

**Cabinet Secretary for Wellbeing Economy, Fair Work and Energy**  
**Briefing for Economy and Fair Work Committee**

<b>What</b>	You have been asked to appear at the Economy and Fair Work Committee following the recent announcement that the Petroineos JV Refinery business intend to commence preparatory work to enable the construction of import terminal infrastructure at Finnart Terminal and Grangemouth.
<b>Where</b>	Scottish Parliament – Committee Room 4
<b>When</b>	<b>Wednesday 13 December 2023</b> 10:45-12:00
<b>Key message(s)</b>	<ul style="list-style-type: none"> <li>• This is a commercial decision taken by the business at Grangemouth which we understand will futureproof the asset for years to come.</li> <li>• We know that the refining sector is evolving and that a market reset in the longer term is highly likely, so it is right that Petroineos is investing in and planning for Grangemouth’s Just Transition.</li> <li>• We are committed to working with the business to ensure that these plans align with our Just Transition principles, bringing workers and those who live at Grangemouth along with us on this journey.</li> <li>• This announcement must be used as a pivot point to accelerate transition planning across the Grangemouth complex around a variety of technologies important for the future such as hydrogen and carbon capture.</li> <li>• The highly skilled workforce at the refinery must be at the heart of these conversations around transition options– and I will continue to press upon the operator of the importance of this point.</li> <li>• The Grangemouth industrial cluster’s valuable economic role will continue in the long term but it must do so in a decarbonised manner.</li> <li>• In our Programme for Government we announced our commitment to develop a specific Just Transition plan for this important site, which we remain committed to, and will publish in Spring 2024.</li> <li>• The Grangemouth Future Industry Board is coordinating a range of public sector activity and the Board has already met to discuss how the public sector can best respond to Petroineos’ transition plans.</li> </ul>
<b>Who</b>	<b>Economy and Fair Work Committee</b> (full membership in <b>Annex A</b> )

**Cabinet Secretary for Wellbeing Economy, Fair Work and Energy**  
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<p><b>Why</b></p>	<p>Following Petroineos’ announcement on 21 November 2023 that it is to commence preparatory work to enable the future construction of import terminal infrastructure at Finnart Terminal and Grangemouth. The Committee invited you to attend an in person session to discuss:</p> <ol style="list-style-type: none"> <li>1. the Scottish Government’s assessment of the economic impact of this decision on the region and nationally;</li> <li>2. the impact on the Scottish Government’s draft energy strategy and just transition plans;</li> <li>3. the scale of potential job losses and what the announcement means for the remaining workforce; and</li> <li>4. options for support being considered by the Scottish Government.</li> </ol>
<p><b>Supporting official</b></p>	<p><b>Susie Townend</b> – Deputy Director, Energy Industries  <b>[redacted – Regulation 11]</b> – Head of Critical Energy Infrastructure 📞 <b>[redacted – Regulation 11]</b></p>
<p><b>Briefing contents</b></p>	<p><b>Annex A:</b> Economy and Fair Work Committee Overview (p. 3)  <b>Annex B:</b> Opening Statement (pp. 4-8)  <b>Annex C:</b> Import Terminal Announcement Overview (p. 9)</p> <p><i>Committee Questions &amp; Proposed Answers</i>  <b>Annex D:</b> Assessment of Economic Impact (pp. 10-11)  <b>Annex E:</b> Impact on Draft Energy Strategy and Just Transition Plans (pp. 12-17)  <b>Annex F:</b> Scale of Potential Job Losses and Impacts on Workforce (pp. 18-19)  <b>Annex G:</b> Options for Support Being Considered by SG (pp. 20-22)</p> <p><i>Wider Background</i>  <b>Annex H:</b> <b>[redacted – Regulation 10 (5)(e)]</b> (pp. 23-27)  <b>Annex I:</b> Grangemouth Cluster Background and Transition Options (pp. 28-31)  <b>Annex J:</b> Grangemouth Future Industry Board (GFIB) (pp. 32-35)  <b>Annex K:</b> SG and SE Support for Businesses (pp. 36-37)  <b>Annex L:</b> Just Transition Planning (pp. 38-40)  <b>Annex M:</b> Expected Challenges and Sensitive Topics (pp. 41-43)  <b>Annex N:</b> Minute of Meeting with Petroineos CEO (28 June 2023) (pp. 44-46)  <b>Annex O:</b> Minute of Meeting with Petroineos Senior Management (pp. 47)  <b>Annex P:</b> Minute of Meetings with Unite the Union and STUC (pp. 48-49)  <b>Annex Q:</b> Minute of Information Session with Parliamentarians (pp. 50-52)  <b>Annex R:</b> Minute of Meeting with UK Ministers (pp. 53-54)  <b>Annex S:</b> Minute of Meeting with Michelle Thomson (p. 55)  <b>Annex T:</b> Minute of Meeting with Leader of Falkirk Council (pp. 56-57)  <b>Annex U:</b> Minute of Pre-meeting with Petroineos Senior Management (pp. 58-59)  <b>Annex V:</b> Minute of Meeting with Petroineos CEOs (pp. 60-63)  <b>Annex W:</b> Recent Stakeholder Engagement (pp. 63-64)</p>

**ANNEX A – ECONOMY AND FAIR WORK COMMITTEE OVERVIEW**

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**Overview**

The committee was established in June 2021, with a remit to report on matters relating to the economy. It focuses on:

- the Scottish Government’s economic policy and strategy
- employment, procurement, investment and trade policies
- support for business, industry, tourism and manufacturing
- broadband connectivity and the digital economy
- the Scottish National Investment Bank

**Committee Membership**

<b>Claire Baker</b> (Convener)	Scottish Labour, Mid Scotland and Fife
<b>Colin Beattie</b> (Deputy Convener)	Scottish National Party, Midlothian North and Musselburgh
<b>Maggie Chapman</b>	Scottish Green Party, North East Scotland
<b>Jamie Halcro Johnston</b>	Scottish Conservatives, Highlands and Islands
<b>Fiona Hyslop</b>	Scottish National Party, Linlithgow
<b>Gordon MacDonald</b>	Scottish National Party, Edinburgh
<b>Graham Simpson</b>	Scottish Conservatives, Central Scotland
<b>Colin Smyth</b>	Scottish Labour, South Scotland
<b>Michelle Thomson</b>	Scottish National Party, Falkirk East

**OPENING REMARKS FOR GRANGEMOUTH IMPORT  
TERMINAL ANNOUNCEMENT SESSION WITH ECONOMY  
AND FAIR WORK COMMITTEE**

Wednesday 13 December 2023

702 words = 4 minutes 23 seconds

Good morning everyone,

Thank you for inviting me here today and I welcome the opportunity to discuss with you the emerging situation, in as far as we understand it, at the Grangemouth Refinery. I both welcome and value your support on this important issue

I recognise that this is an unsettling time for the workforce at the Grangemouth Refinery and reiterate here this Government's absolute commitment to doing all we can to support them. I also recognise the potential impact of this announcement, in the longer term, for supply chain businesses and commit to ensuring that any subsequent decision takes cognisance of the wider economic impacts for businesses and local people and communities.

