not compatible with a climate change plan and that we should not be producing any of it if we want to get to net zero. Are they right?

Professor Underhill: Well, it would not be the starting point that we would want for our journey to net zero or for the energy transition. Unfortunately, though, how reliant we are on those things is the reality of the situation. Over 80 percent of global, or total, energy comes from oil, gas and coal, and as the global population rises, so does that dependence. However fast you might be going with renewables, that demand is still there, and we should not shy away from the difficult and inconvenient conversation that needs to be had. We need to bring the issue into the room, have the conversation and look for solutions on that journey.

Something that we should not forget is that, when we look at the carbon capture and storage projects in track 1 and track 2, we see that Shell and Harbour Energy are involved with Acorn, as I have said; we see that Eni is involved with HyNet; and we see that the Viking CCS is Harbour Energy-led and that the Northern Endurance Partnership involves BP. Bubbling under that you have the Morecambe net zero project, which is run by Spirit Energy.

Actually, those are integrated energy companies; they do oil and gas, but they do renewables, too. Equinor is also very visible in that space. We must ensure that we have a rounded, nuanced debate that includes all the elements that will get us to the right answer, because I am worried that we are going to end up just importing more and offshoring the carbon footprint, which is actually worse for the global climate.

It comes down to the scorecard that we have for measuring carbon emissions, which is done on a national basis. We can deindustrialise and decarbonise all we like, but we are still going to be importing cement, concrete and other elements such as the oil and gas that we have been talking about from overseas, and by so doing, making things worse for the global climate. That cannot be right.

Douglas Lumsden: Simon, I wonder whether you can come in briefly on that, too. As I have said, we are seeing huge job losses at Mossmorran and Grangemouth. Are you concerned about other pieces of infrastructure? You must have huge concerns about the direction of travel that we are taking.

Simon Coop: I have massive concerns. There are sustainable alternative plans for refineries with regard to SAF; there are sustainable plans for moving forward with gas storage and trying to change to hydrogen; and there are sustainable

plans in which key investment can be explored. However, we are not doing those things, and we are seeing major job losses. We are losing very talented and skilled people completely from the sector, and therefore any potential transition, say, to floating offshore wind or to different fuels, such as aviation fuel, has gone. Workforces have been made to leave; families and communities are being decimated; and these workers cannot add to the transition, because they have been told that their skills are not needed. That is a massive concern.

When any key sustainable alternative plans are put forward, we expect the Scottish and UK Governments to get behind investing in them in order to protect and grow jobs and to keep skills in these energy areas, so that, when we move forward with transition, we have the expertise to get this right. As we know, skill shortages are continuing to be a problem, and the fact that some of this energy policy is making people redundant and putting them in the dole queue means that they cannot add to the transition. In fact, it is making things worse.

There is no certainty in many areas, because things are being changed or looked at or because there are delays in certain projects, and as a result, companies and workforces are not committing finances or time to retraining. Those kinds of commitments and that sort of certainty are key parts of this, too.

Douglas Lumsden: Thank you.

The Convener: I am going to move to Mark Ruskell, but I am conscious that we have spent a large part of this evidence session on oil and gas. There are, of course, other forms of energy in Scotland.

Mark, I think that you have a brief question on this issue, and then we will move on to the next bit.

Mark Ruskell: I do have a question on this issue—I thought that it was the focus of the session.

I want to reflect on the projections from the North Sea Transition Authority, the very detailed work that was done for the Scottish Government by EY and similar work that was done by the Climate Change Committee. All the graphs in the studies that I have seen show not a cliff edge but a steady decline in North Sea oil and gas production as we go towards 2050. Most studies show that, by 2050, about 0.1 million barrels of oil will be produced a day and that there will be that decline regardless of whether new licences are issued.

I am interested in your perspectives on that. Do you agree with those studies? Are you comfortable with that rate of decline in the lead-up to 2050?

11:15

David Whitehouse: There are various studies. Our general principle is that our carbon footprint for the production of oil and gas is lower than that for imports, and we support jobs. It is right that, as we make a balanced transition, we will use oil and gas. The Climate Change Committee talked about between 10 billion and 15 billion barrels being required between now and 2050, and we will always argue that we should produce them.

