

Oil and Gas and Energy Transition Strategic Leadership Group
Minutes of Meeting
Thursday 7th May 2020 – 09:30 – 11:30

Attendees

- Paul Wheelhouse - Minister for Energy, Connectivity and the Islands
- Andrew Ritchie is attending on behalf of Steve Phimister – Shell
- Andy McDonald - SE
- Andy Samuel – OGA
- Arne Gurtner – Equinor
- Audrey MacIver – HIE
- Colette Cohen – OGTC
- Deirdre Michie – OGUK
- Gordon McGuinness, attending for Damien Yeates – SDS
- Iain Donald - Enpro
- Jake Molloy – RMT
- Jim Savege – Aberdeenshire Council
- John Boland – Unite
- John McDonald – OPITO
- Kathryn McKee is attending on behalf of Ariel Flores BP
- Liz Rattray is attending on behalf of George Boyne – University of Aberdeen
- Melfort Campbell – Imes Group
- Mike Smith – NECCUS
- Murdo McIver – One Peterson
- Neil Gordon – Subsea UK
- Paul De Leeuw – RGU
- Peter Black – EnergySYS
- Phil Simon – Subsea 7 – *Will leave the call early*
- Sharon McGinty is attending on behalf of Richard Knox – EC-OG
- Rozanne Foyer – STUC
- Sian Lloyd-Rees – Aker Solutions
- Simon Slater is attending on behalf of David Brooks – Ineos
- Stuart Payne - OGA
- Terry Savage – Global
- Trevor Garlick – ONE

Guests

- Damien Yeates - SDS
- Gordon Stirling – OCA
- Helena Charlton – BEIS
- Sir Ian Wood – ONE
- Steve Rae – SCIS
- Linda Hannah – attending for Steve Dunlop, SE
- Alisdair McIntosh - Scottish National Investment Bank

Facilitator

- Andrew McCallum – Aspect Reputation Management

Observers

- Gavin MacKay – HIE
- Jenny MacDonald – SDS
- Jenny Stanning - OGUK

- Jill Glennie – OPITO
- Jon Pickstone – Scottish Government
- Juliet Cramb-Low – Scottish Government
- Kevin Taylor – SE
- Kirstin Gove - SCIS
- Robert Dunn – Scottish Government

Secretariat

- Linsey Wilson – Scottish Government

Apologies

- Nigel Lees – Wood

Agenda

09.30 - 09.40: **Ministerial Opening remarks.**

09.40 - 09.50: **Update from Oil and Gas Authority.**

09:50 - 10:00: **Update from Oil and Gas UK.**

10.00 - 10.10: **Update from Scottish Enterprise and Skills Development Scotland.**

10:10 – 10:20: **Update from STUC/ Trade Unions.**

Phase Two. Andrew McCallum will facilitate.

10:20: **Minister's Expectations:** Framing the phases of SLG support.

10.30 to 11.30: Discussion

1. **Immediate challenges:** what action needs to be taken in the next few weeks.
2. **Longer term support:** what action needs to be taken in the next few months.
3. **Leadership:** which organisation or existing group is best placed to lead on each action.

Conclusion – Framework for SLG Action:

- **Summary by the Minister:** decisions, actions and next steps including next meeting.

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SLG Discussion | Thursday 7th May 2020

Andrew McCallum welcomed participants and reminded everyone of the house rules for the meeting. He then highlighted the meeting's agenda and invited Mr Wheelhouse to open up the meeting with an opening remark.

09.30 - 09.40: Ministerial Opening remarks.