And I think it is important to acknowledge the role that Grangemouth has played nationally and locally as part of our industrial infrastructure.

It is Scotland's largest industrial site and is an integrated cluster of strategic infrastructure with expertise in downstream oil, chemicals and petrochemicals, and innovation.

It is also hugely important for logistics, as Scotland's largest port.

There are 3 major industrial sites: the Petroineos Fuel Refinery; INEOS O&P UK - which focuses on petrochemicals and; INEOS FPS oil and gas pipeline.

Together, these three businesses employ around 1800 of the 2000 employees at Grangemouth.

The Petroineos Refinery is the focus of the recent announcement. The refinery itself dates back to 1924 and is currently owned and operated under the terms of a joint venture formed in 2011 by INEOS and PetroChina. In those early days, which was before the exploration of North Sea Oil, the refinery solely relied upon oil sourced from across the globe, much like it's operation today.

It currently has 500 direct full time employees and delivers £150million GVA annually. Grangemouth is Scotland's largest industrial site – an integrated cluster of strategic infrastructure with expertise in downstream oil, chemicals / petrochemicals, logistics (Scotland's largest Port) and innovation.

I have set all this out to make clear how important this site is, and indeed, this refinery is to us. That is why we are focusing on working with the Refinery management and staff to start that transition to the future.

The First Minister and I have, as you would expect, met with the refinery's senior management to receive an update on what this announcement means and subsequently met with shareholders yesterday. It remains our understanding that this announcement is not a decision, at this point, to close the refinery but a decision to start the necessary preparations to have the potential to transition Grangemouth to an import terminal.

During those meeting, we stressed the importance of ensuring workers are at the center of any decisions the business takes on the refinery's transition. The business agreed on the importance of working collaboratively with the Scottish Government and trade unions throughout this transition period.

Likewise, I have also met, and written to, Unite the Union and the STUC, and we are aligned on the imperative of securing a Just Transition for the Grangemouth industrial cluster and the workforce. It is our intention to publish that Just Transition Plan by Spring 2024 and I am sure you will want to discuss and hear more about that work in this session.

So I just want to finish by reminding the committee that responsibility for the security of fuel supplies lies with UK Government and therefore contingency plans relating to fuel supplies are the responsibility of the Secretary of State for Energy Security and Net Zero.

You will be aware that I have written to the Secretary of State and have also had a constructive meeting with Minister Graham Stuart, Minister of State for Energy Security and Minister John Lamont, Parliamentary Under Secretary of State at Office of the Secretary of State for Scotland, who have assured me that the appropriate plans are in place in the event that there is any disruption to fuel supplies from Grangemouth. It is my intention and hope that we do continue to work constructively as things develop, not least to ensure that we prioritise the wellbeing of the highly skilled workforce and that any final decision safeguards the business' role as a supplier of road and air fuels for years to come.

Thank you.

**[ENDS]**



### ANNEX C – IMPORT TERMINAL ANNOUNCEMENT OVERVIEW

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1. Petroineos notified the Scottish Government on Tuesday 21 November 2023 that management at the Grangemouth refinery informed Unite the Union (the recognised trade union for the Grangemouth Refinery) and the workforce, of its plans to commence preparatory work for new import terminal infrastructure at Finnart and Grangemouth.
2. This new infrastructure will take c.18 months to two years to complete and will, in the long term, result in Grangemouth's transition from refining fuel in Scotland to importing refined fuel products.
3. **[redacted – Regulation 10 (5)(e)]** should the Grangemouth refinery close. This commercial decision to invest in new infrastructure will, **[redacted – Regulation 10 (5)(e)]**, help to ensure that volumes of road and air fuel **[redacted – Regulation 10 (5)(e)]** supplied from Grangemouth and, in the long term, will secure Scotland's fuel supplies in the event of the refinery closing.
4. Security of fuel supply is reserved to UK Ministers and, as such, all contingency plans are the responsibility of the Secretary of State for Energy Security and Net Zero. The Scottish Government is actively engaged and is working closely with the Department for Energy Security and Net Zero to understand the impact of this announcement on contingency planning for fuel supplies.
5. As part of its announcement, the business has indicated that there will not be any changes to the operation in the immediate future and that they intend to continue to refine products until spring 2025.
6. The business has been candid in their communications with SG following the announcement, and indeed in their public communications, that the asset faces a negative long term outlook due to existing and exacerbating market dynamics:
  - a. the refinery is an ageing asset that has been operating for over 100 years, requiring costly upgrades more frequently;
  - b. the asset is in the bottom quartile of European refineries and the lowest in the UK in terms of performance and complexity;
  - c. market demand is reducing as the country decarbonises, and
  - d. more efficient "super refineries" are coming online in Asia and the Far East – assets that Grangemouth, and most other European refineries, could struggle to compete with.
7. Given the importance of this strategic asset to Grangemouth and Scotland, the Scottish Government has been working closely with the business as it explores future options to transition the site, such as bio-refining.
8. The Scottish Government has also committed to publishing a Just Transition Plan for Grangemouth in Spring 2024 and has been working with industry, workers, the community and wider sector to develop this plan. In recent months this has included engagement exercises.

**ANNEX D – ASSESSMENT OF ECONOMIC IMPACT**

**The Scottish Government’s Assessment of the Economic Impact of this Decision on the Region and Nationally**

**Top Line: It is too soon to determine the economic impact of the refinery’s future transition, however SG is working with its partners to examine and consider any potential impact that phasing to an import terminal could have.**

*On 22 November 2023, Petroineos announced preparatory works to enable the future construction of import terminal infrastructure at Finnart Terminal and Grangemouth. The commercial decision by Petroineos to invest in infrastructure upgrades at both Grangemouth and Finnart is due to be completed by around mid-2025.*

- This decision comes **ahead of a major turnaround scheduled in 2024**, which comes with a significant expenditure commitment, and follows earlier decisions to “rightsize” the site.
- **The petrochemical part of the complex (Ineos O&P) will continue operations** should the refinery be converted.
- The Finnart Oil Terminal, also owned by Petroineos, will continue to operate but will act as an import only terminal.
- **The Ineos owned Forties Pipeline System (FPS) will continue** to act as a means through which crude oil extracted from the UK Continental Shelf can be sent from Cruden Bay down to the Grangemouth industrial cluster and onward to Hound Point for export.

