




Cabinet Secretary for Finance and Economy

Date and Time of Engagement	Thursday 30 th June 2022 10:00 – 10:30
Where	Microsoft Teams
Who	<ul style="list-style-type: none"> • Sian Lloyd-Rees, NSTD Supply Chain Champion and Managing Director, Aker Offshore Wind • Deirdre Michie, Chief Executive, OEUK • Katy Heidenreich, Supply Chain and Operations Director, OEUK
Key Purpose / Message	<ul style="list-style-type: none"> • We must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development. • The First Minister made clear the concerns on the licensing of new fields, including those already sanctioned, in writing to the PM in August, whose Government currently holds powers over such decisions – calling for rigorous climate compatibility assessments to ensure any proposal is consistent with emissions reduction targets. • We are already investing in the sector's net zero transformation. In addition to our expanded, £75m Energy Transition Fund and £100m Green Jobs Fund, our £500m Just Transition Fund will support the north east and Moray to become one of Scotland's centres of excellence for the transition to a net zero economy. • Scotland's first Just Transition Plan, being developed for a refreshed Energy Strategy, will set out how the economic and social impacts of transition will be managed. • We are undertaking work to better understand Scotland's energy requirements as we transition to net zero, ensuring we support and protect our energy security and our highly skilled workforce whilst meeting our climate obligations. Opportunities for the UK energy supply chain and for jobs are significant, with more than £170bn investment to be made in capital and operating activities in the UK offshore energy sector over the next ten years.
Top Facts / Figures	<ul style="list-style-type: none"> • 28 February FM launched ETZ Ltd and announced the world leading National Floating Offshore Wind Innovation Centre. • RGU's latest report 'Making The Switch' demonstrates that, with the right investment, the North East of Scotland could support nearly 10,000 more offshore energy jobs by 2030 than it currently does.
Sensitivities	<p>Aker Offshore Wind were unsuccessful in the ScotWind leasing auction. The Scottish Government has had no involvement in the scoring of ScotWind bids. If raised - this is a matter for The Crown Estate Scotland, who administer the ScotWind leasing round and associated feedback to ScotWind applicants.</p> <p>Mr Lochhead met with the members of OEUK Board on 9 March and with Sian on 19 April as part of wider engagement with the sector on Energy Transition and the £500m North East Fund. Summary of this can be found in ANNEX B.</p> <p>Annex E includes outcomes and key next steps for the NSTD (with the One Year On Report published ahead of the North Sea Transition Forum on 21 March) which commits to supporting domestic energy supplies / continued investment / setting a clear path for next zero and climate compatibility checkpoints and a new licensing round ahead of Summer 2022.</p>

Official Support	[REDACTED], Offshore Decarbonisation and Energy Transition, [REDACTED], Offshore Decarbonisation and Energy Transition [REDACTED], Offshore Wind and Supply Chain
Comms handling	N/A
Annexes	<p>Annex A: Meeting summary & biography</p> <p>Annex B: NSTD Supply Chain Champion role, key messages, and progress.</p> <p>Annex C: Summary of meeting with Mr Lochhead 19 April</p> <p>Annex D: Oil and Gas</p> <p>Annex E: Scotwind</p> <p>OEUK have provided a separate PDF on the NSTD Supply Chain Strategy (attached separately).</p>

ANNEX A – MEETING SUMMARY & BIOGRAPHY

	<p>Sian Lloyd Rees, Managing Director, Aker Offshore Wind. Ms. Lloyd Rees is UK Managing Director of Aker Offshore Wind and supports Aker Horizons in the UK, a global provider of sustainable solutions across the energy sector.</p> <p>She is Vice Co Chair on the Board of Offshore Energies UK (OEUK) and the industry Supply Chain Champion supporting delivery of the North Sea Transition Deal, sits on the board of the Aberdeen Energy Transition Zone (ETZ), and is a member of the steerco for the Deepwind Cluster. Sian is also a member of the Oil and Gas and Energy Transition SLG, co-chaired by the Minister for Just Transition.</p> <p>Sian is the NSTD Supply Chain Champion – an overview of this role is located in Annex B.</p>
<p>Aker Offshore Wind</p>	<p>Aker Offshore Wind was formally established in the summer of 2020. Sourcing and develop projects in deepwater offshore wind with leading global partners and combine competencies and experience from five decades in the offshore industry to scale and industrialize floating offshore wind in a sustainable way.</p>
	<p>Deirdre Michie, Chief Executive, OEUK</p> <p>Deirdre was appointed CEO of OGUK in May 2015. She has an LLB Hons in Scots Law and extensive experience as a senior business leader in the oil and gas industry; covering upstream, downstream and globally. Deirdre is a member of NST Forum, the UK Government and oil and gas industry forum; the Scottish Government's Energy Advisory Group, and of the Women's Business Council, a UK Government body focused on increasing women's contribution to economic growth.</p>
	<p>Katy Heidenreich, Supply Chain and Operations Director, OEUK</p> <p>Katy was educated in Aberdeen, Scotland and holds an Honours Degree in Engineering from Heriot Watt University. She joined the oil & gas industry in 1996 after working for an engineering consultancy. After 15 years with Schlumberger Oilfield Services she joined the industry association Oil & Gas UK, the body which represents the UK's offshore oil and gas industry.</p>

Industry Asks from the Supply Chain Champion - Sian Lloyd-Rees

Key asks of Scottish Government:

1. Direct the Supply Chain Champion to Scottish Government and local authority funding streams including but not specific to the £500m Just Transition Fund.

- Work is underway through SOWEC to evaluate the best route to ensure maximum impact of funding both public and private via a SIP proposal.
- Officials are currently pulling together an options paper to submit to the Offshore Wind Transformation Board charged by DG Net Zero Roy Brannan, before socialising with the developer community to gauge appetite.
- **Noting the further ask (point 7 re SOWEC) and the following OFFER:** SG officials to arrange a meeting between Brian and Sian to discuss how her role at NSTD can work in collaboration with SOWEC - in particular the supply chain workstream – to ensure information exchange between O&G and offshore wind.

2. Work with the Supply Chain Champion ahead of and during release of the Scottish Energy Strategy in Autumn 2022.

- Over the coming months, we will engage widely in the development of our refreshed energy strategy and first just transition plan.
- The role of the Oil and Gas and Energy Transition Strategic Leadership Group will have a key role to play in engaging on the development of the Strategy (of which both Sian and OEUK are members) – with the next meeting scheduled for 24 August in Aberdeen, with the Energy Strategy and Just Transition Plan the main agenda item.
- The SLG is a key energy stakeholder for the development of the ESJTP and officials will ensure that wider engagement plans are shared with this group.

3. Work with the Supply Chain Champion to address barriers inhibiting the supply chain.

- The Strategic Investment Assessment commissioned by Scottish Offshore Wind Energy Council (SOWEC), published in August 2021 sets out recommendations and investment priorities to scale up Scottish capacity and capability necessary to deliver a step change in the ability of Scotland's supply chain to grow and win offshore wind work.
- A key role for SOWEC is the implementation of the recommendations in the Strategic Investment Assessment (SIA), which was commissioned by SOWEC and led by Professor Sir Jim McDonald of Strathclyde University.
- The report was commissioned to identify gaps in Scotland's offshore wind supply chain and infrastructure, and conclude with a suite of policy and investment recommendations for industry and government to take forward.
- The full report has five main recommendations which are directed at both the sector and government. The primary recommendation focusses on bringing the manufacturing of floating offshore wind platforms to Scotland through creation of a Scottish Floating Offshore Wind Port Cluster, with ports acting in partnership to provide the required infrastructure area and capability needed to attract manufacturers to use Scottish ports and invest in Scotland.
- The SIA identified that there is a lack of information sharing between ports/yards and concluded that SOWEC industry members should explore using a Collaborative Framework to support and underpin port investment to create a Scottish Floating Offshore Port Cluster.
- SOWEC has been coordinating sector discussion around the need for this Collaborative Framework and has established a set of draft principles, which were agreed by the SOWEC Developer group in December 2021. The purpose of the Collaborative Framework is to encourage the offshore wind sector to work together to build Scotland's supply chain.
- The Collaborative Framework Charter has now been finalised and was launched by the First Minister at the All-Energy Conference on 11 May. The Charter has been signed by 24 companies, including all of the ScotWind projects.