Based on its data, the North Sea Transition Authority predicts that, between 2025 and 2050, the UK will produce about 4 billion barrels—that is what its study shows. However, based on the same data, in 2020, prior to some policy decisions and the interruption that was caused by Covid, the same authority predicted that the UK would produce close to 7 billion barrels during the same period, and it set out a vision that, with the right policies in place, the UK could produce more than 10 billion barrels during that period, which would almost meet its need.

There are a number of studies, and they show that there has been a decline in expectations over the past five years as a result of a combination of factors, including the interruption that was caused by Covid, the impacts of the energy profits levy and, quite honestly, the uncertainty that is now being felt in the sector.

As a country, alongside our build-out of renewables, we should be striving to produce oil and gas. We can demonstrate more production than has been set out by the North Sea Transition Authority. Reports from organisations such as Wood Mackenzie show alternative scenarios, and the NSTA itself has shown that there is the opportunity for up to 15 billion barrels of resources to be produced.

It is true that, over time, North Sea production will decline, but there are a range of potential outcomes, depending on which policies are put in place. We are now seeing an accelerated decline, which is the wrong thing for a just transition.

Mark Ruskell: You think that producing 15 billion barrels is compatible with the ambitions in the draft climate change plan and that we should revise all the estimates and go for that.

David Whitehouse: The estimates are based on policies today. If we had supportive policies—Professor Underhill spoke about some of those—and an investment regime that attracted investment, we could have a different outcome that would result in the UK, including Scotland, meeting more of its demand and in more jobs being supported. That is the direction of travel that we would like to see.

Adam Berman: I do not have anything too different to say. I agree that a series of issues, particularly policy changes over the past year or two, have accelerated the decline. Ultimately, that is the result of policy choices. The key challenge that we are dealing with is that the entire climate change plan looks at the issue not just in a UK context but in a Scottish context. There is also a global context, so there are instances in which domestic production results in lower emissions. There is a challenge in reconciling those two realities.

Professor Underhill: The NSTA assumptions are based on situation normal. The current uncertainty and lack of confidence within the industry have not been baked in. Companies are asking, "Why would we invest here when we can invest somewhere else?" That can lead to the premature shutdown of fields and pipelines and our leaving behind things with a lower carbon footprint than would be created by importing oil and gas to ensure that we have the supply that we currently rely on.

There is the example of the Caister-Murdoch Schooner pipeline and Theddlethorpe terminal in Lincolnshire. When that was closed down, fields that were producing in the southern North Sea that fed into it could no longer do so, with the result that it would have been necessary either to reinvest, almost starting from scratch, and build a new pipeline to them or to give up. There is a worry that there could be a domino effect, whereby if infrastructure is closed down and a commercial company decides not to continue with a pipeline or a terminal, things will be left behind that could otherwise be produced.

In answer to your question, there has been a natural decline over the years. A piece of work was done at Aberdeen university that showed that the average field size is coming down. We are in a mature situation. Production is in decline, but there are still opportunities. However, those opportunities will not be brought on stream if infrastructure—whether platforms, pipelines or terminals—is prematurely closed.

Mark Ruskell: David Whitehouse spoke about potentially producing 15 billion barrels, going beyond known reserves and looking at future reserves and exploration drilling. Is that compatible with addressing climate change? If every country in the world that had oil and gas reserves adopted the same approach, would we not find it difficult to meet the terms of the Paris agreement, or should we just think of ourselves and say, "That's fine"?

Professor Underhill: I come back to the way in which the scorecard is measured, which is done on a national basis. Since 1990, the UK has halved its emissions. It produces less than 1 per cent of global emissions, of which oil and gas accounts for just a fraction.

I agree that we need to transition as fast as we can to ensure that we are climate compatible, that we meet the terms of the Paris accord and that we do not put emissions into the air that are detrimental to the climate.

However, given the trajectory that the UK is on at the moment, unfortunately, because of our dependence on oil and gas—we would not wish this to be the case—we will have to import it, which will be worse for the global climate. The nub of the issue is how we square that circle while trying to wean ourselves off oil and gas and replace it with renewables. As renewables are largely intermittent, we need to be mindful of what we wish for and to manage that process carefully, while also being mindful of the environment and the climate.