- Mr Wheelhouse opened the meeting by welcoming all participants and acknowledged the sectors response and efforts to date during the lockdown.
- The Minister recognised that the crisis is having a significant impact on businesses of all sizes but most particularly in the oil and gas sector which is facing the impact of the COVID-19 outbreak as well as the oil price shock.
- The Minister referenced his recent engagements with a range of companies operating within the supply chain who are facing significant financial pressures. Many suppliers are struggling to meet their contractual obligations and are seeing a deferral of activity, resulting in their financial viability, ability to retain staff and their own supply chains being at risk. These meetings also provided an opportunity to hear views on recovery.
- The Minister reiterated the Scottish Government commitment to fair work practices in Scotland, and welcomed Rozanne Foyer to the group representing the STUC. Noting that it was important that the industry did not resort to the type of negative commercial behaviours and practice that were demonstrated in the past.
- The Minister also recognised the work carried out by the OGUK Pandemic Steering Group (PSG) which has led a significant amount of activity in responding to the impact of COVID-19, and working with the sector to respond to and resolve ongoing issues, and welcomed the addition of the Trade Unions to this group.
- The Minister also highlighted the First Minister's commitment to look at what further steps can be taken to support the sector, and that this group would have a clear strategic focus in ensuring that the industry and Government are responding to not just the immediate challenges on the COVID-19 virus but that solutions for the medium and longer term recovery are also included.
- A range of financial and business support has been provided by the Scottish and UK Governments across the economy, with BEIS now joining these meetings going forward. The Minister reiterated that the Scottish Government will continue to engage with the business community on the effectiveness of UK Government financial assistance schemes to ensure they are delivering for businesses in Scotland and will seek to rectify gaps in these schemes where possible. The Minister noted that the Scottish Government recognised and shared the sectors concerns around the Job Retention Scheme which have been raised directly with the UK Government.
- The Minister reinforced the need for this group to have a short term focus on the immediate challenge facing the sector but also to look to ensure that the industry and its supply chain will continue to have a sustainable future in the longer term.
- The sector continues to play a role in Scotland's energy mix and will play a key role in Scotland and the UK's route to Net Zero and the wider energy transition.
- Finally, Mr Wheelhouse concluded that as we work towards planning a recovery from this crisis that supports emissions reductions, we must remember that a just transition to net zero emissions is key to building Scotland's resilience.

09.40 - 09.50: Update from Oil and Gas Authority.

Update provided by Andy Samuel.

- Andy referred during his update to the two slides that were shared as part of the pre-read. These slides highlight the extreme situation currently faced by the sector. Looking ahead to

the future, current modelling, including work carried out with BEIS shows, there remains a significant challenge in some scenarios where the OGA have been looking at potential domino impacts in terms of operational, commercial and financial implications. Andy reinforced the message that the sector needs to take a systemic view and the sector must now really collaborate and work together, recognising the ultimate impact on the supply chain, already in a fragile position.

- The OGA are looking at the immediate crisis response, and then the recovery phase – it is clear that these responses must happen simultaneously. Within OGA and BEIS, they are looking at carrying out work on financial resilience to understand key interdependencies, and on operational resilience eg critical infrastructure and storage and maintaining security of supply.
- The OGA are also looking at regulatory easement – recognising for operational and financial reasons that there has to be changes to companies plans in terms of timing. The OGA were clear that they will not be providing a two year blanket extension on activity – noting that the OGA is speaking with operators on a case by case basis to come up with plans to support the operators and the supply chain.
- The OGA have been active in reinforcing positive commercial behaviours, noting that there are three main areas of concern: timing of payment, requests for 30% rate reductions, changing contracts to load pandemic costs onto supply chain parties.
- **The OGA reinforced the following messages to the group:**
 - Reiterated the importance of the OGUK Supply Chain Principles
 - If there are concerns around changes to contracts these should be raised these directly with Stuart Payne at the OGA.
- On recovery this is vital, Andy noted the positive discussions on the sector deal, the Green Recovery and the Just Transition approach is in line with the OGA's view of a recovery approach. Yesterday the OGA launched their consultation on a **Revised UK Strategy which incorporates** the green recovery and Net Zero. The consultation will seek views on the OGA's intention to refresh its core aim, including a requirement for industry to help the UK Government to achieve its Net Zero target for the reduction of greenhouse gas emissions.
- Further details can be viewed at <https://www.ogauthority.co.uk/news-publications/consultations/2020/consultation-on-new-oga-strategy/>.
- OGA have also modelled a range of different projects that could support recovery, and are currently working through which ones could have the most positive impacts; which ones that industry could take forward alone like maintenance activities and which ones may need OGA support like campaigns where the OGA could help coordinate through area plans; and finally which ones are truly tripartite and therefore need OGA, industry and Government to work together e.g. regulatory issues, net zero project or financial support.