4. Work with the sector to build capability and capacity in high value areas, as identified by the mapping work underway.

- Our Just Transition Plan for the Energy Sector, to be published this year, will set out how changes in the decade ahead will be made fair for all. The Plan will establish a shared vision for Scotland's energy system, and identify concrete steps to manage the economic and social impacts of the transition fairly.
- Our plans will be co-designed with workers, businesses and communities across the country in line with the principles set out in our world-first National Just Transition Planning Framework.

Our ambition is for Scotland to become the home of manufacturing innovation, to be seen as an inventor and producer, not just a consumer of goods - innovative, thriving and international looking.

- Making Scotland's Future is our overarching programme which seeks to address opportunities for growing Scotland's diverse manufacturing base by working with business, academia and our enterprise and skills agencies to deliver an integrated system of support for manufacturing across Scotland. These companies can then engage with the key companies in the energy sector.
- Manufacturing accounts for 178,000 jobs, over half Scotland's international exports, and 47% businesses expenditure on R&D.
- The Programme for Government commits to a new £26m Low Carbon Manufacturing Challenge Fund to support innovation in low carbon technology, processes and infrastructure. The Fund will encourage new manufacturing technology and processes as part of our national strategy to transform the economy, improve productivity and accelerate sustainable growth. This fund will be launched soon [May 2022] and officials will confirm when this becomes available.
 - **ASK:** Request early sight of the Supply Chain Roadmap OEUK are undertaking, with the expected publication of work on CCUS to be finalised in June, with future mapping work to cover offshore wind and hydrogen.
 - **OFFER:** The MSF SLG, co-chaired by Ms Forbes is currently undergoing a refresh. Officials will continue to engage to identify how Sian can engage with the group

5. Work with the sector to identify potential funding opportunities to support early supply chain investment, supporting broad low carbon propositions across the UK.

Scottish Futures Trust

- We have commissioned Scottish Futures Trust (SFT) to undertake a whole system investment analysis of the options, risks and barriers to capital investment for the infrastructure necessary to deliver a net zero transition. Building on the scenario analysis which provides indicative high level costs for the whole system, the analysis explores the scale and the specific investments required to achieve our 2030 and 2045 targets, what investment mechanisms are best suited to the infrastructure needs of each sector, and an assessment of investment risk, synergies, dependencies, and alternatives.
- This work is currently underway and analysis will be carried out on this work when the draft is received in the coming weeks and included in the submission for Ministerial approval.
OFFER: This will be shared with Sian and OEUK once approved.

Scottish National Investment Bank

- Since its launch around 18 months ago, the Scottish National Investment Bank has committed over £200 million across 15 investments - with more in the pipeline.
- The Bank has been established to invest in Scottish businesses, projects and communities to deliver positive environmental and social impacts for the people of Scotland.
- The Bank remains vital in our work towards achieving a just transition to Net Zero and for bringing in private investment alongside the £2 billion to be provided by Scottish Ministers

Missions

- Missions are set by ministers and the Bank's current missions were confirmed in a statement to the Scottish Parliament in December 2020 and support:
 - Achieving a Just Transition to **net zero** carbon emissions by 2045
 - Extending equality of opportunity through improving **places** by 2040
 - Harnessing Innovation to enable our **people** to flourish by 2040
- The Bank's mission-based approach to investment is aligned with NSET and our plans for transformational change across Scotland's economy.

Investments

- The Bank offers long-term, patient capital on commercial terms making both debt and equity investments. Investing where the risks are beyond the appetite of private capital.
- The Bank has a budget to provide £200 million investment this financial year - in line with the our intention to provide £1 billion in capital for investment over the lifetime of this parliament.
- All projects in which the Bank invests must contribute to its missions. Proposals must also be commercial, as required by the Bank's subsidy control ('State aid') permissions, and not crowd-out private investment.
- Investments such as (fuller details each investment is published on the Bank's portfolio page):
 - Nova Innovation - £6.4 million to enable production of innovative tidal turbines, generating zero carbon energy in remote communities.
 - Sunamp - £6 million to scale up production of innovative heat batteries.
 - Iona Wind Partnership Fund – £13 million commitment which has the potential to deliver renewable energy for up to 850,000 homes and significantly reduce emissions.
 - Aberdeen Harbour – £30 million to support the expansion of Aberdeen Harbour, the largest marine infrastructure project in the UK. This has the potential to underpin Aberdeen and the North East region's role in securing a just transition to net zero by 2045. As well as supporting greener energy production, this will also help us deliver the type of harbour infrastructure needed to help us capitalise on the huge economic potential of Scotwind.

Justification for any specific investment

- We have always been clear, as was the Parliament, that the Bank should focus on making high quality commercial investments which both help Scottish companies, and help the Bank itself become a long-term institution for the Scottish economy. We are satisfied that the Bank's investments are doing that.
- Any investment the Bank makes is assessed rigorously by the Bank's experienced investment team and must deliver commercial returns and support the missions.
- It should not come as a surprise that some of those investments have been previously supported through pre-commercial and early stage growth by the Scottish Government or our agencies – that is what the business support system is for.

6. Invite Supply Chain Champion to join key task forces.

SOWEC – co-chaired by Mr McKee and Brian McFarlane of SSE – is the group charged with taking forward delivery of offshore wind in Scotland through 5 workstreams – supply chain; barriers to deployment; innovation; skills and; innovation.

- **OFFER:** SG officials to arrange a meeting between Brian and Sian to discuss how her role at NSTD can work in collaboration with SOWEC - in particular the supply chain workstream – to ensure information exchange between O&G and offshore wind.

Melfort Campbell is the co-chair of the Oil and Gas and Energy Transition Strategic Leadership Group. Sian is a member of the SLG in her capacity as North Sea Transition Deal Supply Chain Champion. Existing groups should be utilised to ensure that work is more aligned up.

- **OFFER:** Officials will propose to Melfort that he arrange to discuss with Sian how better links can be made with SOWEC and the SLG.

7. Increase the visibility of the pipeline of clean growth projects to support the supply chain to assess forthcoming opportunities.

- ScotWind's requirement for bidders to provide Supply Chain Development Statements has yielded commitments by developers to invest an average projection of £1.5 billion in

Scotland per project, which equates to more than £25 billion across the 17 Scotwind offshore wind projects.

- Work is underway through the SOWEC Collaborative Framework to ensure that these commitments are targeted at the Scottish supply chain and where there are gaps attract inward investment.

8. Advocate to UK Government and other devolved governments on behalf of the sector and supply chain.

- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland.
- Each application for the ScotWind leasing round was required to include a Supply Chain Development Statement (SCDS) setting out its supply chain goals and committing developers to meet those goals through the various stages of their projects.
- We welcome the public commitment made by successful developers to invest an average of £1.5bn per project in the Scottish economy, equating to more than £25bn across the 17 ScotWind projects.
- The Scottish Offshore Wind Energy Council (SOWEC) has been identified by both industry and government as the key vehicle for taking forward the strategic supply chain opportunities from ScotWind. We welcome the recent publication of SOWEC's Offshore Wind Collaborative Framework Charter, which includes all active developers in Scotland as signatories, and encompasses all 17 ScotWind projects. Our hope is that this will help build a long-term pipeline of work, creating certainty that ports need to prioritise investment in higher value activities like fabrication.
- Highlands and Islands Enterprise and Scottish Development International have partnered with the UK Government's Department for International Trade to launch a new High Potential Opportunities (HPO) programme, which has excellent potential to attract inward investors from across the globe. This international Floating Wind HPO initiative represents a huge opportunity for Scotland. The aim of the programme is to help bring manufacturing of the main components for future floating offshore wind projects into key ports identified as the nucleus for a Scottish Floating Offshore Wind Ports Cluster by the 2021 Strategic Investment Assessment.

Energy Profits Levy

OEUK and industry met with the Chancellor in Aberdeen on 23 June address their concerns ahead of key windfall tax legislation being published in July.

- The meeting included senior representatives from BP, Shell, TotalEnergies, Harbour Energy and Neptune Energy were in attendance, and the North Sea Transition Authority (NSTA).
- Key concerns from industry are:
 - clarity on investment relief for Carbon Capture and Storage (CCS).
 - the timeline of the sunset clause - currently intended to bring the tax to an end in 2025
 - concerns around decommissioning rebates

The levy does nothing to future-proof energy supplies and promote green energy.