Mark Ruskell: I would like to bring in Simon Coop, although I will come back to David Whitehouse.

Simon, I am interested in your thoughts on the implications for workers and communities of the speed of the transition. I will put a fact to you, which David might want to reflect on, too. Even at a time when the North Sea has been profitable—for example, Harbour Energy made record profits in one half of last year—job losses have still occurred. I believe that 700 jobs have been lost at Harbour Energy over the past three years, at a time when profits have been up—I think that £1 billion has been paid to shareholders in the past three years.

Even if the North Sea remains profitable, what is your analysis of how many jobs are likely to be lost, with or without licensing? How do you respond, on behalf of your members, to a decline?

Simon Coop: You are asking two separate questions—one about the profit and where it is distributed, and one about the effect on jobs.

With regard to the first question, there have been in-depth investigative reports about profiteering in certain industries, and Unite the Union has made it clear that that profit should be redistributed to ensure that there is a proper transition, job growth and better value for money. I say that because if we are going through a steady decline and people know that it is a steady decline, or we accelerate that—whatever the choice is—but the profit is still there, surely some of that profit should be invested in the workforce to ensure that they remain in the sector. There might be a vested interest for the company to adapt its portfolio for energy and keep those skills. It should therefore put some of that profit into the workforce to make

sure that it is resilient and has the skills to create a better society and keep jobs in communities so that they are not left out. Money could have been used in that way. However, workforces have seen a lack of investment in certain areas—albeit not in all cases, I grant you—and when people who are losing their jobs see how profits are being used, they must feel a touch betrayed, now that they do not know what the future holds for them, their families and the community that they live in and they might have to move away to find work in other sectors. That is disgraceful for them and I feel for them.

Mark Ruskell: That has definitely been the case with Mossmorran.

David Whitehouse, do you want to come back on that briefly?

David Whitehouse: Yes, if you do not mind—just to say a couple of things. The compatibility of producing our own oil and gas versus the alternative is a difficult circle to square, as John Underhill said, but we will continue to make the case. If we are to use oil and gas, we should produce those ourselves. Importantly, we will control that and have licence to drive down the emissions that are associated with our production. In the North Sea, despite some of the issues that we face, there has already been a 25 per cent reduction in the emissions that are associated with our production, and we are on track for 50 per cent. In making the case that the UK should produce, for the reasons that I have stated, it is also really important that we be held to account for reducing the emissions that are associated with that production.

Your general point is correct: there have been job losses in the past, going back a number of years. You have cited more recent examples such as Harbour Energy. In reality, Harbour Energy is now a multinational company. However, there has not been profitability on the UK continental shelf for a number of the independent operators for a number of years, and they are paying a tax rate of more than 100 per cent, in effect.

From where I sit, it simply does not feel right just to choose to accelerate the decline and prioritise importing LNG from somewhere else. To some degree, I rage against it. I want to feel that we are all on the same page when it comes to the end goal, but let us have a conversation about how we bring us all together, make it feel just and protect jobs. If the rate of decline is 6 or 7 per cent, you can hardly see it on the graph, but it makes a massive difference to value in the economy and to people's jobs because, if the decline is at that slower rate or if the opportunities are achieved, a massive proportion of value and jobs are still going into the economy. Those graphs—those small changes—are important.

Mark Ruskell: I suppose that those graphs are also a warning to Governments and industry of the need to plan, regardless of how quick the decline is.

Finally, I will ask you about investment. There has been a lot of discussion between you and John Underhill this morning about the carbon content of the LNG that is being shipped into the UK to meet our current oil and gas needs. I recognise the higher carbon content of that compared with gas or oil from the North Sea. However, the point has also been made that Norwegian gas is lower in carbon so, in climate terms, if we looked to displace anything, we would displace our own North Sea gas with Norwegian gas. What is the industry doing to reduce its carbon emissions—in particular, when it comes to flaring and leakage—in order to become competitive? In climate terms, we are importing Norwegian gas, but that is lower in carbon, which is disappointing.

David Whitehouse: We need the UK to be globally competitive in some way, shape or form. It is true that our emissions are in excess of Norway's. The industry committed to a drive to net zero emissions from our production operations by 2050, and to halve our emissions by 2030.