*The number of job losses that could materialise in Grangemouth as a result of Petroineos’ commercial decision is uncertain.*

- As the refinery reduced its workforce over the course of the last few years, **some jobs may have been lost even if the refinery were not to convert due to wider macroeconomic conditions**.
- Similarly, it is not yet known what the workforce requirement could be for the converted import terminal.
- Stakeholder engagement by GHD in the process of developing the Grangemouth Just Transition Plan suggests that around 400 workers are based in the refinery. This is down from the 637 full time jobs reported in 2020 when Petroineos announced a previous round of job losses due to scaling back production.
- Also according to GHD, the number of jobs in the refinery is less than the number of employees operating in the Ineos Forties Pipeline System (425) and the Ineos petrochemical site (950).

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***The halting of refinery activity could negatively impact the local economy through a reduction of indirect and induced economic activity.***

- Beyond job losses at the Grangemouth refinery itself, jobs may be at risk in the businesses that worked indirectly on the site, such as supply-chain businesses.
- GHD stakeholder engagement suggests the workers most local to Grangemouth were concentrate in the supporting SME businesses indirectly supported by Grangemouth. GHD analysis of Visa spend data also suggests that the local economy is highly insular, as local Grangemouth and Falkirk town centre residents were responsible for 59% of Visa spend in Grangemouth in 2022/2023. Thus, any indirect job losses stemming from the refinery could disproportionately affect the local community.
- Petrolneos has claimed that the refinery is responsible for 4% of Scottish GDP and 8% of manufacturing. This statistic is incorrect and can be shown to be so using publicly available data. The latest detailed Regional GDP statistics from the ONS show that the entire refined petroleum and chemicals manufacturing sector in Scotland accounted for just 1.1% of total gross value added in 2021. The refinery would account for a much lower fraction.

***The ceasing of refining activities in Grangemouth could result in concerns of security of energy supply, but are unlikely to materially affect the prices of oil and oil products.***

- In 2021, 46% of oil and oil products produced in or imported to Scotland was consumed domestically, while 48% was exported to the rest of the UK and the world. Scottish demand for oil and oil products was equivalent to 70% of Scottish indigenous production in 2021 – in other words, the total volume of the specific oil and oil products produced in Grangemouth was greater than the total volume of general products used in Scotland.
- Grangemouth closing represents marginal reduction in European supply of oil products such as diesel, gasoline and jet fuel (the site has around a 145 thousand barrels of oil equivalent per day capacity). There is no expectation that this will cause price increases or a shortage of supply, although it will exacerbate the UK's net balance deficit in diesel and jet fuel in particular, meaning that there will be a need for increased importing of these oil products.
- However, consumers of Grangemouth's refined products may now need to source an alternative provider, although it is likely that demand could be satisfied by the forthcoming import terminal. Notably, independent analysis by EY for the development of the ESJTP suggested that Grangemouth produced the equivalent to 100% of Scotland's aviation fuel needs and also provided significant proportions of Scotland's road transport fuels.
- Relatedly, because of the global nature of oil and oil product markets, the shutting down of Grangemouth's refinery will have a negligible impact on the price for these goods due its relative production capacity compared to the size of the global market.

## **ANNEX E IMPACT ON DRAFT ENERGY STRATEGY AND JUST TRANSITION PLANS**

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**Q: How do the Scottish Government's various Just Transition Plans relate to one another?**

**A:** We are developing Just Transition Plans for sectors, regions and sites, ensuring our move to net zero is a fair and managed transition. **The draft Energy Strategy and Just Transition Plan (ESJTP) was the first of these and a public consultation was held earlier this year.** As these plans relate to structural shifts in the wider economy and society, each plan will have a level of read across with the others, acknowledging specific interdependencies across the economy as it exists today.

For example, our Just Transition Plan for the Transport sector, will have to be cognisant of the plan for Grangemouth, given that is where the vast majority of our transport fuels currently come from.

I should note that we have a legal requirement, set out in the 2019 Climate Change Act, which requires the forthcoming Climate Change Plans to consider just transition principles. The Act also requires Plans to set out how proposals and policies are expected to impact sectors, regions and communities in Scotland and the policies Ministers set out to address these challenges.

It follows that our work on Just Transition Plans (whether at sector, site or regional levels) will be closely aligned to the development of Climate Change Plans.

The Cabinet Secretary for Transport, Net Zero and Just Transition has responsibility for overseeing the delivery of each of these plans.

**Q: How will the recent announcement at the Grangemouth Refinery Impact on these plans?**

**A:** The draft ESJTP set out the critical role of Grangemouth for our economy and our climate change targets. For example, Grangemouth today provides roughly 80% of the central belt's road fuel, and 100% of Scotland's aviation fuel. We want Grangemouth to preserve this critical role in fuelling Scotland, recognising the need to decarbonise and achieve this in a climate compatible way.

The three areas where recent developments at the Grangemouth refinery will cut across Just Transition planning fall within the Grangemouth Just Transition Plan most immediately, as well as the Energy Strategy and Just Transition Plan, connected by the fact that the refinery is an energy supplier and the presumption that there will be a proportional remaining demand for fossil derived fuels. There is a relevance to the Transport Just Transition Plan as well, though the latter is currently focused more on user-demand.

### **Impacts – Fuel Supply and Energy Mix**

We have outlined in our draft Energy Strategy and Just Transition Plan that oil derived products such as petrol, diesel and jet fuel will still play some part in our energy mix well into the 2030s. We are clear that as long as those products are in demand, Grangemouth will play an important part in the provision of these supplies to end users across Scotland. This is a role Grangemouth has long held in Scotland, and the Scottish Government is keen to see that role remain, aligned to a managed transition that will see the region become a future hub of low carbon alternatives.

This is a position that we will be shortly outlining in our Grangemouth Just Transition Plan vision.

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It is important to stress that as yet, recent announcements regarding the refinery pertain only to scoping work to establish adequate import infrastructure should that be required, and do not guarantee shut down of refining capacity by 2025.

However, should that happen, the move to a fuel import terminal will enable Scotland to import sufficient volumes of refined product to meet Scottish demand.

In short, new infrastructure would ensure that flows of road and air fuel continue from Grangemouth as long as there is demand and is critical to securing Scotland's security of fuel supplies. In this respect, the decision to being preparatory works for an import terminal does not inherently change the assumptions of our fuel supplies across the various Just Transition Plans in question.

**Q: The Grangemouth refinery workforce will be a key part of the Grangemouth Just Transition Plan; How will this announcement impact on them, and the work of that region-specific plan?**

**A:** It is important to flag that the refinery, whilst an important asset in the Grangemouth cluster, is one of multiple operators that make up the industrial cluster at Grangemouth, and our Just Transition Plan focuses on this wider group – not the refinery alone.

However it would be remiss to ignore the fact that this announcement does have the potential to impact more acutely on the options for a managed and fair transition being considered more specifically as part of the Grangemouth industrial just transition plan from the perspective of diversification of refinery operations into low carbon manufacturing and the subsequent job security and re-skilling (where required) of the existing workforce there.