09:50 - 10:00: **Update from Oil and Gas UK.**

Update provided by Deirdre Michie.

- Deirdre opened by referring to the Slides distributed in the Pre-read which offer an analysis and insight on what the Oil and Gas sector is currently going through.
- As discussed during last month's meeting, the industry is facing a triple whammy: low gas prices, Covid-19 and oil price crash. The industry has been down manning offshore to deal with Covid-19, to ensure safety of the onshore and offshore workforce. There has been a significant reduction in CapEx and OpEx, and as result OGUK are seeing the cancellation or postponement of projects into 2021 and beyond. The recent OGUK Survey Report shows the specific impact on the supply chain and the job losses that are anticipated if these conditions continue over next 12-18 months. The supply chain remains particularly fragile as it is still emerging from the previous downturn.
- The OGUK are focusing their actions of supporting the resilience of the industry through a three phase framework: Protect, Recover and Accelerate. These phases are intertwined, with protect moving into the recovery approach as the sector needs to be thoughtful around how it moves out

of a lockdown phase. The Pandemic Steering Group has been working through the issues of the operational aspects requiring consideration and these have been shared widely with OGUK's members. The Protect phase is focused on providing an end to end safe work programme for personnel, looking at how they can be supported while carrying out their essential work on and offshore.

- OGUK raised two on going issues:
 - a. In terms of looking ahead to potential restart and recovery, OGUK noted that asymptomatic testing will be critical to getting the workforce back to work and is an area that they are continuing to call for support from both UK and Scottish Governments on this, albeit never taking priority from NHS and frontline carers.
 - b. Specifically in relation to the track and trace apps – an ask to both Governments that any apps created can work together, given the offshore workforce travels around the country.
 - *Instant Message Response Update- SG officials advised that in terms of the track and trace apps, work is underway to understand how data from the UK proximity app will interface with the Scottish approach to contact tracing. We are seeking to ensure greater involvement for the Scottish Government in its development.*
- In terms of the financial support available to the sector, OGUK have been working with BEIS and UK Government to discuss the financial support that can be provided to the sector, and welcome the various extensions to schemes that have been carried out to date. OGUK recognise that the challenges for the sector in accessing the furlough scheme and is something that they are continuing to raise directly with UK Government, suggesting that it should be extended in the post lockdown context because of the longer terms impact of COVID on this particular sector.
- In terms of recovery, OGUK have created a recovery group which will not be duplicating the work that the OGA are already taking forward. The Group is considering what actions can the sector take, what will require Government, the OGA etc – this remains work in progress but is generating a lot of ideas which are being considered.
- In terms of actions around accelerate, OGUK are continuing work on emissions reductions of Scope 1 and 2, as an industry we have committed to being a net zero basin. Prior to lockdown the OGUK carried out significant work around the Sector Deal, and has created a working group to other groups and are looking to enhance the current version, to allow comprehensive engagement on the deal at the MER UK Forum scheduled on 11th June. The deal will focus on emissions reductions on scopes 1 and 2 and across into 3. The acceleration of the Sector Deal could assist not just the transition to net zero but also assist with the recovery of the sector from the COVID-19 crisis. The other aspects that the sector deal needs to cover is the place and productivity and innovation, with the Energy Transition Zone key to this and the work of OGTC in developing innovative technologies moving forward.

10.00 - 10.10: Update from Scottish Enterprise and Skills Development Scotland.