Therefore, Mark, what you will see across our assets and, indeed, our terminals is a reduction in flaring as we head towards zero routine flaring by 2030. It is a significant investment, and you can see it in our assets. We are also changing some of the ways in which we fuel these things by, in effect, upgrading turbines and, where appropriate, looking to the potential electrification of the assets.

We see that as an important part of our licence to operate, and it is fair to hold us accountable in that respect. We are on track to meet those targets, and I think it important that we continue to do that.

11:30

Mark Ruskell: With the right financial incentive.

David Whitehouse: As you will probably be aware, the answer to that question is usually yes. What I would say, though, is that a lot of the systems, particularly when it comes to flaring offshore et cetera, are safety related. That is not an excuse not to go fast with this, but it is a reason for being mindful that, when we look to change the design of platforms and how they function, we need to get it right.

I think that we are doing the appropriate work. We have set a target—a 50 per cent reduction in emissions by 2030 and beyond—and you should

hold us to account in delivering on it. Instead of necessarily seeing whether we can speed things up or slow them down, we should make sure that we are doing genuine work. Instead of talking just about targets, we need to talk about the real work being done to deliver on them.

Moreover, with regard to new opportunities and assets such as Rosebank—which I know is contentious, but again, we are making the argument for it—and Jackdaw, I have to point out that, in order to drive down the overall carbon footprint with the oil and gas that we produce, we are bringing in these new fuels, because they have a much smaller carbon footprint. John Underhill has talked about infrastructure-led activity. In many cases, that relates to the small pools of oil or gas that lie around our existing assets and which can be tied in with only small additions to the carbon footprint, thereby bringing down the overall intensity of what we produce.

You are right to hold us to account on this, but I do think that we are on track. If we had a narrative that actually recognised that we are all part of the same story, we would be able to have an incredibly productive conversation about how we manage not just the oil and gas transition, but the acceleration of our renewable and carbon storage opportunities.

Mark Ruskell: Thank you.

The Convener: I must point out at this stage that we have somewhat less than 15 minutes to get a whole load of questions answered, so I ask panel members to remember that I have to live with the committee after they have gone, and if I do not get all members' questions in, I am the one who will have to pay for it. Therefore, please make sure that you answer as quickly as possible.

I want to take you to the draft climate change plan. Those of you who have heard my questions before will know that I want to highlight page 51 of annex 3 and the table entitled

"Energy supply financial impacts summary of policies by carbon budget",

which shows that, between now and 2040, there are absolutely no benefits and no net costs. David, do you agree?

David Whitehouse: I will be really succinct, if I can. One of my observations of the climate change plan is that it is a constructed document. We are talking about an economic opportunity, and we should be up front about what the real economic opportunity is. There is a benefit to decarbonising our energy system, and it needs to be shown. For it to be fair and just, we need to ensure that what we are driving, in my view, increases the value for Scotland. Therefore, my answer is no—more work needs to be done. The climate change plan should sit alongside an on-going economic assessment, because if we are driving a just transition, we need to show value, too.

I think that Mark Ruskell referred to some of EY's work in support of the draft energy strategy and just transition plan. One of the things that it showed was that, on the path that we were on in Scotland between now and 2030, the Scottish economy would, under that strategy, face a £6 billion reduction. Our challenge back—or our offer back, I should say—was that, in order to deliver a climate plan, we need to be more ambitious than that. In my view, we will not be successful in delivering just transition if, ultimately, we make the country poorer.

Actually, the reason that these things are lower is the accelerated decline in oil and gas. Therefore, I think it vital that we show the pathways for increasing the economic value and contribution of the policies and approaches that we take.

The Convener: Okay. I will go to John Underhill briefly and ask him whether there are really going to be no costs and no benefits. After all, if we talk about just transition and everyone legs it elsewhere, they are, I presume, going to take their tax with them, which means that there might be a bit of a cost. Do you agree with the zero figures in that table, John?

Professor Underhill: I think that we need to be very thoughtful and mindful about how we get to those figures. As Mark Ruskell quite rightly said, Norway has a lower carbon footprint than we do. However, we are dependent on a single pipeline, Langeled, which comes into Easington. Should anything befall that pipeline, our carbon footprint and carbon budget will be in a different situation.