As you will be aware, we are in the process of developing that plan and we have been engaging with a wide array of stakeholders across the second half of 2023 to develop a comprehensive baseline of the industrial cluster as it stands today, and a co-designed vision for the future in 2045.

That vision outlines what we as Scottish Government, and hopefully our partners who have and will continue to co-design the final plan, hope to see at Grangemouth in the future, including low carbon hydrogen production, the exploration and development of a range of alternative fuels via bio-refining and carbon capture facilities. This aligns, in my understanding, with early plans the refinery have for testing the feasibility of a bio-refinery.

What the transition plan may need to consider more immediately in the intervening period is working with the refinery, the workforce, as well as wider stakeholders, to explore what policy options or actions could realistically be brought forward to support transition options now – paying due heed to the market demand for newer diversification of products – as well as ways to support workforce transition and the wider impacts on, for example the Grangemouth community and environment. The Grangemouth Future Industry Board is exploring at pace what options exist at this time for bringing forward activity currently underway or indeed, actions in an early stage of s being designed that can support the highly skilled workforce stationed at the refinery during this transition period.

As part of a managed Just Transition, we must ensure that Grangemouth workers have a voice in the development of this plan. I am committed to working with unions and the workers they represent to ensure this, and I continue to impress upon the refinery operators the importance of this point too.

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I should note that in my discussions with the refinery operator, the business has shared its ambition to see Grangemouth remain as a centre for low carbon manufacturing and expressed what I believe to be a genuine and wholehearted desire to work closely with Government and wider partners to fully explore all options for transitioning its Grangemouth operations whilst supporting staff and the supply chain in support of a Just Transition.

#### **Grangemouth Industrial Just Transition Plan – Potential Supplementary Lines of Questioning**

**Q: How will the Scottish Government support the local community following the closure of the refinery?**

**A:** Whilst there is, at present, no certainty of closure at the refinery we have committed to work with the community in our Just Transition planning for the wider industrial complex.

We recognise a strong partnership between business, unions, workforce and local communities will be vital for the success of any Just Transition Plan. This is a critical success factor for Grangemouth, given the long standing and interwoven relationship between the industrial cluster and the wider community.

As our Just Transition Plan will seek to account for any developments, including potential scenarios at the refinery, we see this as the main vehicle for engaging and working with communities going forward to understand impacts and associated policy interventions.

**Q: What is the progress of the JTP for Grangemouth?**

**A:** SG leads on this work, in partnership with the Grangemouth Future Industry Board, and has been working extensively with multiple industrial operators including Petrolneos, and wider stakeholders to develop a baseline (mapping existing activity of the cluster and touchpoints with the surrounding community) as well as a co-designed vision for the future Grangemouth Industrial Cluster.

This will be a first-of-its-kind document that will take into consideration a wide range of views on what the future of the industrial cluster should look like.

We are in the final stages of drafting the vision ahead of further testing and refinement with the Grangemouth workforce, academia and the wider community in early 2024. The active engagement and participation of these groups is essential to planning a co-designed Just Transition for Grangemouth.

Following this, we will commence a detailed process of actions mapping, understanding what policies and developments must be taken forward in order to unlock the vision – across a range of areas including investment, skills, supply chain and the environment.

We aim to publish our draft Just Transition Plan for consultation by late spring 2024.

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#### **Q: Given this week's announcement, can you accelerate work on the Just Transition Plan?**

**A:** We acknowledge the need to ensure that appropriate planning is put in place for the Grangemouth site, and that the workforce must be a partner in this process. However, we should stress the high degree of complexity involved in working across a wide range of stakeholders.

To ensure that all who should be involved are given the opportunity to do so, and that this work constitutes a genuine attempt to embed Just Transition principles considering a wide range of themes, appropriate time must be taken to do so.

Petroineos' current preparatory plans to implement an import terminal by 2025 do not conflict with our timescales to develop a Just Transition Plan in 2024.

#### **Q: How will you ensure workers have an opportunity to shape this?**

**A:** We have already reached out to union representatives who have engaged positively with our proposals. We are currently exploring the best ways to gather views and opinions of unions, workers as well as community members who comprise a further critical partner in this work. We will use the vision building work with public sector, academia and industry leaders as a blueprint to unlocking more meaningful conversations with this important group of stakeholder. This is our main engagement focus for the rest of the year and early 2024.

We are currently working on appointing a Community Participation Officer based in Grangemouth which will help SG understand community concerns and ideas as they develop in real time.

### **Tackling Gender Inequality Through Just Transition**

- As outlined in our world-first National Just Planning Framework, SG recognises a strong partnership between business, unions, workforce and local communities will be vital for the success of any Just Transition Plan.
- This approach to Just Transition means working with others to ensure we are capitalising on the opportunities – and one of these opportunities is ensuring women and girls in Grangemouth are given a voice in determining their future.
- A change in the current gender balance of professional and union positions will not be instantaneous, although parity is absolutely our ambition.
- The Climate Emergency Skills Action Plan sets out the opportunity to tackle existing inequalities in the labour market, including gender inequalities, as part of a just transition. The refresh of that Plan will allow us to focus on furthering equality on gender and across protected characteristics.
- What is vital now in relation to our plan for Grangemouth is engaging women and girls from the Grangemouth community as co-creators and co-designers of the vision and plan.

### **Conditionality Requirements to Government Support**

- We continue to work with businesses to best align support with our long-term climate, environmental, economic and social goals, building on our experience with Fair Work.
- Fair Work conditions and Real Living Wage conditions are common practice in SG and enterprise agency grants.

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- As part of the Bute House Agreement with the Scottish Green Party, we committed to consulting on annual public disclosure of climate risk and the role of robust just transition plans for large businesses in Scotland. And we reiterated this in the recent Policy Prospectus.
- We will also consult on how grant or equity funding of over £500k can be linked to transparent emissions reduction plans.
- Effective mechanisms for applying conditionality to business support can be challenging, but we are considering how we can use all our levers to support a recovery to a greener, fairer, more equal country.

### **Green Industrial Strategy**

**Q: You keep publishing strategies - how is this going to avoid just adding to the confusion? You should get on with delivery rather than producing another strategy.**

**A:** We know that businesses and investors want to see a clear view of our priorities and a real focus on the opportunities for Scotland to capture economic benefit from the global transition to net zero. They also want to see how we're aligning our policy and resources to support those. That's is what our green industrial strategy will do - be really clear about our priorities, and government's role in achieving those, so that we give the private sector confidence to make decisions and invest in Scotland.

**Q: How is this going to sit alongside NSET and the JTPs? - it's a tangled mess already.**

**A:** Developing a Green Industrial Strategy will deliver on a commitment in NSET– so we are following through and delivering on that NSET action, not adding something completely new. Developing a Green Industrial Strategy is a signal that we are serious about capturing for Scotland the economic benefits of the global transition to net zero. It will sit alongside and support our Just Transition Plans, which will set out our plans to secure a fair transition to net zero for specific high-emitting sectors of the economy.