- Linda Hanna on behalf of SE provided an update on the agencies support during the crisis.
- SE are looking at what is needed to support business and sectors during Covid-19. There is close working collaboration with sister organisations (HIE) as well as the new agency in the South of Scotland, and with Scottish Government. Part of the work that is being carried out is around business resilience and access to finance. Up to this point the agencies have been focused on making sure that companies can fully utilise the UK and Scottish government schemes that have been announced. SE are carrying out work to look at re-start and recovery phases and what will be required for this.
- The recent SE Board Meeting focused on the significant impact on the oil and gas sector, given the recognition of the significant challenge but its key role in the energy transition and the impact of COVID. This is something that SE will continue to do with its Board.
- SE are considering the interplay of individual businesses, what needs to happen at the sectoral level, what is happening in the global markets, and therefore where the investment is going to come from and how we make sure that an investments is going to be ready for businesses and

sector to restructure and pivot towards. SE are remaining focused on addressing the challenges but also considering the opportunities ahead for the supply chain, with a specific focus on looking at opportunities around diversification and energy transition for the sector.

- Andy McDonald on behalf of SE explained their continued support for innovation and diversification for the sector both domestically and internationally, the use of webinars and online events, ensuring that business support remains focused and relevant now and for the future.
- Looking to the future, SE need the oil and gas sector to identify where they see the opportunities within some of these new future technologies to allow SE to bring the work together to start to deliver on some of these projects and advance those technologies. SE have been looking at a range of opportunities in both Hydrogen, CCS, Offshore and Floating Wind and how these can be seized to support industry in the short terms and as part of the energy transition.
- Gordon McGuinness provided an update from SDS, whose main focus across the sector is the impact on apprenticeships – about 1700 graduate and modern apprentices directly within the sector, and the utilisation of the Job Retention Scheme which has probably masked the real impact in terms of apprenticeship and wider employment. It's been a successful scheme but how it operates in the future and how it is managed for this sector is going to be important.
- SDS in partnership with LA and the DWP as part of the PACE response, have been providing online support to any businesses or individuals affected by this crisis. A phone support line has been set up to support those facing difficulties. SDS confirmed that contact numbers and details for those needing assistance would be posted into the messenger chat. SDS are setting up a regional hub in the north east with partners for those who are in employment distress. SDS has also been working with universities and colleges to provide support to students who might be impacted by the effects of this crisis. Work will continue on the skills implications for the energy transition, and will remain in partnership with OPITO and ECITB on potential actions that could be taken to mitigate impacts on jobs.

10:10 – 10:20: **Update from STUC/ Trade Unions.**

Trade Unions:

- Jake Molloy on behalf of unions has indicated the Union's disappointment with the way the oil and gas sector has been dealing with the current crisis – having taken on none of the learnings from the Energy Jobs Task Force. The Unions accept that the COVID crisis has created an extremely difficult environment for all businesses, and that energy sector had been impacted further as a result of the drop in oil price. However it is not acceptable for the sector to return to behaviours and practices that prevailed during the 2014 downturn.
- The Task Force spent four years in improving industrial relations, building a collaborative working arrangements etc. this is being undone within a matter of weeks. The idea of shared principles and values is rapidly being tarnished, and the supply chain and service sector are facing the greatest impact. Resulting in a significant impact on the contractor workforce with thousands losing their jobs, with the remaining workforce facing significant changes to their terms and conditions.
- Jake cited specific examples where contracting companies are looking to reduce costs with employees being asked to accept reductions in salaries, a 10% cut on all core remuneration packages applicable on their return to work, and in some cases direct movement to redundancies. What is unfolding is jeopardising the sector's role in Just Transition, Roadmap 2035 and the MER UK Strategy and the role of the sector in energy transition – all of these remain at risk by these actions directly impacting the workforce. These concerns have been raised directly with the Scottish Government with an approach also being made to UK Government – call for enabling measures to protect and sustain employment.
- The Unions welcome the comments from the Energy Minister, the OGA and OGUK, but the workforce need to be a part of this, as they are critical to delivering on these objectives.
- John Boland, noted that over the last few weeks they are seeing a significant number of the workforce being furloughed, made redundant or scared working offshore. At present the furlough

has been extended to end of June, but with work being deferred to 2021 and 2022, a number of companies are now starting redundancy consultations for those workers who have been furloughed, creating fear and uncertainties. Many of the existing workforce who came through the last downturn, will likely not come back into the industry. Unless there is an increase in planned offshore work this year, many of the current workforce will move to onshore or overseas work as restrictions are lifted and borders open up. The unions are still seeing behaviours that are not acceptable: including movements back onto 3-3 rotas, refusing members' representation during redundancies, and managing cuts from contracting companies that are then passed directly on to the workforce as reductions in sick pay and benefits.