Also, the gas that we receive from Norway comes from a single field with little satellite ones, called Ormen Lange. That field will cease production before 2050. Therefore, we need a plan B and a plan C, and we need to work through whether the carbon budget projections are realistic. We have to do scenario planning with the full mix to work out what we can do to wean ourselves off oil and gas and ensure that we have other dispatchable, baseload power, because we are going to—

The Convener: I absolutely understand what you are saying, and I am clear on that, but I am trying to ask whether there are zero benefits for the energy strategy and there is zero cost for it, which is what it says in the plan. A plan has to be costed, and I am trying to work out whether you agree that there are zero benefits and zero costs to the Government and for the people of Scotland.

Professor Underhill: I do not agree, because the taxpayer, bill payer or both will have to pay for the scale and cost of the rewiring of Britain that we

are going to do, and for the investment that is needed in offshore wind, cabling, electricity substations and new pylons.

It is a scale of investment of the sort that the Central Electricity Generating Board did in the 1950s, but some power stations have been knocked down—Cockenzie, Longannet and Kincardine, for example—as have the pylons coming from them, and the cost to have the infrastructure that we need connected to the grid for wind looms large.

We also have to have community engagement, so that what is actually public information—

The Convener: Sorry, John, but I am going to be ruthless, which is so unlike me, and say that I am asking for a binary answer—yes or no. Is there a benefit to the taxpayer, or is there no cost or benefit to the taxpayer from the energy strategy?

Professor Underhill: There is a long-term benefit, because we want to keep the lights on and keep the jobs and so on. In the short-term, there is a huge cost to pay so that we have the insurance that we need in place.

The Convener: Adam Berman, do you agree?

Adam Berman: Not completely, no. I think that, at worst, the transition is net neutral. No one is being dishonest about the fact that there will be costs and disruption associated with the transition, but in reply to Professor Underhill's points, yes, we are undergoing a massive rewiring of our economy, building lots of low-carbon infrastructure and new wind turbines, et cetera, but equally, half of our gas fleet is due to effectively expire within a decade.

The costs are for upgrading our infrastructure. We have to do that in every generation. It is just that in this generation, we are updating it to low carbon rather than high carbon. I do not think that there is a reasonable comparison. At worst, the plan is net neutral, but there are opportunities for low-carbon industries in Scotland.

The Convener: It might well be net neutral. The other annexes state whether a project will be net neutral or whether there will be a net gain on costs. This part says that there is zero on both sides to the Government.

Simon Coop—yes or no? Can I push you on that?

Simon Coop: Yes, you can push me. Yes, there is a cost, and yes, there is a benefit, but there is a lot of potential. It is hard to give a binary answer.

I say that because if the transition is done in certain ways, there can be more benefits for society, but if it is done in other ways there will be fewer benefits. I get that you are pushing for a binary answer, and it is quite easy for me to say yes, but if the workers are put at the forefront, there could be better benefits for different areas at different points. I understand your urgency for a binary answer, but it is very difficult to give one. However, I will say yes.

The Convener: Okay—I will take that point from all of you. I guess that, without an oil or gas strategy being laid out, you will not know all the costs anyway. Maybe it is just the cynic in me that thinks that that is why there are those zeroes in there.

We will move on. Mark Ruskell has another series of questions—I ask you to be brief with them—or have you asked them already?

Mark Ruskell: I think that others are ahead of me.

The Convener: Have you asked all your questions? Are you happy with that?

Mark Ruskell: I think that there is another question that someone wanted to ask about Peterhead.

The Convener: Other people have dropped away, in the interests of time—which does not mean that you can use all of theirs, Mark.

Mark Ruskell: The panel has already covered some of the aspects of CCS and the Acorn project. John Underhill explained some of the complexities around investment in that and the vulnerability around it. Do you have any other comments in relation to CCS and its effectiveness in decarbonising?

The climate change plan is heavily reliant on Acorn. What are your thoughts on the risks to the climate change plan and decarbonisation if Acorn does not go ahead? I invite witnesses to come back with any additional comments in relation to that. Adam, do you want to come in?

