



Department for
Energy Security
& Net Zero

Lord Callanan
Parliamentary Under Secretary of
State for Energy Efficiency and Green Finance

Department for Energy, Security & Net Zero

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Neil Gray MSP
Cabinet Secretary for Wellbeing Economy, Fair Work and Energy
The Scottish Government
St Andrew's House
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Dear Neil,

Boosting energy independence and growing the economy

As you may have seen, yesterday we announced that hundreds of new oil and gas licences will be granted in the UK, alongside the establishment of two new Carbon Capture, Usage and Storage (CCUS) locations, as the UK Government continues to make Britain more energy independent moving away from Putin's terror over our energy bills. These proposals will also boost jobs in areas across the UK and support efforts to meet our net zero targets.

North Sea Oil and Gas Licences

The Government and the North Sea Transition Authority have announced a joint commitment to undertake future licensing rounds. The NSTA expect to award the first of the new licences in the 33rd offshore oil and gas licensing round this autumn, with over 100 licences in total. By adopting a more flexible application process, licences could also be offered near to currently licensed areas, unlocking carbon capture usage and storage and hydrogen opportunities, and building truly integrated offshore energy hubs that make the best use of established infrastructure. These future rounds will continue to be subject to a climate compatibility test.

We have all witnessed how Putin has manipulated and weaponised energy – disrupting supply and stalling growth in countries around the world. Now more than ever this move is needed to increase the UK's energy security, protect more than 200,000 vital jobs and reduce dependence on high emission imports. The independent Climate Change Committee predicts around a quarter of the UK's energy demand will still be met by oil and gas when the UK reaches net zero in 2050, and new analysis released by the NSTA suggests that the carbon footprint of domestic gas production is around one-quarter of the carbon footprint of imported liquified natural gas.

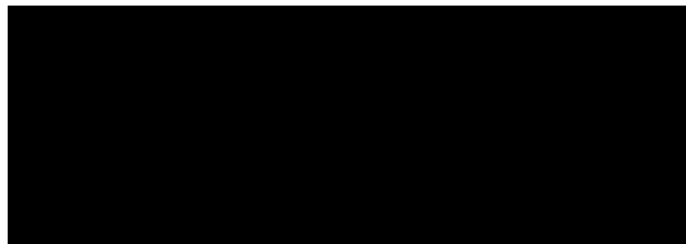
Carbon Capture, Usage and Storage Track-2 Update

The Government has also confirmed that Scotland's Acorn and Humber-based Viking are best placed to establish the country's next two industrial CCUS locations, signalling Government's continued commitment to helping all parts of the United Kingdom decarbonise to reach net zero by 2050.

The selection of two more CCUS transport and storage systems puts us on track to store 20-30 million tonnes of CO₂ per annum by 2030, which is the equivalent to removing approximately 4-6 million cars from UK roads each year. It will also help realise the UK's carbon storage potential, which, with an estimated 78 billion tonnes of theoretical CO₂ storage capacity on the continental shelf is some of the largest in the world. This will enable us to be a world leader in CCUS, decarbonise our heavy industries and support up to 50,000 jobs by 2030, helping reinvigorate our industrial heartlands.

The announcement gives the green light to Acorn and Viking, based on their maturity, to continue developing their plans in Scotland and the Humber. The Acorn cluster will be Scotland's first CO₂ transport and storage system, utilising the region's skills and expertise to further develop CCUS and help decarbonise vital industry in Scotland. The Viking cluster brings further storage capacity to the Humber region which will be critical to decarbonising one of the UK's biggest industrial regions and enabling growth in low carbon power generation and hydrogen production.

I hope you agree that these moves are helping to secure the UK's energy supply while creating a pathway for new and existing industries to invest in Britain and decarbonise to meet our net zero target.



Lord Callanan