**Q: When will you be publishing this Green Industrial Strategy?**

**A:** We expect to set out our strategy by summer 2024.

**Q: What sectors will be in scope of your GIS?**

**A:** We'll be guided by a thorough analysis of where the Scottish economy has strengths and potential, so we won't be constraining our scope until we've done that analysis.



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**Q: Does this mean you're stepping way from commitments you've already made on hydrogen, offshore wind, etc?**

**A:** The Scottish Government has already got work underway in various areas to maximise the economic opportunities of the transition to net zero. We're not pressing pause on that work while we develop our wider strategy. But it is important that we look across the whole economy, and the whole global marketplace, and consider whether there are areas of strength and potential which we're not currently supporting. And we need to ensure that our resources and efforts are targeted at our highest priority opportunities. That's what our strategy will do.

**ANNEX F: SCALE OF POTENTIAL JOB LOSSES AND IMPACTS ON WORKFORCE**

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**Lines to take**

- The Grangemouth refinery is a strategically important asset for Scotland.
- The refinery plays a key role in the local and wider economy and it is vital that the business has a sustainable future.
- The Grangemouth industrial cluster's valuable economic role will continue in the long term as part of our plans for a just transition.
- Futureproofing this vital industrial hub, working in partnership with industry unions and staff, will help support a long-term, sustainable and vibrant future for Grangemouth and those who live and work there.
- It is important to stress that as yet, the recent announcement about the Grangemouth refinery relates to preparatory works, scoping out the development of an import terminal. Currently, this does not guarantee a conversion to import by 2025, but is a responsible approach to take given the current global market conditions, and I appreciate that Petroineos has shown commitment to engage transparently with the workforce at this early stage.
- I am informed that work is currently underway to understand the specifics of what an import terminal would mean in terms of workforce numbers, and what impact that could have on the existing workforce. It would be inappropriate for me to speculate any further on this topic at this time.
- However, I acknowledge the uncertainty and concern this will cause for many of the highly skilled/value workforce at the refinery. I have met with both the refinery operators and union representatives, pressing upon both the need for continued dialogue and partnership working through this period.
- We have committed to working closely with the business and trade unions to ensure that as many jobs as possible are protected throughout this transition period. Key to this is bringing forward, at pace, new, low carbon job opportunities at the site and our focus is on encouraging the business to invest in these technologies now to minimise impact in the future
- We will work in partnership with the business, and others at Grangemouth, to maximise the employment prospects of the industrial cluster's transition.
- Of course, we stand ready to offer any PACE support if and when that becomes appropriate.
- I have commissioned the Grangemouth Future Industry Board, as the cross-public sector body focusing on the Grangemouth industrial cluster, to consider at pace, what options are available for bringing forward existing activity or actions in development that can support the refinery workforce during this transition period.

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**Background – [redacted – Regulation 10 (5)(e)]**

- Petroineos has notified officials in confidence that **[redacted – Regulation 10 (5)(e)]**.
- **[redacted – Regulation 10 (5)(e)]**.
- **[redacted – Regulation 10 (5)(e)]**.
- **[redacted – Regulation 10 (5)(e)]**.

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**ANNEX G – OPTIONS OF SUPPORT BEING CONSIDERED BY SG**

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**Lines to take**

**Investment in Grangemouth**

- We are committed to working with the business, as well as those businesses situated across the Grangemouth cluster, as it transitions its operations.
- Taking the wider cluster, the transition will only be possible with innovation in technology and in business models.
- We must work closely with industry to realise this capital potential and eliminate barriers to investment – by setting favourable policy conditions to facilitate businesses investing, alongside both governments, in the transition as part of a planned process.
- Industry has much to gain from the transition to a low-carbon economy. Decarbonising energy-intensive manufacturing in a just and fair way, that leaves no one behind, will help our sectors and clusters of industrial sites to grow and compete in the international economy.
- It is my view that industry is recognising this opportunity and that this is demonstrated by substantial and transformative investment that has already been committed to the cluster and Grangemouth area from the private sector, complemented by public sector funding.
- The role of specifically targeted public sector funding pots (like the Scottish Industrial Energy Transformation Fund) is to incentivise businesses and organisations to undertake new and innovative practices.
- Often public sector grants will give the business the confidence to press ahead with their own investment (i.e. the public grant leverages private investment).
- Industrial decarbonisation at scale cannot however be reliant on ongoing public subsidy forever and moving to models where investment in low carbon practices “pays for itself” will be essential.
- Working with Enterprise Agencies, businesses, building on best practice from around the world and exploring innovative models will give Scotland the opportunity to achieve our ambitions to decarbonise industry and key industrial clusters such as Grangemouth.

**Public Sector Investment**

- **We are keen that the UK Government provides what, until now, has been missing - a clear and comprehensive plan on how to deliver finance for the transition across the whole economy.**
- We continue to devote significant funding to support the energy transition all across Scotland, and this includes: our £500m Just Transition fund – which is already delivering projects; the £75m Energy Transition Fund; £300m via our Heat Network Fund and £100m capital funding programme through our Hydrogen Action Plan.

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- Beyond this, during this Parliament, we are investing £60 million to support industrial decarbonisation – through initiatives such as:
  - **The Low Carbon Manufacturing Challenge Fund** - a new Fund as a result of capital investment of £26m, over five years, being announced in the Programme for Government (PfG) 2020-21, and as part of a wider £60m investment for industrial decarbonisation.
- Through the **£34 million Scottish Industrial Energy Transformation Fund (SIETF)** which co-invests with a diverse range of Scottish manufacturers to reduce energy costs and emissions through increased energy efficiency and deep decarbonisation.

### On any Scottish Government funding to Petroineos / INEOS

- Both the Scottish Government and Scottish Enterprise engage frequently with the businesses on issues regarding ongoing operations, investments and – crucially – the development of their sustainability plans and opportunities for decarbonisation or energy transition promotion.
- We signpost the availability of government support schemes to aid in that work.
- The businesses are exploring new transition prospects and we and have worked, through Scottish Enterprise, to provide support including small-scale funding via the Environmental Aid scheme, to co-finance some enabling and feasibility studies to promote these energy transition opportunities at site.
- In late 2021, the business completed a study – co-financed by SG – to investigate a range of possible decarbonisation interventions across the site. This study, undertaken by Atkins, highlighted that decarbonisation and expansion into new markets is possible, and down-selected a long list of opportunities recommend targeted study of:
  - low-carbon hydrogen production facility; and
  - bio-fuels production onsite; or
  - a combination of both.
- Following the outcome of this review, INEOS announced in September 2021 investment plans for a £1bn hydrogen and carbon capture plant at Grangemouth.
- Petroineos subsequently sought to develop the bio-fuels concept and determine whether this pathway would result in:
  - A positive commercial decision, as the refinery would be positioned to benefit from the UK Government’s Sustainable Aviation Fuels (SAF) 2030 mandate in which at least 10%, by volume, of jet fuel is required to be made from SAF – where the refinery may build on its current market position as the major manufacturer of jet fuel in Scotland;
  - A significant reduction in road and air transport emissions in Scotland through the consumption of lower carbon fuels.
- Since then the Scottish Government has been working with both businesses to co fund the early development phases of the projects, we have co-funded c£600k since the start of the COVID pandemic in 2021.
- We’re keen to understand and work with shareholders on how the Scottish Government – and indeed UK Government – can create the right conditions for the private sector to commit the necessary investment into existing infrastructure at Grangemouth, but importantly, also the manufacturing assets of the future – and in support of the workforce through the energy transition.