- The new Investment Allowance is, in the Treasury's own words [QUOTE]: an "incentive for the oil and gas sector to invest in UK extraction".
- That is clearly contrary to our – and the UKG's – climate objectives, and the commitments made at COP26. (HMT Energy Profits Levy Factsheet, 26 May)
- We welcome investment, but any incentives must be balanced across sectors and encourage sustainable investment – not the short-term, carbon heavy investment that the Chancellor is encouraging.

The Chancellor's Investment Allowance allows companies to make 'levy losses', which they can use to reduce the excess profits that a windfall tax should target.

- Mr Sunak has essentially created a tax that encourages short-term investment in fossil fuels that may not see a penny paid by firms making excessive profits.
- **[QUOTE]:** *"there is a gaping loophole. Oil and gas corporations can largely avoid the levy by increasing investment in the extraction of yet more fossils fuels".* Steve Trent of the Environmental Justice Foundation (Reuters, 26 May)
- Greenpeace have said, **[QUOTE]:** *"Instead of driving money into clean energy solutions, the chancellor has chosen to pour fuel all over the climate crisis."*

Background:

- The UK government is increasing the tax payable on oil and gas production – adding a third tax – the Energy Profits Levy (EPL) – which will increase the overall corporate tax rate paid by oil and gas companies by 25% (to 65%) from May 2022 until December 2025.
- To incentivise new investment, an allowance equal to 80% of capital expenditure(capex) is allowed as an extra deduction for EPL.
- However, the allowance – or relief – is limited to expenditure incurred in the extraction of oil and gas revenues. In other words, expenditure incurred on investment in renewable energy sources would be unlikely to qualify for the allowance.
- UKG expects the EPL will generate £5 billion in the next 12 months, underpinning a £15 billion support package that will be used to reduce the cost of energy, particularly in the lowest income households.
- There is no direct fiscal impact of the levy in Scotland as all revenue goes direct to the UK Treasury.
- The Levy does not apply to the electricity generation sector. However, as certain parts of that sector have also seen extraordinary profits partly due to record gas prices, the UKG say they will "urgently evaluate the scale of these extraordinary profits and the appropriate steps to take."

ANNEX B - NSTD Supply Chain Champion role, key messages, and progress.

The supply chain champion will:

1. Represent the energy supply chain as a focal point to coordinate the activities across all levels of Government and with export focused bodies to support and promote the UK supply chain's capabilities with particular focus on the Scottish supply chain.
2. Co-ordinate business opportunities with other energy sectors (focus on next 2 – 3 years)
3. Underpin voluntary local content target (50% UK content, including capital investment, over the lifecycle of all low-carbon projects, and offshore decommissioning, as well as 30% for locally sourced technology).
4. Help the supply chain to address barriers and access government funding schemes across all devolved governments and local authorities in Scotland, England, Wales and Northern Ireland.

Key messages to deliver on role and progress:

1. The UK and Scotland's oil and gas supply chain already has the necessary expertise and proven capabilities to service the needs of the energy transition both at home and abroad, putting the UK in a uniquely competitive position. a. The sector is leveraging supply chain capability mapping to understand where the UK supply chain can realistically deliver energy transition and decommissioning projects, considering their competitive position both in relation to the domestic market and internationally.

b. The first tranche is CCS capability mapping, which shows that extensive experience in the emerging CCS supply chain and the flexibility created by a fluctuating oil price have created a capable and agile oil and gas supply chain.

2. Intervention and investment are needed to support UK and Scottish competitiveness and gain early-mover advantage a. The sector is developing a local content model that will support early nurturing of the supply chain in the high value areas, via the Supply Chain Export Task Force, which includes linking early investment funding support to those companies who are supporting creating green jobs in the UK.

3. Oil and gas production/activity provides a predictable source of income and creates the headroom needed to invest in the energy transition, building capacity and capability in cleaner energies and / creating new green energy jobs. a. The sector is developing a supply chain roadmap to show what's required to bridge the gap between the current offshore oil & gas supply chain and the future 'transformed' supply chain, including forecasting the aggregated demand across oil and gas, offshore wind, CCS and hydrogen.

Progress to date (from NSTD One Year On Report year on report:

1. Joined UK Government Floating Offshore Wind Taskforce.
2. Supply Chain Champion stakeholder engagement plan underway - includes Scottish Government ministers.
3. Supply Chain mapping is underway, initially mapping CCUS capabilities against future capacity and capability before progressing to other sectors from 2022 onwards.
4. OEUK is building a unified inventory of prospects for the UK's energy supply chain, which will set the key opportunities for success, and leading work to develop a common value chain classification of Goods, Works and Services; initially for CCUS and subsequently for other offshore sectors.
5. Work underway to support NSTD local content target via the SCTEF
6. OEUK workstream to embed the government's Prompt Payment Code with industry behaviours linked to their Supply Chain Principles.

ANNEX C: Summary of Meeting with Mr Lochhead/Sian Lloyd-Rees

Sian Lloyd Rees – Supply Chain Champion and AKER Offshore Wind – 19 April 2022 meeting

Key issues (a) “push for government to “back horses” – identify where Scotland can lead, either due to scale or first-mover advantage (b) all for flagship, big project to locate Scotland (internationally and to domestic audiences) as first mover.

- Supply Chain Champion role
 - felt that final version of NSTD backtracked a little on initial commitments, and wasn't as ambitious as she'd hoped, with limited funds. SLR wanted to be a full time champion, but BEIS did not agree and her capacity is limited.
 - Currently doing some supply chain work with RGU (Paul De Leeuw) - Identifying opportunities in the supply chain; Work on skills needed for transition - with a roadmap to be published in JUNE
- Where to lead: we need to decide "what Scotland wants to be known for" and focus then on key areas where we can lead and be the centre of excellence. Scotland will never be cheapest, but we can take advantage of scale and being first mover.
- Critical factor: supply chain needs to see a steady pipeline of work. And government support might take a number of forms: e.g. Brazil offered 5 years of free site lease, which was then paid back, to attract supply chains.
- Key risks / opportunities to North East: transfer of workforce and centres of excellence to other parts of the world: for example South America. Feels that there is not a huge gap (in terms of skills needs) between engineering in renewables and engineering in O&G. But manufacturing base is very vulnerable: UK-based AKER engineers associated with manufacturing base has gone from 1000+ to c120, over 6 years. Aberdeen can't be competitive in all things: and there will not be "anywhere near" enough jobs in renewables to make up for O&G. AKER see the future as sub-sea, and can be anchored in Aberdeen (thanks to harbour, ETZ, NZTC etc). With sub-sea control systems: 80% is local content.
- JT FUND OPPORTUNITY - Scot Wind - Supply Chain Development Statements: JT Fund could help analyse Scot Wind Commitments to identify where best to invest: overlay commitments, with O&G roadmap and skills analysis: use analysis to identify where Scotland best placed to take lead. Any such project needs to be short & sharp - a seminal supply chain report, to come back in c. 3 months. NOT using consultants (EY etc.) but rather, for example, analyst resource, using small group of very experienced industry voices as sounding board?
- Stressed for a BIG project that Scotland can be known for (ref Norwegian work on concrete, H, and CCS). ACORN could be it - McQuarrie doesn't need money to fund this - so what do they need?

Follow up – Sian will be sharing (a) a proposal for the Fund on a supply chain project based on Scot Wind bids and their Supply Chain Development Statements and (b) analysis and assessments carried out by AKER to determine where to place manufacturing sites.

NOTE: Our recommendation in response to this is as outlined in point 6 in ANNEX A

Top Lines

- Climate Change has not gone away. The science is clear that the world cannot go on extracting fossil fuels indefinitely if the necessity of limiting global warming to 1.5 degrees is to be achieved. We cannot in good conscience ignore that.
- In relation to oil and gas fields, already partially sanctioned, and to the licensing requirements of new fields, if we say the answer to our current reliance on oil and gas for jobs and energy is to keep opening new oilfields, we don't have sufficient imperative to develop alternatives quickly enough. Instead we become fixed in a cycle of dependency.
- We must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development.
- Maintaining the current status quo is not an option.
- The First Minister made clear the concerns on the licensing of new fields, including those already sanctioned, in writing to the PM in August, whose Government currently holds powers over such decisions – calling for rigorous climate compatibility assessments to ensure any proposal is consistent with emissions reduction targets.
- We are already investing in the sector's net zero transformation. In addition to our expanded, £75m Energy Transition Fund and £100m Green Jobs Fund, our £500m Just Transition Fund will support the north east and Moray to become one of Scotland's centres of excellence for the transition to a net zero economy.
- Scotland's first Just Transition Plan, being developed for a refreshed Energy Strategy, will set out how the economic and social impacts of transition will be managed.
- We are undertaking work to better understand Scotland's energy requirements as we transition to net zero, ensuring we support and protect our energy security and our highly skilled workforce whilst meeting our climate obligations.