Adam Berman: I will come in on the Peterhead side—we have not covered that much so far. Inevitably, there are always criticisms about whether gas-fired power plants should be included in the framework of carbon capture and storage and within the clusters. As has been mentioned, the way that the economics of the clusters stacks up is that they should have as much CO_2 as possible to pump underground—the more there is, the more the economics is scalable. In this case, a gas-fired power plant is underpinning the economics of that project.

What we need is a sense of direction. I recognise that the area is largely reserved and that it is largely an issue for Westminster. However, Peterhead has 80 full-time employees, and CCUS would lead to 1,000 construction jobs and 240 on-

going operational roles. It is a large industrial project.

The broader context is one in which operators of gas-fired power plants around the UK are considering what the next few years will look like. They have already pretty rapidly decreased the amount of power that they are producing. The amount that gas-fired power plants generate has just about halved in the past few years; it is down to about 24 per cent, give or take. They know what is coming and, ultimately, they have a conundrum: they can save themselves out over time and eventually stop producing and shut their doors; or they can move to hydrogen, which we are some way away from doing; or they can move to carbon capture and storage which, in technological terms, we are probably closer to doing.

In order to get the transition right, we need some certainty as soon as possible about what it looks like. There have been cases such as Ratcliffe-on-Soar power station, in which there were good conversations with trade unions—but that was a coal-fired power station that closed its doors. Nonetheless, for the most part, the companies want to be able to continue using those facilities where possible. When it comes to Peterhead in particular, there is imperative for the Scottish Government to engage with Westminster on the role that it is going to play within Acorn and CCUS more broadly. Without major generators like that one, the economics of the clusters can start to look quite problematic.

Mark Ruskell: John Underhill, can I bring you back in on CCS? In the plan, there is a reliance not only on potential carbon capture at Peterhead but on capturing emissions from energy-from-waste plants, which are dispersed across Scotland—the figure that I have in front of me talks about 45 per cent of emissions from energy-from-waste plants being captured by 2032. Building on your existing comments, do you have anything further to say about the vulnerability around CCS?

The Convener: John, before you start, I feel bad doing this, but I am up against the clock. You will be the last person to answer and I ask that you keep your comments as brief as possible. I have to bring in Sarah Boyack as well as the deputy convener, who will both be chasing me around the Parliament with angry faces if I do not let them in. I would appreciate if you could keep your response short.

11:45

Professor Underhill: Understood—I will try to be monosyllabic. The geology is helpful. We have a number of depleted fields and saline aquifers in the North Sea; it is not just Acorn.

There needs to be a deep dive into other Scottish opportunities. There is access to sites in other parts of the UK's waters, such as Endurance, Viking, HyNet, and so on. The Morecambe net zero project is also bubbling away. That project is interesting because it involves natural carbon dioxide, and the metallurgy, the terminal and everything else is right. Carbon storage is effectively waste disposal, which is key. It does not make energy in and of itself, but it allows us to capture and store emissions. However, it is commercially very challenged. Some projects will drop by the wayside, which is why the NSTA has recently introduced a second licensing round.

At the moment, Government subsidies make carbon storage work. Without those, is there a commercial case for those projects to proceed? There is a lot to unpick, but the key thing is, if we are going to have the jobs and the supply chain and use the geology that we have, and if we are going to not just decommission the North Sea but extend, reuse and repurpose it, a commercial model needs to be in place. In Scotland, there must be other opportunities above and beyond Acorn.

The Convener: Sarah Boyack, can you ask your question and carefully choose which panellist you would like to answer it. That may be a clue.

Sarah Boyack: I would like to ask a question about joined-up thinking, which follows from John Underhill's comment about getting confidence for investment. The draft energy strategy was published three years ago and we now have a draft climate change plan. Do we need more joined-up thinking so that we can generate investment for the private sector, whether that is for the manufacture of renewables, investment in CCUS, or hydrogen—preferably green? How do we encourage investment and confidence that such investments make sense, given the comments about heat, transport and waste? I will start with John Underhill before I go to other witnesses for a brief comment.

Professor Underhill: That is a fantastic question. I absolutely agree that we need holistic, joined-up thinking. Having an energy strategy that does not include oil and gas is unhelpful. It needs to be linked to the climate plan as well as the Climate Change Committee's modelling. I would go further and say that we need skills capability mapping to determine which jobs are needed and when and where they are needed, and we need to ensure that there is investment in the relevant areas. That will inform universities, further education colleges and apprenticeships, and even the school curriculum, which is curriculum for excellence. It will allow us to provide the right direction and guidance to today's schoolchildren, students, and our future employers and workers.