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### Scotland - Inward Investment

- **Scotland has a strong track record of attracting inward investment. EY's independent Annual Attractiveness Survey Scotland 2022 shows that Scotland has been the most attractive foreign direct investment location outside of London for the last 7 years.**
- Scotland is already a competitive global hub in the fast growing green and sustainable financial services sector.
- Investor perceptions of Scotland's attractiveness have more than doubled from 7% in 2019 to 15.8% in 2022, second again in the UK only to London.
- We will work with the Scottish financial sector, professional services firms and public bodies to ensure we build on this success.
- Scotland performs strongly in inward investment, however recognising that we can improve our performance, the IIP set out ambitions to maximise the spillover benefits of inward investment, to bring these benefits to the wider Scottish economy.
- My officials are also in regular dialogue with the Scottish National Investment Bank wherever an opportunity should arise.

[redacted – Regulation 10 (5)(e)]

**Grangemouth Refinery**

- The Grangemouth Refinery is owned and operated by Petroineos (PI) – a joint venture (JV) formed in 2011 by **INEOS and Petrochina (PC)** (a subsidiary of Chinese state owned oil major CNPC, who owns 26 refineries worldwide). **[redacted – Regulation 10 (5)(e)]**.
- There are currently six refineries operating in the UK. It has been estimated for a number of years (and pre COVID-19) that **Grangemouth is in the lowest quartile of European refineries in terms of profitability and viability**.
- **[redacted – Regulation 10 (5)(e)]**.
- The Grangemouth refinery makes up **c.30% of total Scottish industrial emissions**.
- **[redacted – Regulation 10 (5)(e)]**.
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**[redacted – Regulation 10 (5)(e)]**

[redacted – Regulation 10 (5)(e)]

1. [redacted – Regulation 10 (5)(e)];
2. [redacted – Regulation 10 (5)(e)]; and
3. [redacted – Regulation 10 (5)(e)].

**[redacted – Regulation 10 (5)(e)] Position**

1. [redacted – Regulation 10 (5)(e)].
2. [redacted – Regulation 10 (5)(e)].
3. [redacted – Regulation 10 (5)(e)].
4. [redacted – Regulation 10 (5)(e)].
5. The [redacted – Regulation 10 (5)(e)].
6. Europe wide sanction on imports of Russian crude and refined products led to – and continues to sustain – unprecedentedly high margins for refined fuels, in particular as Russia is a key source of European diesel. As the Grangemouth refinery does not rely on Russian feedstocks, and can refine diesel at high volumes, it has enjoyed very high margins, and forecasts suggest it will be profit making into 2025. Ministers have been clear that profits should be reinvested in decarbonisation activities at Grangemouth.
7. The [redacted – Regulation 10 (5)(e)]:
  - [redacted – Regulation 10 (5)(e)].
  - [redacted – Regulation 10 (5)(e)].
8. In [redacted – Regulation 10 (5)(e)].

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[redacted – Regulation 10 (5)(e)]

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– Regulation 10 (5)(e)]		

## **ANNEX I – GRANGEMOUTH CLUSTER BACKGROUND AND TRANSITION OPTIONS**

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### **Grangemouth Industrial Cluster Background**

#### **Top Lines**

- As our largest manufacturing site, Grangemouth provides products and services that are vital for everyday life in Scotland, and holds valuable knowledge, skills and expertise in chemicals, engineering, refining and port management that will be vital for the transition to net zero.
- The complex generates around 6% of Scotland’s carbon emissions.
- That these two points make Grangemouth vital for meeting our climate targets by 2045.
- Recognising the unique importance of the Grangemouth cluster in our economy and energy system, we are wholly committed to working with businesses, communities and indeed all stakeholders to enable a just transition for the site and region.
- We have announced and are now implementing initiatives to deliver on this commitment, via our Grangemouth Future Industry Board and a site-specific Grangemouth Just Transition Plan.
- This makes for a specific and targeted, place-based programme to support the just transition of Grangemouth.
- Grangemouth lies at the heart of a wider ambition to see significant reduction in industrial emissions across Scotland. To achieve Scotland’s net zero 2045 target, with its interim 2030 target of a 75% reduction in economy-wide emissions, the industrial sector needs to roughly halve its emissions by 2032.
- Now, more than ever, there is a need to work collaboratively with manufacturing industries to deliver our greener industrial future.

#### **Background**

1. The Grangemouth industrial cluster is home to a concentration of strategic infrastructure assets and high-value employment. There are estimated to be over 2,000 full-time equivalent (FTE) jobs present in the immediate industrial cluster,<sup>[4]</sup> with thousands more individuals employed in operators’ supply chains. However, the area [Grangemouth] – due to its productive and energy intensive manufacturing processes was responsible for around 6% of Scotland’s net greenhouse gas emissions in 2021.
2. Given the critical role of Grangemouth to Scotland’s economic and climate imperatives, it is the ambition of the Scottish Government and public sector partners to see the site remain not only a key manufacturing base for the future, but also one that is significantly decarbonised, and that it realises its potential to support broader carbon reduction across Scotland. This has been highlighted by the UK’s Committee on Climate Change, recommending that a specific focus on the Grangemouth cluster is key to Scotland’s industrial decarbonisation and the accomplishment of Scotland’s targets.