Opportunities for the UK energy supply chain and for jobs are significant, with more than £170bn investment to be made in capital and operating activities in the UK offshore energy sector over the next ten years.

- Around 200,000 skilled people are needed in the UK offshore energy industry to ensure delivery by 2030, creating significant opportunities for the North East.

UKG CONSULTATION ON CLIMATE COMPATIBILITY CHECKPOINT

A climate compatibility checkpoint is the minimum step required for new oil and gas licensing rounds.

- We particularly share the CCC's view that any effective and credible checkpoint must extend beyond new licensing rounds to also cover also those fields that have already been consented.
- We support the CCC recommendation that equivalent stringent tests apply to later development stages, including consenting and production.
- We welcome CCC's advice on enhanced conditionality for North Sea oil and gas production, whilst noting that this is at a UK level only.
- The UK Government made clear last year that the proposed checkpoint will inform whether new licensing rounds should be offered to companies for exploration and production; it will not impact the consenting process for proposed developments that come under already awarded licences, for example, such as that for Abigail.
- We have commissioned work to better understand our energy requirements as we transition to net zero and how this aligns with our climate change targets.
- This work will supplement a broad range of evidence allowing us to take an informed policy decision on the contribution of North Sea production to the global climate emergency and to Scotland's economy, security and wellbeing within Scotland's wider energy system.
- Cab Sec NZET wrote to UK Govt on 2 March in response to the consultation.

UK Government failure to award the Scottish CCUS Cluster, which includes the Acorn Project, full Track-1 status compromises our ability to take crucial near-term action to reduce emissions – not just in Scotland, but across the UK.

- The Cluster's Acorn project is uniquely placed as the least-cost and most deliverable opportunity to deploy a full-chain CCS project in the UK.
- The project has the potential to support an average of 15,100 jobs between 2022 and 2050, with a peak of 20,600 jobs in 2031 – more than 20% of the current 70,000 jobs in the oil and gas sector.
- The Scottish Government has offered on several occasions to assist the UK Government with the affordability of delivering the Scottish Cluster. This includes our offer to Her Majesty's Treasury to deploy £80m from our Emerging Energy Technology Fund, an offer that the Cabinet Secretary for Energy reiterated directly to the Minister of State for Business, Energy and Industrial strategy on the 13th January. We stand ready to deliver on this commitment.

Our Just Transition Plan for the Energy Sector, to be published in 2022, will amplify the voices of those most impacted by the transition and set out how changes in the decade ahead will be made fair for all

- The Plan will establish a shared vision for Scotland's energy system, and identify concrete steps to manage the economic and social impacts of the transition fairly.
- No-one has all the answers, and so our plans will be co-designed with workers, businesses and communities across the country in line with the principles set out in our world-first National Just Transition Planning Framework.
- Work on the Plan has already begun. During COP26 we convened young people from across the energy sector to discuss the opportunities and challenges for workers and businesses in the decade ahead.
- We recognise that this must be partnership-led and will work with Local Government, trade unions and business organisations to support co-design of the Energy Just Transition Plan.
- The original Just Transition Commission emphasised the need for an orderly, managed transition to net zero, underpinned by Just Transition Plans.
- As Dave Moxham, Deputy General STUC told the NZET committee, *"We need a road map, or set of road maps, that cut across every major sector of the economy. An example would be a plan for energy, rather than just a plan for oil and gas"*.
- We have also committed to taking forward a Land and Agriculture Plan and we will soon set out our intentions for further future Just Transition Plans.

27 Apr: Crown Estate Scotland publishes full Supply Chain Development Statement Outlooks for all 17 ScotWind option agreements.

26 Apr: ScotWind clearing process opens for site NE1. The deadline for eligible applicants to confirm if they intend to apply is 10 May 2022.

13 Apr: Crown Estate Scotland confirms that all 17 successful ScotWind applicants have option agreements in place. Projects can now move into the development stage.

09 Feb: UK Gov announce Contracts for Difference (CfD) rounds to be held annually from March 2023.

Top Lines

OFFSHORE WIND

- Scotland's natural resources, which include strong and consistent wind resource, along with our established expertise in oil and gas, skilled offshore workforce, excellent port structure and strong innovation hub, make Scotland one of the best places in the world to develop offshore wind and its supply chain.
- Our Offshore Wind Policy Statement sets out the Scottish Government's ambitions for offshore wind in Scotland, including an ambition to achieve 8-11 GW of offshore wind in Scotland by 2030. This recognises that deployment must increase significantly if we are to meet our climate change targets.
- Offshore wind is one of the lowest cost forms of electricity generation at scale, offering cheap, green electricity for consumers, with latest projects capable of generating power at below wholesale electricity prices.
- Scottish Ministers have made clear, time and again, that they will use every lever at their disposal to maximise economic returns for the offshore wind sector here in Scotland.

SCOTWIND

- On 17th January, Crown Estate Scotland announced the winners of the ScotWind leasing round. This is the first devolved leasing round for offshore wind development in Scottish Waters, and the first leasing round in Scotland in a decade. ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally.
- Lease agreements with all 17 successful ScotWind applicants have now been signed. This marks an important milestone in the development of ScotWind, which will bring many benefits for our workforces, our economy and our commitment to reaching net zero.
- ScotWind will deliver just under £700m in revenues to the public purse for these initial awards alone. These revenues will help us tackle the twin climate and biodiversity crises. In addition, ScotWind will deliver several billion pounds more in rental revenues when projects become operational, which will be invested for the benefit of the people of Scotland.
- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland. We welcome the commitment of developers to invest an average projection of £1.5 bn in Scotland per project, which equates to more than £25bn across the 17 ScotWind offshore wind projects.

INNOVATION AND TARGETED OIL AND GAS DECARBONISATION

- The Innovation and Targeted Oil and Gas Decarbonisation (INTOG) leasing round is expected to open in June 2022 and conclude by autumn 2023. This leasing round provides an opportunity for 4.5GW of new offshore wind projects (the total number 5.7GW accounts for estimated levels of attrition).
- This includes both innovation projects up to a total of 500MW to test new technology or solutions in Scottish waters, and a more significant scale of projects targeting 4GW that will specifically deliver green energy to oil and gas installations.
- By replacing traditional energy sources with offshore wind generation these plans will support the decarbonisation of oil and gas infrastructure, facilitate decommissioning and grow our offshore wind sector, while also supporting the delivery of the North Sea Transition Deal.

SUPPLY CHAIN

- As part of the ScotWind bidding round, applicants were required to submit a Supply Chain Development Statement (SCDS) to Crown Estate Scotland, outlining the supply chain activity they commit to undertaking within Scotland, the UK and overseas.
- These commitments amount to billions of pounds of investment to the Scottish supply chain and economy.
- The full Supply Chain Development Statement Outlooks for all successful applicants were published by Crown Estate Scotland on 27 April 2022, and the initial projections show an average spend of £1.5bn in Scotland across each of the 17 ScotWind projects.
- While lease awards were not contingent on the content of the Development Statements, checks and balances are in place;
- Failure by developers to deliver on their commitments can trigger remedies ranging from financial penalties to an inability to progress to a seabed lease.
- This has produced a leasing round focused on quality and deliverability of bids and the long term prize of supply chain investment that promises to transform the Scottish economy over decades, rather than determining them solely on up-front price through an open auction.
- These statements are not only an indication of what Scotland can achieve, they are our expectation of what the winners will deliver for Scotland.
- This is in addition to our commitment to invest £75m in the National Manufacturing Institute Scotland and delivering targeted actions through a manufacturing recovery plan to support the sector as it adjusts to the new economic context.
- This is complemented by recent changes to the UKG Contract for Difference Supply Chain Plan process, to ensure greater utilisation of the domestic supply chain. Failure to do so could result in termination of CfD agreements.
- There is considerable ongoing work to support the growth of our domestic supply chain and capitalise on the economic opportunity resulting from offshore wind including the Strategic Infrastructure Assessment (SIA), which was referenced as a 100 Days' Commitment of this government.
- Published on 20 August the SIA is now being taken forward by Scottish Offshore Wind Energy Council (SOWEC), with Mr McKee and Brian McFarlane (SSE) in their capacity as SOWEC co-chairs leading the group to develop an action plan to take forward the SIA's recommendations.
- This assessment highlights the need for urgent investment in port infrastructure to support the growth of the sector.
- As announced by the First Minister at All Energy last month, 24 developers have signed up to the Offshore Wind Collaborative Framework Charter, including successful bidders for all 17 ScotWind projects.
- The Charter builds on the 2021 Strategic Investment Assessment (SIA) recommendations adopted by the Scottish Offshore Wind Energy Council (SOWEC), and is a clear way to

support and enable developers' collective supply chain commitments. The Collaborative Framework Charter will help forge effective partnerships to deliver on the potential that offshore wind presents in the coming years.