- The unions want to see a successful energy sector, accelerated energy transition and low carbon future, but there needs to be a fair and secure future for the workforce as part of this.

STUC:

- Rozanne Foyer welcome the Ministers commitment to fair work agenda, noting that unions and industry need to work together to find a way through this crisis on fair work principles, particularly given the shared commitment from the Scottish Government and the STUC on a Fair Work agenda.
- For true sustainability the role of trade unions is critical, working with us at both a high level and also on the ground is crucial if we are going to find a way through this crisis together, but it needs to be on the basis of Fair Work principles. There is a need for ongoing investment if we are going to keep this industry going, and we will be making these calls to UK Government and to Scottish Government as we see the huge potential for this industry to transition to a greener and cleaner economy going forward. There is potential for CCUS, hydrogen and offshore wind to grow out of existing infrastructure and skills base, but workers still need to be in place for these technologies to take off.
- Rozanne noted that we need action from Government but also from industry at how it's treating its workers at this time. The STUC recognise the need for mass testing in terms of an asymptomatic approach, this is a real need for workers going into a contained environment offshore. The STUC are in talks more widely for key sectors of the economy to come out of lockdown, where they are playing a key role in developing guidance across all sectors in Scotland. They need to see real evidence that the virus has been suppressed, that the capacity for test, trace and isolate is in place and that there are proper stocks of PPE in place, and proper measures to allow for social distancing. Some of those measures will be in the STUC's focus on transport, in ensuring workers can get to their place of work, and that's a big issue that the oil and gas sector is facing.
- There are long term big issues to be addressed around recovery, but in the shorter term response the unions and the STUC need to be engaging with industry on the conditions that need to be in place to support a safe and structured return to work for people that are not currently in the industry undertaking work. Rozanne reinforced the message that it is important the industry and unions need to keep talking at every level – there cannot be discussions where the unions are not part of that conversation.

Phase Two. Andrew McCallum will facilitate.

10:20: **Minister's Expectations:** Framing the phases of SLG support.

- The Minister thanked the speakers for their updates and acknowledged the pressures faced by the sector, the concerns raised by the trade unions and the sector's response to the crisis so far.
- The Minister noted the opportunity to accelerate energy transition and the need for partnership working between the government and the sector to ensure this opportunity is not missed.
- The Minister set out the proposed remit for the SLG, to firstly address the immediate challenges of COVID-19, secondly look ahead to restart and recovery and thirdly to develop an understanding of the new normal to create a sustainable industry for the future.

- The Minister noted that the SLG will not duplicate working currently being carried out by other groups including OGUK's pandemic steering group, but will look to absorb information from those processes
- The Minister asked the group to consider the following questions:
 - What barriers and gaps still remain that are required to be addressed?
 - What are the right areas or groups to take this work forward?
- The Minister noted that although the sector may prefer unanimity in the response to COVID-19, there are different infection rates throughout the UK and so different measures may be required to deal with the pandemic in different parts of the UK to reflect local circumstances.
- The Minister asked the industry and the trade unions to work together to put in place an agreed framework identifying how the sector can safely begin to restart operations
- The Minister noted that key parts of the supply chain will need to be helped to survive this period and there is a need to ensure that the sector retains workforce capability to ensure it is able to restart.
- The sector needs to consider what a new normal looks like and how it can adapt to that new reality, including the transition to net zero. The Minister sought views on the suggested role and remit of the group, a move to monthly virtual meetings, the areas of work to be undertaken to address the immediate challenges and what should be undertaken looking ahead to restart and recovery.
- The Minister suggested that where it is agreed there are specific barriers or gaps that need to be addressed, if it is not for other organisations to deliver, then Short Term Working Groups should be created to deliver specific outcomes and report back to the SLG.
- The Minister also asked the group to consider the focus and agenda of future SLG meetings how to communicate the outcomes of meetings to wider industry and ensure that workforce and employers are kept up to speed.