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3. As well as Scotland's largest container port, the cluster comprises several operating assets in the downstream oil, gas and petrochemicals sectors, manufacturing products and outputs that are of significant value to Scotland's exports, and to resilient domestic energy supplies. These downstream assets and the wider petrochemical complex are the principal employers and industry in the Grangemouth and Falkirk area.
4. The manufacture of petroleum and chemical products was the second largest industry for Scotland's international exports in 2019, accounting for 11% of all exports outside of the rest of the United Kingdom, and an industry valued at £3.8 billion in 2019. Grangemouth is central to this. The cluster is also a key location for oil and gas infrastructure of national significance, home to the terminus of the North Sea Forties Pipeline system, Scotland's sole refinery, and largest petrochemicals works.
5. The cluster now has the opportunity to build on the industrial heritage, knowledge, skills and experience already located there. For example, the production and handling of hydrogen requires a depth of chemicals expertise which can already be found at Grangemouth, and supporting activity which is also highly compatible with bio-based manufacturing opportunities.
6. The downstream sector, including businesses responsible for processing oil and gas, utilising extensive resources to decarbonise processes and products, can help other sectors decarbonise, becoming a primary influencer in the future supply of lower carbon energy. Hydrogen is a major opportunity area: This gas is a critical component in attaining net zero (and in Scotland's future energy system in particular) and, as the largest producer of hydrogen in the world, the downstream sector could maintain and grow its role in producing and delivering zero-carbon emitting hydrogen to consumers – across industry, and potentially to transport and domestic sectors.
7. This existing knowledge base also has the potential to attract new and innovative industries, via co-location, to become an anchor point for low-carbon supply chains – aligning with the National Strategy for Economic Transformation where developing strong regional economic strategies is highlighted as a key driver for increasing productivity.
8. Grangemouth is linked to a network of oil and gas pipelines and infrastructure to onshore and offshore assets in the North East. This access to existing and legacy infrastructure connecting the regions, alongside well characterised CO<sub>2</sub> storage capacity in the North Sea, offers the potential for carbon evacuation from Grangemouth and its permanent and safe
9. storage. Grangemouth's source emissions, infrastructure and carbon capture utilisation and storage (CCUS) potential makes the site a key component of the Scottish Cluster and the Acorn Project. And, in turn, CCUS is central to the future sustainability and competitiveness of the Grangemouth complex.
10. This infrastructural opportunity could also provide the backbone to deeply decarbonise wider Central Belt industry, offering the potential for competitive advantage in a carbon constrained world. The longstanding experience in oil and gas at the site provides a centre of much expertise and transferable skills to kick-start what could become a whole new industry for Scotland. However, realising this opportunity requires urgent action from the UK Government and clarity on its cluster sequencing process.

## **Possible Transition Options**

### **Carbon Capture, Utilisation and Storage (CCUS)**

- CCUS is central to the future sustainability and competitiveness of the Grangemouth complex.
- The combination of access to existing and legacy infrastructure and transferable skills from longstanding experience in oil and gas, alongside well characterised CO<sub>2</sub> storage capacity in the North Sea, offers the potential for carbon evacuation from Grangemouth and its permanent and safe storage- and makes the site a key component of the Scottish Cluster and the Acorn Project.
- The development of strategically located CCUS infrastructure in Scotland's industrial clusters in Grangemouth and the North-East is absolutely vital for a just transition to net zero - not just in Scotland, but across the UK.
- At Grangemouth, it is an important part of the puzzle in seeing key domestic industry into a low-carbon future whilst also protecting jobs.
- The potential of CCUS at Grangemouth is already attracting significant investment:
  - In March 2021, the UK Government Industrial Decarbonisation Challenge awarded the SNZI (Scotland's Net Zero Infrastructure) Project £31 million which included an Engineering Design Programme for a Carbon Capture Project in Grangemouth
  - In September 2021, INEOS announced €1.2 billion investment in blue hydrogen at Grangemouth, allied to carbon capture technology.
- Ensuring the Scottish Cluster carbon capture and storage project is deployed as soon as possible is critical to supporting net-zero, supply chain growth and economic benefit in Scotland.

### **Hydrogen**

- Grangemouth is already one of the largest producers and consumer of Hydrogen in Scotland. The skills and experience the workforce at Grangemouth has gained in handling this gas over many decades stand the cluster in good stead for transitioning to the future.
- This gas is a critical component in attaining net zero (and in Scotland's future energy system in particular) and, as the largest producer of hydrogen in the world, the downstream sector could maintain and grow its role in producing and delivering zero-carbon emitting hydrogen to consumers – across industry, and potentially to transport and domestic sectors.
- It is widely accepted that Hydrogen will be a crucial technology in the transition to Net Zero. This is particularly evident in large Industrial sites where many of the existing processes require high temperatures which currently are challenging for electrification.
- This is a view shared by INEOS who in 2021 announced their intention to construct a “world scale” low carbon hydrogen production plant at Grangemouth. This £1bn + project forms a key pillar in the INEOS Net Zero Roadmap which is aligned with the Scottish Government's own net zero 2045 target.
- Industrial complexes such as Grangemouth present a significant decarbonisation challenge and it will ultimately be a combination of a number of different solutions converging that represent the end solution to this challenge.

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### **Biorefining**

- Petroineos is currently progressing a programme of work looking at the feasibility of biorefining at the Grangemouth site.
- The potential options for developing a biofuels processing option at Grangemouth has previously been explored by Petroineos as a high level technical exercise.
- Following on from this initial commercial appraisal, the business is progressing with a more detailed technical appraisal of the options.
- Scottish Government is supportive of this work and through our Scottish Enterprise have provided financial support to this work.
- Scottish Enterprise have also recently seconded a member of staff to work with the business in progressing this important transition project.
- Officials understand that a proposed biorefinery at Grangemouth could look to manufacture a range of bio-derived fuels such as Bio-diesel in the near term and potentially sustainable aviation fuel (SAF) which is viewed as a critical tool in the Aviation Sector's transition to Net Zero.
- As this project is still in the early stages of development we will be working with our Enterprise Agencies to see what can be done to accelerate development of the biorefinery project.

### **Sustainable Aviation Fuel ('SAF')**

- Our 2045 net zero commitment covers both national and international aviation, and will rely heavily on the emissions reductions that can be achieved through increased Sustainable Aviation Fuel ('SAF') usage.
- Similarly, Scottish Government commitments to grow international connectivity while not returning to previous levels of emissions and to work to decarbonise scheduled passenger flights within Scotland by 2040 will also largely depend on the increased uptake of SAF.
- The Scottish Government's consultation on developing an aviation strategy asked for views on what the Scottish Government could do to help increase the use of SAF. The responses showed support for investment in SAF and large scale SAF production, including exploring the possibility of domestically produced SAF.
- Currently the vast majority of Scotland's aviation fuel is processed and distributed from the Grangemouth refinery and so the refinery business will have an important, direct, role in any discussions around the potential for SAF production in Scotland.

## ANNEX J - GRANGEMOUTH FUTURE INDUSTRY BOARD (GFIB)

### Purpose

- The purpose of the Grangemouth Future Industry Board (GFIB) is to co-ordinate the public sector behind a shared goal of ensuring the future competitiveness of Scotland's main industrial heartland in the transition to net-zero.
- The Board brings together key decision makers across the public sector to focus activity and government's resources in a structured manner – across key workstreams; all geared towards planning for a sustainable future for the industrial cluster.
- Grangemouth Future Industry Board was formed to recognise both the economic contribution that Grangemouth currently makes to but also the significant opportunity that decarbonisation of this manufacturing cluster presents in the transition to net zero.