We welcome the recent announcement from the UK Government that funding will be made available for the development of new floating offshore wind ports across the UK.

- We welcome the announcement of this new scheme but we need to understand the detail of what is being proposed.
- We will work with the UK Government on any proposed allocation of funding to Scotland to ensure that Scotland's offshore wind sector and our domestic supply chain fully benefits from this potential investment.
- As highlighted in the Scottish Offshore Wind Strategic Investment (SIA) Assessment, commissioned by the Scottish Offshore Wind Energy Council (SOWEC), floating offshore wind is a major economic opportunity for Scotland.
- The SIA recommends a focus on bringing the manufacture of floating offshore wind platforms to Scotland through the creation of a Scottish Floating Offshore Wind Port Cluster, which could deliver a £1.5 billion boost to Scotland's economy.
- Recently, the bulk of UK Government investment in offshore wind has gone to Teesside and Humberside, with similar support, Scotland can capture the economic opportunities that floating offshore wind presents attracting inward investment and creating further high skilled, green jobs across the sector.

Whilst we haven't set a specific target for floating offshore wind, we expect it to play a significant role in supporting our transition to net zero by 2045.

- We haven't set a specific target because Scotland's deep water profile allows a mix of different technologies, including hybrid sites.
- We are committed to our support for floating offshore wind and recognise that ScotWind is the most advanced opportunity for large scale commercial floating offshore wind leasing in the world.
- We have provided policy and financial support to help explore barriers and bring down costs of this innovative technology.
- As well as ScotWind, the Innovation and Targeted Oil and Gas Offshore Planning Round (INTOG) is an opportunity to not only decarbonise our oil and gas platforms, but could also allow an additional 4 GW of capacity for floating wind.

We are determined to maximise the economic opportunity for the Scottish supply chain from our offshore wind potential.

- We will drive forward offshore wind skills development – working with stakeholders to focus on the opportunities for diversification and skills transfer from our oil and gas sector, in line with our commitment to a Just Transition.
- We will also continue to make every effort to ensure that our indigenous supply chain can maximise the benefit from developing Scotland's significant offshore wind potential and the opportunities for innovation that will unlock this.

We remain fully committed to using every lever within our devolved competence to support and grow the offshore wind supply chain here in Scotland.

- Applicants to ScotWind leasing Rounds were required to submit a Supply Chain Development Statement that sets out the level and location of supply chain impact throughout the lifetime of projects.
- We believe that these Supply Chain Development Statements signify how seriously the Scottish Government takes this issue and, more importantly, will provide certainty of a pipeline of projects to suppliers across Scotland.

We have huge ambition for the development of floating offshore wind technology and innovative projects in Scottish waters

- Our combination of high wind speeds and deep water profile means that ScotWind has the potential to be the most advanced opportunity for large scale commercial floating offshore wind leasing in the world.
- Scotland is already a world leader in the deployment of floating offshore wind technologies, and we currently have the largest installed capacity of floating offshore wind in the world.
- We are home to the world's first commercial floating offshore wind farm - Equinor's 30 MW Hywind Scotland, and the world's largest floating offshore wind farm - the recently completed 50 MW Kincardine Offshore Wind.
- Both of these projects were made possible by the higher level of support introduced by the Scottish Government in 2013, using our Executive Powers at the time. This leadership resulted in a huge step forward for floating offshore wind technology, and we will continue to do everything in our power to maintain our support and remain at the forefront of innovation.
- There is a further opportunity for floating offshore wind from INTOG – this plan accounts for an additional 4 GW of generation capacity and will look to deliver early project exclusivity following ScotWind, as well as another 0.5 GW of capacity for innovation projects.
- The expertise gained through over 40 years of experience gained from oil and gas sector operations in Scottish waters, means this sector, and its supply chain, will be a differentiator for Scotland in developing floating offshore wind technologies, in line with our commitment to a Just Transition.
- On 28 February 2022, the First Minister launched ORE Catapult and ETZ's £9m world-leading National Floating Wind Innovation Centre in Aberdeen. The centre will be a catalyst for high-value manufacturing, research, development and the deployment of new energy technologies. This marks a major step in our collective efforts to capitalise on the huge opportunity that floating offshore wind presents.

We are determined to do everything in our power to maintain our support for floating offshore wind and remain at the forefront of innovation

- Since 2014, we have committed over £9.5 million in grant funding to support innovation and skills in offshore wind.
- We have worked closely with the Carbon Trust, funding the Offshore Wind Accelerator programme and the Floating Wind Joint Industry Partnership (JIP) and funded projects to address technical challenges and help industry to achieve cost reductions.
- However, in doing so, we expect to see that investment in innovation not only benefit project cost-competitiveness, and accelerate deployment, but also to lead to employment opportunities in Scotland.
- We have also match funded a number of projects delivered by the Offshore Renewable Energy Catapult (OREC), in partnership with industry and the Welsh Government, through their Floating Offshore Wind Centre of Excellence.
- These projects explored barriers and opportunities for floating wind in Scotland across innovative areas such as: oil platform electrification using floating wind; fixed/floating hybrid offshore wind sites; floating substructure fabrication in Scotland; and, mapping the Scottish supply chain.
- We have taken on board feedback from industry outlining the importance future funding for research and innovation will remain vital to the success of offshore wind in Scotland.
- That is why we are currently undertaking a review of innovation grant funding across the Scottish Government Energy and Climate Change Directorate, to ensure a coordinated and focused approach to future grant funding.

We support the renewable energy aspirations of the recently published British Energy Security Strategy, including the target of 50GW of offshore wind by 2030. However, this raises several important issues for Scotland.

- Scotland has some of the most extensive renewable generation capabilities in Europe but investments are held back by unfair network charges, and a lack of anticipatory investment in grid capacity. The Strategy fails to set out the necessary action to ensure equitable opportunities across the UK.

Dear Kersti,

By the end of 2022, I will have been in post as CEO of OEUK for almost 8 years.

It's been a real privilege to work with you while championing the sector through what have been some incredibly challenging and testing times.

I think that in working together so collaboratively, we have moved the industry on in a constructive and positive way. As a result, we have helped to sustain it and position it well to play its part in the success of the UK's economy and society and the challenges of security of supply, affordability and climate change.

However, given the length of time I have been in the role and where the organisation has evolved to it's important that I hand over the baton to someone who can continue to take the organisation forward through its next phase, which will require a multi-year commitment.

It is therefore my intention to step down at the end of 2022, to ensure a smooth and seamless transition, while remaining fully focused on delivering the day job and its ongoing challenges for the rest of the year.

I hope I will meet with most of you during the coming months, so that I can personally thank you for all your support during my time at OEUK.

It has been and continues to be an extraordinary role and a great honour to represent this industry to the best of my ability.

Anyone in my position is only as good as their team and it is to my OEUK colleagues that I pay particular thanks for everything that they have done in supporting me and working with you, and in consistently and proudly helping to drive positive change while representing the sector so well.

The recruitment process for my replacement will start immediately, with recruitment consultants being appointed so that we can ensure the next CEO is in place by year end.

Kind regards.