We need a timeline for when projects will come on board and what skills will be needed—the wind industry may need electrical engineers, and we may need apprenticeships for welders, mechanics and the like. Those in higher education need to think carefully about our place in the mix. There needs to be joined-up and connected thinking, because without that, one pillar could fall, which could mean that we do not get the desired outcome.

Sarah Boyack: Simon Coop mentioned manufacturing. Berwick Bank and the Pentland project have just been approved, as well as loads of onshore wind projects, but we are not producing the infrastructure in Scotland. Is there more that you think that we need to do to not only create new jobs but have a joined-up approach?

Simon Coop: A joined-up approach will be pivotal for any successful plan, and it needs to take into account the voices of all different stakeholders, including workers and trade unions.

The growing renewables industry, which we have talked about at many points, needs a supply chain. When you look at the electrical generation output from wind and renewables, compared with other countries around the globe, you see that the supply chain is just not there at all. Therefore, the jobs plan from that joined-up thinking comes from supply chain and manufacturing. There are a lot of jobs that can be created, but, unfortunately, they have not been created in Scotland and in the rest of the UK for a significant time, despite on-going increases in the renewables industry.

The Convener: I will jump in here and say that that is a perfect segue to the deputy convener's questions—whether or not it is, it does not matter. Michael, over to you.

Michael Matheson: Thank you, convener. As the witnesses will be aware, we have had the outcome of allocation round 7. We have two projects in Scotland, including the first fixed offshore project in Scotland through that process since 2022. Adam, what is your take on the outcome of AR7?

Adam Berman: I think that it is a really positive outcome. After two or three tricky years for the offshore wind industry in the UK and globally, there will be a big sigh of relief. Those are two great Scottish projects. There will also be pretty significant supply chain implications through the clean industry bonus, which is a mechanism that now falls beneath contracts for difference.

A record amount of capacity, not just for the UK, has been procured; it is the most offshore wind that any auction globally has ever procured. The UK is firmly putting its eggs in the basket of offshore wind as the mainstay of electricity production, alongside nuclear and solar, in the future.

It is, I hope, really positive and a very clear sign to industry. There are lots more fantastic projects, including in Scotland, that did not get through, but given that we have not seen Scottish projects successfully come through the CFD process for a little while, it is fantastic. It has tended to be the case that they have been a little bit more expensive—given some of the network and transmission system charge implications, you have ended up with more expensive Scottish projects that have been less competitive. However, in this auction round, that has not been the case. It is a really good outcome.

David Whitehouse: I would agree what Adam said about it being a successful outcome. Building on that, to create the opportunity in Scotland and in the rest of the UK in relation to supply chain growth, we need the projects. What has in some way, shape or form dominated the narrative for a long time is that there are lots of opportunities—people can have graphs that show lots of things happening—but without the supply chain, you do not have certainty that those projects will happen. Therefore, the fundamental thing is to make sure that the pipeline of projects feels real.

AR7 was really important. Some of the work that is going on in mission control in the UK Government is helping to give confidence that those projects will happen. We need more of that. If we can, we need to see that with the oil and gas projects as well, so that people have confidence in them. The supply chain companies that we work with are gun shy, so we must build that confidence. Promises are made about projects to come that then do not happen. The workforce is a bit gun shy as well, given the promises of jobs that do not necessarily turn up. We need to change that; that would be a good building block.

I do think that we need to be more joined up. It is a bit like our ambitions around carbon storage. Carbon storage is a great opportunity, but if we do not show a way to drive down the cost, the reality is that it will go slowly. There need to be more joined-up conversations about what industry, our workforce and Government regulatory positions are doing to help us to drive down costs so that projects are competitive and self-sustaining and that they happen.

Scotland has a brilliant opportunity in floating wind. The developers need to show that pathway. The Pentland project has been approved, but what is the pathway that takes you from £200 a megawatt hour down to £80 or £90? There is already good work on-going in that space, but when we recognise that we must make those projects economic and give people the confidence

that the project pipeline will happen—that it is not just a curve that moves to the right every year—that is how you create jobs. AR7 was a really good step in the right direction, but, for me, that is the really key area, and it needs joined-up working among industry, Government and our workforce.

