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Rt Hon Rishi Sunak MP
House of Commons
London
SW1A 0AA

12 October 2021

Dear Chancellor,

In the UK Government's 2020 10 Point Plan for a Green Industrial Revolution, Ministers outlined a commitment to support two carbon capture clusters in the UK by the mid 2020's and a further two clusters by 2030. As you will be aware, the programme to sequence these clusters is currently underway; the Scottish Cluster, led by the Acorn Project, considered the most advanced and well planned carbon capture and storage (CCS) project in the UK, is bidding into this process, and I trust Her Majesty's Treasury comprehend that this is an essential CCS cluster for development in the mid-2020s.

It is clear that CCUS will play an important role in helping us to reach net-zero emissions; indeed, advice from the Committee on Climate Change describes CCUS as a "necessity, not an option" to achieve our statutory emissions targets to 2045. All credible evidence, advice and analysis undertaken by, and made available to, the Scottish Government has demonstrated that CCUS is critical for meeting not only Scotland's legally binding emissions reduction targets, but those set across the UK. We called for early deployment of CCS business models and are pleased to see these finally emerging, for most capture and storage applications.

We support the current action of the UK Government to support CCUS technologies. After the previous false dawns and cancelled UK Government competitions, we are seeing confidence return in those organisations who will need to utilise CCUS for enacting decarbonisation plans.

The Scottish Government is already providing funding and policy support to help with the development of CCUS in Scotland. We are firm supporters of the Scottish Cluster's bid into the sequencing process, and have noted huge engagement across the emitter community in engaging with decarbonisation planning. The importance of this cluster sequencing process cannot be underestimated for Scotland's largest concentration of industrial emitters in and around the Grangemouth region. These businesses, who are global by nature, carbon-

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intensive and significant employers are showing their commitment to decarbonisation and view this bid as fundamental to their future in the UK.

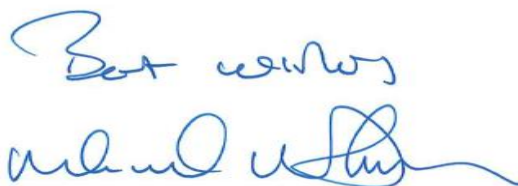
It is hugely encouraging to see this commitment to a sustainable future in Scotland. We have seen a recent £1bn industry commitment by INEOS regarding the decarbonisation of Grangemouth, and by SSE and Equinor regarding a planned CCS power station at Peterhead, and just this week ExxonMobil and the Acorn project will work together to understand the opportunity for CCS to decarbonise the Fife Ethylene Plant, all of which demonstrates the range of substantial decarbonisation projects developing in Scotland. The Scottish Cluster bid is not only a key component of Scottish industrial decarbonisation, but also of UK-wide decarbonisation. The Cluster bid includes UK industrial emitters who will ship CO2 to Scotland, making it unique as a project bidding into the cluster sequencing process, and as a UK-wide proposition.

The development of CCUS is a whole-UK endeavour in which Scotland has a significant role to play; our unrivalled access to vast CO2 storage potential and our opportunities to repurpose existing oil and gas infrastructure Scotland remains the best placed nation in Europe to deploy CCS. Given this UK-wide interest, we wish to continue to engage with the UK Government in delivering these CCS projects across the UK, and promoting a cooperative industry that shares knowledge and learning.

In the spirit of this engagement, we would offer to assist the UK Government with the affordability of delivering these clusters as early as possible. In December 2020 in our update to the Climate Change Plan, the Scottish Government launched the £180 million Emerging Energy Technologies Fund (EETF). £80m of this funding will be made available to support CCS and CCS-enabled NETs. The Scottish Government would therefore propose to offer up to £80m from the EETF to be used alongside the £1bn CIF: the EETF funding is profiled between financial years 2022/3 and 2025/6, and would therefore be available to help support UK funding to the Scottish Cluster on a Track-1 trajectory.

I trust you will welcome this offer to collaborate on delivering carbon capture technologies across Scotland, in line with the statutory emissions targets of both our Parliaments, and to ensure the roll out of this technology in line with the pathways these dictate. Further to this letter, I'm sure we would both encourage ongoing regular dialogue between Scottish and UK Government officials on this important matter.

Yours sincerely



MICHAEL MATHESON

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From: **[Redacted – Personal Information]** on behalf of Cabinet Secretary for Net Zero, Energy and Transport
Sent: 12 October 2021 12:33
To: **[Redacted – Personal Information]**@hmtreasury.gov.uk
Cc: **[Redacted – Personal Information]**@hmtreasury.gov.uk; **[Redacted – Personal Information]** - HMT; **[Redacted – Personal Information]** - HMT; **[Redacted – Personal Information]** - HMT; **[Redacted – Personal Information]** - HMT; Cabinet Secretary for Net Zero, Energy and Transport
Subject: SCOTTISH GOVERNMENT - LETTER TO HM TREASURY - UK CLUSTER SEQUENCING PROCESS - 121021
Attachments: SCOTTISH CLUSTER - LETTER TO TREASURY - 121021.pdf

Dear Chancellor

Please find attached correspondence from Michael Matheson, Cabinet Secretary for Net Zero, Energy and Transport.

Regards

[Redacted – Personal Information]

[Redacted – Personal Information]

Assistant Private Secretary to Cabinet Secretary for Net Zero, Energy and Transport – Michael Matheson
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