Deirdre

Deirdre Michie

Chief Executive Officer

[REDACTED]

Tel: [REDACTED] (Direct) / [REDACTED] (Switchboard) / Mobile: [REDACTED]

OEUK, 4th Floor, Annan House, 33-35 Palmerston Road, Aberdeen, AB11 5QP



Deirdre Michie OBE
Chief Executive

10 February 2022

Ms Kate Forbes MSP
Cabinet Secretary for Finance and the Economy
Scottish Government
St Andrew's Flouse
Regent Road
Edinburgh
EH13DG

OGUK,
4th Floor, Annan Flouse,
33-35 Palmerston Road,
Aberdeen ABU 5QP

Telephone +[REDACTED]
Fax [REDACTED]
Email [REDACTED]

www.oguk.org.uk

Dear Cabinet Secretary

Scotland's Just Transition and OEUK's Annual Conference

Firstly, may I congratulate you on the delightful news that you are to become a mum later this year.

Thank you once again for taking the time to meet with me in December. It was an excellent opportunity to hear your thoughts on Scotland's drive towards net zero and how we deliver a just transition that not only reduces carbon emissions but unlocks potentially transformational economic opportunities for Scotland. I hope that we were able to offer you a useful insight into Scotland's offshore energy industry and that you see us an important partner on this journey.

As we have discussed, the UK's offshore energy sector is changing, and we need to reflect this in how we support our members and the sector as a whole. As such, I wanted to update you on the news that OGUK is expanding to include the exciting low-carbon technologies that our members are developing - including offshore wind, hydrogen production, carbon capture and storage systems, and other emerging low-carbon technologies.

As part of this exciting forward step, OGUK is changing its name to Offshore Energies UK (OEUK). The move comes following a year-long strategic review and will take effect from Monday 14 February 2022. While this reflects changes already taking place in the UK's oil and gas industry, OEUK will continue to have oil and gas as a key part of what will be an integrated energy offering.

Later this year, OEUK will hold our **Annual Conference at P&J Live, Aberdeen, on Tuesday 24 May** - the theme of which will be the industry's progress in delivering the North Sea Transition Deal. I would like to invite you to attend this important industry event and speak at our morning keynote plenary session (08:30-09:30), offering delegates your thoughts on the importance of the sector to the Scottish economy and to the energy transition.

2/.

2.

I recognise the pressures on your diary, but I would also be delighted if you would join me as our guest at our preconference dinner and drinks reception on **Monday 23 May**, also at the P&J Live.

With all best wishes.

Yours sincerely,

A handwritten signature in blue ink that reads "Deirdre E Michie". The signature is fluid and cursive, with a long horizontal flourish extending from the end of the name.

Deirdre Michie OBE Chief Executive OGUK



T: [REDACTED]

David Bunch Chair (UK), Shell
Email: [REDACTED]
CC: [REDACTED]

14 March 2022

SCOTWIND AND THE SCOTTISH OFFSHORE WIND ENERGY COUNCIL

Dear David,

I am writing to congratulate you on your recent success in the ScotWind leasing round. The result was a tremendous vote of confidence in Scotland, and the level of ambition shown by the market recognises Scotland's commitment to achieving our net zero targets and maximising the economic and supply chain opportunities.

I would also like to take this opportunity to give you an update on the work of the Scottish Offshore Wind Energy Council (SOWEC), of which I am Co-Chair, alongside Brian McFarlane of SSE Renewables.

SOWEC has been identified as a key vehicle for delivering the supply chain opportunities from ScotWind and driving forward the implementation of the recommendations in the [Strategic Investment Assessment](#). The report has five key recommendations for both industry and government to support the delivery of the pipeline of ScotWind projects, focussing on the establishment of a Collaborative Framework and the creation of a Scottish Floating Offshore Wind Port Cluster. The SIA was clear that there must be greater collaboration between developers, the supply chain and the public sector, both to help focus activity and investment in Scottish ports, and help Scottish suppliers to grow and win offshore wind work.

As you may be aware, SOWEC published a set of draft principles underpinning the Collaborative Framework in January 2022. These draft principles lay the foundations for active collaboration to support effective supply chain and port use, bring forward investment in facilities and reduce delivery risk for individual offshore wind projects. It also outlines the practical steps that need to be taken such as data sharing and communication that will lead to better outcomes. **A copy of the Collaborative Framework Draft Principles is attached for your reference.**

The draft principles were published prior to the ScotWind results, so that successful developers could take up the baton and work together with industry partners to finalise and sign the Collaborative Framework when Option Agreements are confirmed in April.

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I fully support the creation of this Collaborative Framework, and I hope that you will actively engage in this process. As the First Minister and the Cabinet Secretary, Michael Matheson, emphasised in the meeting with the winning consortia on 19 January 2022, we must work together and adopt a Team Scotland approach if we are to deliver on our collective ambitions. There are a number of immediate next steps that we need to take together to achieve this:

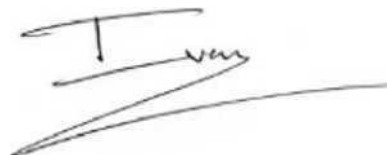
1. Please review the attached Collaborative Framework Draft Principles and provide any immediate feedback to SOWEC's Collaborative Framework Coordinator, Alan Wardlaw (alan.wardlaw@ore.catapult.org.uk), by **Friday 25 March 2022**.
2. Please nominate a senior representative to participate in SOWEC's Collaborative Framework working group. The working group will be the key vehicle for the implementation and practical application of the Framework over the coming weeks and months, as projects develop. Please contact Alan Wardlaw (alan.wardlaw@ore.catapult.org.uk) to nominate a representative.
3. Sign up to the Collaborative Framework upon its finalisation. We expect to circulate this to all developers in April, with a launch later in the month where all signatories will be identified.

In addition to the Collaborative Framework and implementation of the SIA recommendations, SOWEC will be driving forward a vast programme of work over the course of the coming year to deliver on the opportunities from ScotWind and work to address any barriers to deployment. SOWEC is made up of five sub groups (1. Barriers to Deployment, 2. Developer, 3. Innovation, 4. Skills, 5. Supply Chain and Clusters). Further information on each of SOWEC's groups and their remit can be found [here](#).

In light of the ScotWind results I have asked all SOWEC group leads to ensure that the membership of each of the groups reflects the new offshore wind landscape in Scotland. As a next step, SOWEC group leads will be in touch with you to provide an update on the priority work streams for the coming year, and further information on how you can participate.

Finally, I would like to congratulate you again on the success of your ScotWind bid and I look forward to working closely with you over the coming weeks and months to ensure that we can secure the significant benefits for your project, for our supply chain and for Scotland as a whole.

Yours sincerely,



IVAN McKEE

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T[REDACTED]

Arne Gürtner
Senior Vice President UK & Ireland Equinor
[REDACTED]
08 June 2022

Dear Arne,

I wanted to write to thank you for attending the investor roundtable meeting in Edinburgh on 11 May. As a valued investor in Scotland, it was a pleasure to have you take part in this important discussion together with Lord Grimstone of Boscobel, Minister for Investment.

I found the conversation to be incredibly useful to help deepen our understanding of the opportunities and challenges that businesses like yours face on a daily basis. It is vitally important that we hear directly from investors to inform government thinking and policy development to help create the right environment and provide a strong, supportive business ecosystem.

In particular, I am grateful to you for your perspective on how Scotland can compete globally and the importance of attracting talent as we deliver on our commitment to establish Scotland a leading destination for inward investment, aligned with our values as a nation.

We discussed the importance of working collaboratively across sectors to generate solutions to complex matters such as supply chain resilience and investment in our new green infrastructure.

I would like to reaffirm my commitment to ensuring that the Scottish Government, supported by our enterprise agencies, has meaningful engagement with industry across a range of sectors. Taking a Team Scotland approach, my officials will continue working with you and your team going forward.

Thank you again for your ongoing support.

Yours Sincerely,

IVAN MCKEE

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T: [REDACTED]

David Bunch Chair (UK), Shell
Email: [REDACTED]
CC: [REDACTED]

26 April 2022

OFFSHORE WIND COLLABORATIVE FRAMEWORK CHARTER

Dear David,

Further to my letter of 14 March 2022, I am writing to you to provide an update on the development of the Collaborative Framework, which is being led by the Scottish Offshore Wind Energy Council (SOWEC).