Michael Matheson: That is a lot of pressure on AR8 to ensure there is momentum.

My next question is for John Underhill and Simon Coop. In AR7, there are two Scottish projects—one floating and one fixed at bottom. In Scotland, we do not produce nacelles, turbine blades or towers, or floating foundations. Given that, what is the economic value of those projects to Scotland?

Professor Underhill: There are challenges in Scotland, first because of water depth. Once you go beyond 50m or 60m, you are into the floating technology—for which there is a test and demonstrator site now—and more expense because of metocean conditions. Secondly, there is a challenge with the nature of the electricity market, because we have generators. We are awarded these projects in AR7 and so on, but there might not be the prospect of transmission because of a lack of public acceptance of building the electricity substations and the pylons to connect it to the grid. A third challenge is the wholesale price. Getting responses to those three things integrated and joined up is very important.

The other element that I would introduce is the offshore spatial squeeze. If somebody on this panel were from the Scottish Fishing Federation, or the National Federation of Fishermen's Organisations down south, they would not necessarily tell you that AR7 is a great outcome. There will be unintended consequences, because there are many other stakeholders and users of the subsurface, the seabed, the water column and the airspace above.

We have to get this right. At the moment, I feel that regulators and the landlord—the Crown Estate and Crown Estate Scotland—need to have a much more holistic, joined-up way of thinking about this to get the best outcome. If there is overlap between two or more technologies, there is the potential for indemnity insurance and delays to get baked in as a result. We have to get that piece right as well.

You wanted me to address one other point, about the economic benefit. ScotWind and the innovation and targeted oil and gas leasing round—INTOG—were tremendous innovations. ScotWind was an auction market, through which money was raised that went to the Scottish Government. The use of that money by the Scottish Government is of economic benefit, given that it was raised by an auction. However, the Kincardine floating test and demonstrator site, for example, was constructed in the Middle East. It came to Rotterdam and then was towed to offshore waters within line of sight from Aberdeen and Stonehaven. It did not touch soil, and no jobs in manufacturing were created in Scotland as a result—we have to do better than that, surely. Even when that site broke down, it was towed to Rotterdam and back again.

If we in Scotland are going to see the benefits of this, in the short, medium and long terms, we have to build a manufacturing base as a supply chain. One currently exists for the oil and gas industry, but that is now looking overseas for a lot of its work rather than in Scotland.

That is the challenge that we face. We have to get each and every one of those elements right if we are going to succeed.

Michael Matheson: Simon, how do we deliver a just transition for your members off the back of something such as AR7, when two of the projects that have been committed to in AR7 are in Scotland, but operations and maintenance activity for offshore wind is much less than it is for oil and gas? How do we deliver a just transition if we do not manufacture the nacelles, blades, towers and foundations to ensure that workers in oil and gas have other jobs that they can move into?

Simon Coop: My union has been calling for that for years: there should be a proper supply chain in regards to manufacturing nacelles, towers, blades et cetera, and an appreciation of the fact that contracts for those things are coming in. I believe that there are £3.5 billion worth of CIBs in relation to AR7. The Government—both the UK Government and the Scottish Government—have a clear responsibility to ensure that there is a UK-Scottish supply chain for those areas. If companies do not commit to those supply chains, Government should put pressure on them and put legislation in place to make sure that that happens.

The workforce in other industries do not trust that jobs are part of this transition, because they not see these projects come into play but see that there are no jobs on the ground, as you have said, deputy convener, in relation to the manufacturing of blades, nacelles and towers in Scotland.

12:00

The Convener: We have come to the end of the questions. I have overshot my target by only 15 minutes, so I have probably done well. I apologise for the late start to the session—there was nothing that the committee could do about that—and for the fact that I had to cut people short when they were giving detailed answers. However, we are up against a deadline for consideration of the draft climate change plan.

Hearing from all the different people means that not everyone will be able to say everything that they have to say, but what you have said this morning has been incredibly helpful. I thank you for attending.

12:00

Meeting continued in private until 12:33.

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