10.30 to 11.30: Discussion

4. **Immediate challenges:** what action needs to be taken in the next few weeks.
5. **Longer term support:** what action needs to be taken in the next few months.
6. **Leadership:** which organisation or existing group is best placed to lead on each action.

John McDonald - OPITO – Highlighted two immediate skills challenges:

1) Certificate Extension - They are currently on the second round of two month extensions and have so far had 7,000 applications processed to date. Prior to setting a further third extension OPITO would like to engage with the industry, trade unions and regulator to discuss the best course of action going forward.

2) Apprentices – OPITO are not furloughing apprentices at the moment. OPITO asked the Scottish Government to continue to press the UK Government for a refocus of the apprenticeship levy.

Moving on to what a restart would look like, there are concerns from offshore operators and the contractor community that what training will need to be undertaken, that companies work with the training centres to plan and manage that activity. In some cases, training centres may not be open. John asked operators to get in touch if that is the case, and OPITO will facilitate discussions with the training providers to remedy that.

Action: John suggested that the Energy Skills Alliance (ESA) provide a cross-energy response on skills in light of COVID-19 and the low commodity price. The ESA could ensure key actions are delivered and report back to the SLG.

Response: The Minister has noted the value of extending the certificate extension and encouraged colleagues from OGA and OGUK to respond to this request. In relation to the Apprenticeship Levy it would be useful to understand in more detail on where industry would want to see that refocus happening. The Minister also welcomed the offer around the Energy Skills Alliance.

Deidre - OGUK – Response: Deirdre offered that the Pandemic Steering Group (PSG) could develop sector specific guidance and guidelines and come back within the next couple of weeks with a draft for review. The availability of asymptomatic testing and the track and trace app are key to allowing the sector to progress in a constructive and efficient way.

Jake Molloy – The testing facility at Aberdeen Airport is currently doing less than 30 tests a day. However other facilities are charging £250 per test, there needs to be a more joined up approach to sustain the energy production and safety of the workforce.

Melfort Campbell –The supply chain needs a clear line of sight of where future orders/cash flow will come from - stimulation of investment is crucial. It is difficult for companies to see how they can train themselves out of this situation, the stimulation of investment is crucial. The Bank of England have a working group looking at how financial services continues to support energy, but we need a real focus to ensure this includes oil and gas.

Gordon Stirling – The furlough scheme has been a great lifeline, however there is a lack of clarity on whether companies should keep people on furlough if it is clear that there will be no activity for them going forward. Gordon requested that clarity is needed from Government around furlough, the rules around it and what happens when it ends, currently expected end of June.

Additionally, it is the supply chain which is the least likely to survive this downturn and they will be key for the energy transition. Instead of talking about the oil and gas supply chain it is suggested that talk is around service companies who have the skills set, capability and the technology, who have an ability to be part of the energy transition.

Sir Ian Wood - Opportunity North East– This kind of discussion focuses on the challenges and objectives of what I would like to do is highlight a number of urgent projects for action, and accelerate the transition to low carbon technologies as there are great opportunities in hydrogen, CCUS and offshore wind coming up over the next years.

Suggested focuses for actions:

- Encourage 4 or 5 decommissions a year for the next few years based on a government loan funds to help with cash flow.
- Look urgently at small projects which are already delayed to see if anything can be done, either technically or financially, to keep them going
- Ensure major maintenance opportunities e.g. Forties Pipeline, go ahead
- Accelerate the supply chain transition to green technologies, such as offshore wind, CCUS and hydrogen.
- On transition energies –do more to accelerate the development of these.
 - UK and Scottish Government regulatory approval processes should apply emergency thinking that is being applied to climate change.
 - Set up a hydrogen research institute in Scotland to centralise all the work that is being done in this sector
- Accelerate Global Underwater Hub.
- Accelerate work on a programme of digital applications

Potentially these could look to offset some of the job losses and support the industry.