In that letter, I asked you to review the Collaborative Framework Draft Principles and provide any feedback or comments by 25 March 2022. I would like to take this opportunity to thank you for your positive engagement in this process.

All developers have now had the opportunity to feedback on the Draft Principles and I am now pleased to be able to circulate the enclosed final version of the **Offshore Wind Collaborative Framework Charter**.

ScotWind is a once in a generation opportunity. Taken together with the current and future pipeline, it is vital that developers work to collaborate to manage collective risks while maximizing opportunities for supply chain growth in Scotland.

This Charter builds on the 2021 Strategic Investment Assessment (SIA) adopted by SOWEC and its recommendation to the offshore wind industry to develop a collaborative framework to encourage the sector to work together and enable and engage a cluster of Scottish ports.

The Offshore Wind Collaborative Framework Charter is a clearway to support and enable developers' collective supply chain commitments and help forge effective partnerships to deliver on the potential that offshore wind presents in the coming years.

Thank you again for indicating your support for the Charter when you met with the First Minister in January 2022, and in the meeting with Cabinet Secretary for Net Zero Energy and Transport, Michael Matheson, last month.

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I fully endorse the Offshore Wind Collaborative Framework Charter and request that you show your support by signing it on behalf of Shell. To do so, please confirm Shell as a signatory to Alan Wardlaw, SOWEC's Collaborative Framework Coordinator (Alan.Wardlaw@ore.catapult.org.uk) **no later than Friday 6 May 2022**. Please also include Shell's logo, which will be added to the signatory page, as indicated in the document.

SOWEC then intends to launch the Charter with the First Minister on 11 May at the All- Energy Conference, where all signatories will be identified.

Finally, I would like to thank you again for engaging with this process and for your continuing support of the Charter and the work of the Scottish Offshore Wind Energy Council.

Yours sincerely,



IVAN McKEE

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From: < [REDACTED] >
Sent: 16 July 2021 08:46
To: Forbes K (Kate), MSP <[REDACTED]>
Cc: [REDACTED] [REDACTED]
Subject: Introduction and update from Shell

Dear Kate,

I wanted to drop a short note to introduce myself – I took over from Steve Phimister on 1st May as Shell's Upstream VP based in Aberdeen; I do look forward to meeting you.

I also wanted to take the opportunity to flag, as you will hopefully have seen this morning, that Shell has partnered with Scottish Power Renewables to deliver new floating offshore windfarms off the north-east coast of Scotland, with the partnership this week submitting bids for lease areas as part of to the ScotWind leasing process.

The partnership harnesses decades of experience of working offshore, a significant presence in Scotland and a successful and extensive track record in delivering energy infrastructure around the world. Together, we believe ScottishPower Renewables and Shell provide the right blend of skills and experience to successfully deliver the commercial-scale floating farms required for net zero. Should the partnership successfully secure a lease from ScotWind, we will work collaboratively with local communities, the supply chain and stakeholders to ensure that maximum value is brought to Scotland and the UK from this development, and that we build a skills base that will be exportable round the world.

Today's bid announcement reflects Shell's ongoing progress towards becoming a net zero emissions energy business by 2050 or sooner. A growing integrated power business is integral to this. In the UK, Shell is already the leader at providing public charging points for electric vehicles; and is developing a fully integrated UK power business, including supplying home energy to almost 1m UK households and operating the UK's largest virtual power platform via our aggregator business Lime jump. Shell is also a partner in three of the UK's emerging CCS clusters including Acorn in the North East of Scotland where Shell has recently taken on the role of Technical Developer for the project.

I do look forward to meeting in due course, and we would be more than happy to discuss further if helpful.

Thank you and best regards,
Simon

Simon Roddy
Senior Vice President, Shell U.K.
Shell Upstream International
Post: 1 Altens Farm Road, Aberdeen AB123FY
Shell U.K. Limited
Registered in England No 140141
Registered Office: Shell Centre, London SE1 7NA

Meeting with:

Cab Sec for Economy and Finance & NSTD Supply Chain Champion

Thursday 30 June

10-10.30

Microsoft Teams

Present

- Cab Sec for Economy and Finance -Kate Forbes (**KF**)
- NSTD Supply Chain Champion - Sian Lloyd Rees (**SLR**)
- OEUK
 - Mike Gaskill
 - Katy Heidenreich (**KH OEUK**)
- SG Energy Officials

KF-

- Warmly welcomed everyone to the call and invited Sian to open the discussion and share her key asks.
Highlighting that the biggest mark of success over next few years will be if we get the supply chain right - natural resources are there but we need the supply chain in line with where industry is going or we won't achieve anything. Asking of Sian - what is working right now and what does else needs to be done?

SLR-

- Explained her role as supply chain champion as part of the North Sea Transition deal- working with supply chain, government and industry to see how best to transition and protect 160,000 jobs and people, from the perspective of the oil and gas supply chain.

Key points:

- The supply chain is fragile, given the downturn in activity and the increase in margins. Focus at present is on survival but needs to move toward seamless transition.
- Internationally, other countries are putting early investment and contract conditions in place to favour local supply chains, what can we do here in Scotland?
- The pipeline and the opportunities need to be established, clear and accessible; especially for smaller companies who don't have time to do the research themselves.
- Work is in progress on developing a road map: identifying capabilities in our supply chain/ what tech and solutions will be needed for hydrogen, offshore wind and CCUS.
- We have huge strength in moorlands and anchoring but we need to identify where the gaps are so we can work on addressing those together across the sector.
- O+G companies are voluntarily interested in developing renewable/wind capabilities, and is working with companies, considering also how this commitment (which is currently voluntary) to renewables can be measured.
- Scottish supply chain capability is strong but what is missing is, for example, how early investment is targeted into subsea development, particularly floating wind.
- There are lots of funding opportunities at UK Gov level but a concern remains on how the wider Scottish / UK supply chain can receive investment (from both resource and

government policy), to allow the supply chain to compete both with global companies but also to strengthen their own capability.

KF-

- Agreed practical mechanisms are essential. UK Gov hold the energy policy rights and have more financial heft but there are also policies for Scotland to take forward.
- The Cabinet Secretary was interested to understand how industry saw UK Government and Scottish Government working together?

SLR-

- Both governments work well from a supply chain perspective, noting that UK Gov is driven by big funding work that's coming 5/10 years' time.

Key points:

- Scotland has the ability to move quickly and has the biggest wind opportunity in the UK- therefore needs to be more specific- be ready in 3 years' time when people come out to look at the Scotwind Project.
- Just Transition Fund is a useful amount of money but how can we help supply chain access funds? Small companies need to get access but it's not clear how to get it. Scotland is less clear than the UK about how to access funding. JTF is a rolling fund, we need to specify who can apply.
- Highlighted that the potential of electrolysis/hydrogen could be huge with BP investment into Aberdeen. Raised a concern that we are not making the most of getting the tech into Scotland.

KH (OEUK)-

Key points:

- Reiterated the need for visible strategy across all sectors (oil and gas now- electrification, hydrogen, CCUS, floating wind etc.).
- Full picture helps show the friction between sectors and will help industry and governments to be aligned on what a future demand profile looks like, to know where supply chain strengths are and where help will be needed.
- OEUK are due to be publish their CCUS Supply Chain work- showing where the strengths and capabilities are now, with further deep dives on the strength of the supply chain on hydrogen and floating wind
- Reiterated the supply chain is fragile and continues to need support from all governments.

KF-

- Agreed, we all want to end up at the same destination and that Scotland needs to reap all the economic benefits of the supply chain but also stressed that our aspirations are not deliverable unless the supply chain is developed.
- There is German interest in Scottish hydrogen: the customers are there but the product is not yet.
- Commended Colette Cohen from NZTC for her great and very practical outlook- asking questions such as "where are the factories? how do we create a map of investment and opportunities? How can we make these opportunities realised practically?"
- Scottish Government have a number of initiatives with key work underway (e.g. SOWEC)
- Recognised resources need to come together to do this well. Suggested to arrange a meeting with SOWEC and SLR.

ACTION: Meeting between SOWEC and Sian Lloyd Rees.

Objective: to make sure there is an aligned approach- one tangible pitch for ministers to be able to use to sell when interacting with international audiences and for supply chain, industry and government to be on board with.

- Noted that the Energy Strategy and Just Transition Plan is due to be published in the autumn- together we need to make sure the strategy reflects the supply chain opportunities. Important because public investment follows when strategies are published. Strategy needs to reflect opportunities and challenges across the energy sector. These are the two opportunities to help shape SOWEC and the Energy Strategy.
- Ask of SLR: To continuously share what they are working on to ensure synchronicity.

SLR-

- Already engaged with UK GOV floating wind task force- hasn't engaged with SOWEC or Scottish Energy Strategy but does bring the Scottish voice into the UK discussion. But highlighted there is a need to make sure the messaging is aligned.
- Agreed it would be good to work together ahead of the public funding / welcomes meeting with SOWEC.

KH (OEUK)-

- Thanked KF for the offer of SOWEC and SLR meeting and agreed it is important to bring the work OEUK/Supply Chain Champion, are doing into that conversation- in order for us all to establish the positioning of our supply chain. Emphasised that the supply chain work of the NSTD will be an important data point for SOWEC.

KF-

- Invited any Scottish Government officials to add anything.

DS (SG Official)-

- Introduced himself as head of offshore wind and supply chain. Shared they are currently reviewing SOWEC - mapping who they need to speak to, to ensure they break out of "energy silos".
- On 22nd August highlighted the Supply Chain Wind Summit in Aberdeen which aims to bring everyone together in this space to share information and coordination across the board. Noting that the many publications / different reports need to be dovetailed together.
- FM announced at All Energy Conference - we have all Scotwind developers and others with an interest in Scotland coming together to work on collaborative framework, focusing on supply chain/consenting to maximise economic and green opportunity.

KF

- Thanked DS and concluded that her hope for this meeting was to draw together the threads, so both government and industry / champion can continue with what they are doing but not duplicate.
- Recapped that each have different roles to play with the same objective and government need to come in and support what the supply chain is doing.
- Reiterated that exciting and advanced things are happening in Scotland, and emphasised we need to be united and signed on together to the international pitch.

KH (OEUK)-

- Raised a question on the Just Transition Fund, to understand if SG had a clear idea about how they'd like to see those funds spent? What data might SG be looking for to help the supply chain access that fund?

KF-

- On JTF- The first instalment is live and is application based- there are two ways of doing funding:
 - 1) Pots of money to be bid for on an annual basis.
 - 2) Multiyear basis but more clarity will come in the next few months.
- Suggested SG and Stakeholders should collaborate between now-until March next year (budget published December) to figure out where the most effective investment is. Stated there will be different forms of funding going forward- capital/financial transactions- acknowledging that different forms of funding lends to different projects.

KH (OEUK)-

- Asked if there will be a deputy while KF is on maternity leave.

KF-

- Yes, John Swinney to take over Cab Sec for Economy and Finance portfolio. Other deputies also worth engaging with Richard Lochhead. Also Ivan McKee is heavily involved in SOWEC, manufacturing strategy and approach. Those are three relationships worth having.

Meeting closed

ACTION: Meeting between SOWEC and Sian Llyod Rees.

Objective: to make sure there is an aligned approach- one tangible pitch for ministers to be able to use to sell when interacting with international audiences and for supply chain, industry and government to be on board with.

From: David Cairns <[redacted]>

Sent: 18 May 2022 10:00

To: Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>

Cc: First Minister <firstminister@gov.scot>; Cabinet Secretary for Net Zero, Energy and Transport <CabSecNetZET@gov.scot>; Cabinet Secretary for Constitution, External Affairs and Culture <CabSecCEAC@gov.scot>; Cabinet Secretary for Economy, Fair Work and Culture <CabSecEFWC@gov.scot>; Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>; [redacted]; [redacted]; [redacted]; kersti.berg@gov.scot; [redacted]; [redacted]; [redacted];>

Subject: Economic Benefits of SSE and Equinor Peterhead Power and CCUS project

Dear Cabinet Secretary Forbes,

We were very grateful for the support from Michael Matheson on the attached press release we and SSE issued at the beginning of this week. The release highlights an economic benefits impact paper we have had produced for the Peterhead Carbon Capture Power Station, which is being developed by SSE Thermal and Equinor.

As our CEO Anders Opedal said to the First Minister when they met last month, the Peterhead project is part of Equinor's investment in the energy transition in Scotland. We hope that the plant will be one of the UK's first power stations equipped with carbon capture to remove CO₂ from its emissions. It will connect into the Scottish Cluster's CO₂ transport and storage infrastructure, supporting the Scottish Government's plans to create one of the world's first low-carbon industrial clusters.

We hope that you and colleagues copied in find the press notice of interest, and of course would be very happy to come in, with SSE as appropriate, to discuss this and our other investments in Scotland.

Many thanks,

David

David Cairns

Vice President Political and Public Affairs - Global
CCOM PPAG
Equinor UK Ltd

[redacted]

[redacted]

May 2022

NSTD Supply Chain Strategy

The role of the Supply Chain Champion

Context

To deliver the commitments of the North Sea Transition (NST) Deal, we need a healthy, fit for purpose and engaged supply chain - actively supported by industry and government.
*There are c.a. 60 low carbon programmes underway over the next 2-3 years. To maximise the energy supply chain involvement and future success in these programmes, they need **early visibility, investment routes and priority action.***

What is the role of the Supply Chain Champion?

The role is to drive early action and engagement to ensure UK supply chain is optimally positioned to take advantage of the opportunities emerging from the NST Deal by...

- **Representing OGUK's Board, members** and the broader O&G, hydrogen and low carbon industry as a voice for the energy supply chain
- **Communicating and promoting** widely the pipeline of low carbon opportunities across the UK
- **Proactively supporting** the supply chain in matching opportunities and sources of funding
- **Connecting industry and government** where decisions, change and support is needed in a timely and proactive manner
- **Representing all energy supply chain members** to instil a **sense of urgency and focus**

What will be the Champion's main focus areas in the next 6 months?

- **Driving action** to provide an early **line of sight** to the UK supply chain of **business opportunities** over the next 2-3 years
- **Lead development** of the mechanisms to **connect an energy supply chain** to **sources of funding**
- **Identify the common barriers** inhibiting the UK's supply chain and **engage with the government** to resolve these
- Be a spotlight to **promote the UK's supply chain capabilities** and **attract inward investment**
- **Engage broadly** across the energy industry supply chain

Who needs to support the Supply Chain Champion for them to be successful?

The Supply Chain Commitment is currently focussed across the following workstreams



Supply Chain Champion

- 100 Day Plan is underway, focussing on:
 - Driving action to provide early line of sight for business opportunities in next 2-3 years
 - Leading development of mechanisms to connect the energy supply chain to sources of funding
 - Engaging with government to address barriers inhibiting the supply chain
 - Promoting the UK's supply chain capabilities
 - Engaging across the energy industry supply chains



Local Content Development

- Supply Chain and Exports Task Force developing definition, parameters and guidance for achieving the UK's local content targets established in the NSTD
- This will include proposals for how local content will be deployed through each stage of a project and the boundaries of scope for the supply chain
- Initial view will be issued in March 2022



Supply Chain Capability & Capacity Mapping

- Develop mapping of Supply Chain's current capabilities and capacity and map these against required future capabilities and capacity in the energy transition
- A series of interviews across industry, regulators, devolved administrations and UK Government have taken place, to shape this, along with ongoing desktop research
- For publication in March 2022



Visibility of Opportunities

- Provide a single repository of opportunities for the UK's energy supply chain in the next 3-5 years
- As with the Capability & Capacity work, interviews have been held with a range of stakeholders, to understand where the key opportunities are predicted for the UK's energy supply chain, and therefore help facilitate the UK's local content ambitions
- For publication in March 2022

The collective outputs of these workstreams will inform the overall Supply Chain Strategy / Roadmap



Supply Chain Transformation Strategy / Roadmap

- Addressing the barriers currently inhibiting UK Supply Chain Organisations through identifying:
 - Early investment support
 - Policy and Levers to achieve Local Content targets
 - Early Supply Chain engagement

In addition, there is ongoing focus on the industry's commitment to the Prompt Payment Code



Prompt Payment Code

- Championing the government's Prompt Payment Code through the NSTD by establishing an OGUK-led Task Finish Group to:
 - Evaluate the Code
 - Develop best practice and guidance for the industry to support this

The NSTD Supply Chain Strategy

Showing what's required to bridge the gap between offshore supply chain 'today' and what the future 'transformed' supply chain will be