Deidre Michie – BEIS together with HMRC has given a lot of support to the industry and shown an understanding of how this crisis is particularly affecting the oil and gas sector and recognise that COVID-19 and the oil price collapse should be seen as one and the same in terms of the Job Retention Scheme. Deirdre noted that if companies are getting that reaction that they can't access the JRS then these should be shared with OGUK who will again raise with UK Government. OGUK are looking at the FPS maintenance (work which was moved to next year) to see what can be accelerated at this stage. OGUK focusing on what actions can be taken in the short-medium term to support the sector through the Recovery Group.

Action: All - OGUK reiterated to the group that if companies are still receiving the message that they cannot access the JRS, then this should be flagged to OGUK who will raise with UK Government.

Collette Cohen – The main challenge for companies when we talk about a net zero future is there isn't a clear picture. There is no clear vision around how much CCUS and hydrogen there is, what jobs will be required to achieve this target etc. We recognise that hydrogen will be a key enabler for power and transport, but until we create the supply and demand balance it will be hard to even get hydrogen R&D projects up and running. Companies will need to know there is a hydrogen market for when hydrogen will be created. OGTC are working with the Offshore Renewable Catapult on an Integrated Energy Vision for the North Sea, this must be accelerated.

Action: Scottish Energy Minister to discuss with UK Energy Minister an agreed approach to supporting the energy transition through the Oil and Gas Sector Deal.

Action: The SLG to carry out a mapping exercise of activity across the energy landscape to capture new, existing projects to identify if there are any barriers or any gaps in supporting the oil and gas sector amid COVID-19 but also in the medium to longer term to support the energy transition.

Paul Wheelhouse – The Minister welcomed Deirdre's offer for the Pandemic Steering Group to develop sector specific guidelines.

Action: Scottish Government to follow up with Deirdre and the offshore unions

On testing and tracing – The Minister recognised the point made by Deirdre around the app, Scotland will use a digital tool already well used within the NHS in Scotland. Although Scotland is open to using the UK Government app, we are not closely involved in developing this. It is understood that to be effective at least 60% of the population need to download the App for it to be effective. The Scottish Government are redeploying workers in the NHS and recruiting individuals to be contract tracers. This should be in place by the end of May.

In response to Jake's comments about the UKG test centre in Aberdeen, the Minister noted that it can be used by key workers, including oil and gas workers, and there is capacity to do more testing. However, the test is not as effective with asymptomatic cases and we need to be aware of potential false negatives.

Action: Scottish Government to circulate information on current status and uptake of the test centre at Aberdeen Airport.

The Minister recognised the important role of the supply chain and their role in both the oil and gas sector but also energy transition. In recent calls with companies, the drilling sector has raised the likelihood of being particularly affected. There is an opportunity to repurpose some of the drilling work for plugging and abandonment to ensure the workforce is active and retained. The Minister noted that there are also challenges for the helicopter sector, with a representative from CHC on the call who may wish to contribute further.

The Minister welcomed Sir Ian's suggestions for action, noting that not all of these will be within the Scottish Government's power to take forward. We are open to suggestions and actions that we can take but also for UK Government to consider, particularly the opportunity to benefit from lower day rates to utilise capacity to advance decommissioning projects that will have to happen anyway but also benefit the taxpayer.

The Scottish Government are progressing the Hydrogen Assessment Project and are open to the suggestion of a centre of excellence, but will need to await for the conclusions and the recommendations which will be followed by an action plan. We are keen to progress hydrogen in Scotland and see it as one of the best ways to facilitate the energy transition. Transport colleagues are looking at opportunities for rail, shipping and ferries to accelerate growth as part of a green recovery.

Helena Charlton - BEIS – In the immediate term BEIS is working closely with individual companies and with the OGA to iron out issues in relation to access to some of the schemes and expanding those, so that some of the smaller SMEs are able to benefit. They are making available the bounce back loan offer. Reiterating that it was useful for BEIS to continue to receive feedback on these schemes and how they are being utilised.

In relation to the Job Retention Scheme, Treasury have been supportive of recognising that the low oil price is connected to the COVID-19 crisis and can be a reason for experiencing hardship.

Regarding testing, BEIS are flagging the need for offshore workers to receive asymptomatic testing with the health departments. The asymptomatic test are vital for a safe return to work, especially for offshore operations. This is something under consideration as the testing capacity gets built on and expanded.

BEIS are very receptive to the ideas for stimulating the economy provided during their engagement with OGA and the sector and are keen to hear what would be most helpful. Over the longer term, BEIS have restated their commitment to the oil and gas sector deal and the green recovery will be at the centre of any proposition, with a focus on technology and strong continued commitment to hydrogen and CCUS BEIS are supportive of the Global Underwater Hub and Shetland Hub and are having productive conversations in relation to these, including offshore integrated energy projects.

Stuart Payne - OGA – There is a recognition of the challenges faced in the drilling sector. From a Supply Chain Exports Task Force perspective there are 3 key themes of activity that that group are focusing on (this group includes representation from SLG, SDI and SE), focusing on:

- **stimulating activity:** looking at both capital projects and new development opportunities, what can we do to get some of these over the line; also looking specifically at decommissioning opportunities that might be able to take account of the low price / rig rates; and Net Zero – are there opportunities we could use, with targeted support from Government, if available, to stimulate some of those projects.;
- **diversification** – working with SDI and others to put in front of the supply chain a range of opportunities and exports, but also diversified opportunities in other energy systems – critically to make this work as easy and as accessible as possible.
- **Longer term future:** building capability in Scotland and the UK that has the oil and gas markets as one of its markets but not the only one, and is able to be anchored for the long terms.

Terry Savage – These are incredibly difficult times for the supply chain. The industry needs to react quickly to this, otherwise many of the companies that are needed for the energy transition won't survive the current crisis and will not be there to meet the transition opportunities going forward. Additionally the workforce need to also understand what that future will look like given the scale of redundancies that are expected very shortly. We need to ensure that the supply chain is supported with activity, all the supply chain can currently see is bad behaviours and cost cutting which will destroy the industry.

Trevor Garlick – There are many projects already in train and it is worth considering if one of the gaps might be any of these projects under resourced or needing help to accelerate. This list that OGUK shared on the sector deal are exactly the right things, including the areas of focus suggested by Sir Ian are also the right approach. Our efforts should be put into accelerating, resourcing and unblocking existing projects before developing new initiatives.

Arne Gurtner - Equinor – The industry needs to look at how it can accelerate the reduction of emissions (including electrification). While this is very attractive to operators, there might be a need for support in the shorter term. Arne noted that Equinor's work on renewables is funded by oil and gas operations and so the current situation will impact that. Stimulation and the right incentives are key.

Conclusion – Framework for SLG Action:

Summary by the Minister: decisions, actions and next steps including next meeting.

- The Minister thanked Helena for providing clarity on the work that BEIS are doing and thanked the OGA for their work around the Supply Chain and Exports Taskforce, there is a significant opportunity in the area of decommissioning as an opportunity to support the sector. The Minister confirmed that there is strong interest in the Global Underwater Hub from both the UK and Scottish Governments.
- The Minister recognised the opportunity for the supply chain in Scotland to be a global leader in areas such as hydrogen, CCUS and offshore wind and would look to maximise the footprint of the sector.
- The Minister noted that the ongoing situation requires operators and the supply chain to work in partnership to ensure a sustainable future for the sector.
- The Scottish Government recognises the need to bridge the gap between the theory of net zero and the activity that will be required and will work to put some numbers against that to create a clear vision for the industry, working with the UK Government and others.
- The Scottish Government continues to support the oil and gas sector but there is some conditionality, that the industry plays a role in the transition to Net Zero.
- The Minister thanked participants for the discussion and noted that we will need to take a structured approach to taking forward measures that will support the sector and will continue to engage with the group on that.