### Board Governance and Accountability

- The Board is co-chaired by senior officials at Scottish Government and Scottish Enterprise.
- Its budget and workplan priorities for each year are agreed with Scottish ministers.
- Ultimately, GFIB now reports to me as Cabinet Secretary for Net Zero and Just Transition and the Cab Sec Wellbeing Economy, Fair Work and Energy reflecting the multiple areas of portfolio significance.
- The Board's secretariat also sights all other interested Ministers and updates Ministers on progress at the appropriate junctures.

### GFIB's Budget

- GFIB currently has a specific, dedicated budget allocation of £250k for F/Y 23/24 to run the Board's workplan. The priorities for how this will be allocated are due to be discussed between GFIB partners before being put to Scottish ministers for sign off.
- That budget is specifically for the work of the board and its partners to resource and coordinate GFIB's workplan, but of course we have access to the wider government and public sector funding streams as required for specific projects.

### GFIB Achievements Since Inception

- The very formation of the Board signalled an understanding that collaboration across the public sector was necessary in order to coordinate the public sector and our policy making to best meet the opportunities and challenges which will arise the process of transitioning the cluster toward net zero.
- The Committee recently heard recent evidence from 'Bankers for Net Zero' on the need for initiatives to be better joined up – and that's exactly what GFIB seeks to do. Notable impacts to date include:
  1. **Streamlined coordination of our work across the entire public sector, now with resources structured strategically across priority areas;**
  2. **Much better communication and aligned planning between decision makers;**

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3. **The preparations for the National Planning Framework (NPF) 4 and its specific recognition of Grangemouth as an ‘Industrial Green Transition Zone’;**
  4. **Coordinated Green Freeport engagement - and how this may benefit the cluster;**
  5. **Project development – with a promising pipeline of projects identified with SE;**
  6. **Far better information sharing via businesses (with the larger businesses directly ‘account-managed’ by SE)**
  7. **And now the development of a specific JT plan for the cluster.**
  8. **Environmental Funding:** A key milestone since the formation of GFIB was the securing of substantive funds from UK Government Regulator’s Pioneers Fund (RPF) in 2022. Bidding for this funding was developed by from SEPA and involved the input of representatives who currently lead the Board’s Regulatory Hub workstream. This funding was used to develop an implementation plan to accelerate the creation and design of a “Regulatory Hub,” a novel approach that seeks to explore ways of streamlining the current regulatory framework surrounding the Grangemouth cluster.
  9. **Community Engagement:** More recently, colleagues from GFIB’s Regulatory Hub and Just Transition workstreams have led significant stakeholder engagement workshop events in Falkirk and Grangemouth. These events invited collaboration from individuals drawn from both the local community and industry and were organised for the purpose of establishing a greater level of understanding of how GFIB can support and involve both community and industry as we begin mapping the process of a just transition.
- Acknowledging the aspects of the Grangemouth community’s capacity to engage with this work, and the key requirement to seek further representation across more diverse groups in the area, we have decided to fund a Community Just Transition Engagement Officer for Grangemouth.
  - The specific focus of that role will be to widen and co-ordinate community involvement in the Grangemouth industrial just transition planning process, supporting a strengthening of the local social infrastructure and collaboration, and maximising Just Transition opportunities for the local community by assisting alignment of programmes, resources and partnership opportunities.
  - Apprenticeship Mentoring: The Board has also funded an apprenticeship programme led by Fuel Change; an organisation that provides climate education across schools and colleges. In collaboration with Forth Valley College and Skills Development Scotland - and utilising funding provided by GFIB - Fuel Change have successfully run several programmes designed to build climate education into apprenticeship programmes.
  - Over the past two years, three participants in Fuel Change programmes have won ‘Supporting Net Zero Apprentice of the Year’ awards at the Scottish Apprenticeship Awards.

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### GFIB's Current Priorities

- The Board meets quarterly and last met on 7<sup>th</sup> December to discuss what activity GFIB partners can potentially accelerate or suggest to support the refinery workforce in this transition period.
- GFIB is currently evolving from a forum for coordinating public sector activity to one that involves industry, local community and unions at its heart in line with the Just Transition principals. Key to that success will be supporting developments following this announcement.
- Determining ways to bring industry alongside local representation from the community will be at the core of this new iteration of GFIB.
- Outside of this, the Board's current and ongoing priority is to engage with its workstream leads to ensure that they are supported in delivering their objectives.
- In particular, the Board's Just Transition workstream is currently working toward finalising their Just Transition vision. This work – which engages the views of community and industry throughout Grangemouth – represents a significant step toward mapping how a just transition will be delivered in the cluster.

### Time and Progress

- Repositioning our largest industrial complex towards net zero is a huge endeavour – it is a novel, challenging and multi-faceted programme.
- For this to succeed, we need to build close and meaningful relationships over time and have been investing time to do this and give the right policy signals to investors.
- Now that the relevant public sector bodies involved have aligned to agree on the functionality and structure of GFIB, the Board is now looking at ways to transition to a model that will optimise direct engagement with industry.
- The Board is set to meet in early May to discuss how this evolution will take place

### Business Engagement (or Perceived Lack of Business Representation)

- We do engage with the Grangemouth businesses regularly through the Board and its channels, particularly with the larger businesses at Grangemouth on strategic issues, and in relation to the Just Transition plan – for example **officials from the Board have now met with 8 major businesses in the cluster to discuss their perspectives and invite their direct input into the design and delivery of the Just Transition Plan.**
- The original purpose and earlier phases of GFIB activity have been, rightly, focussed on first aligning the public sector – right across government and multiple agencies and partner to provide a united approach to policy and decision making.
- A number of the businesses have a dedicated account manager function with Scottish Enterprise who provide direct lines of communication and information flow with these important businesses. This ensures we are live to their needs and helps shape the programme of work undertaken by GFIB such as the focus on skills where SDS have recently completed a review focussed on the Grangemouth area.



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- The next phase for GFIB is to include more direct industry participation – something we wish to encourage, and consider that now is the optimal time to do so; bringing them in to meet a well-coordinated public sector. Especially as we take forward the delivery of the Just Transition Plan.
- It is essential this is business credible, and that requires close engagement with business partners.

#### **GFIB and SMEs (Lack of SME Participation)**

- Our starting point is Grangemouth's nine biggest businesses. We need to remain clear-sighted that this starting point focuses on carbon intensive industry – the source of emissions – clustered in a specific geographic area, and naturally this leads to the nine biggest businesses.
- Achieving change in this area, which is responsible for c.8% of Scotland's carbon emissions, is critical to our national net zero journey. We should not underestimate how much of a challenge this will be. But maintaining a focus on this geographic area will have the biggest impact for our available resource.
- We recognise that the supply chain, which of course includes SMEs, is also an important part of the story. As are potential new businesses to come into the cluster in future.
- It's right that we develop a picture of what this supply chain looks like now. Detailed study through the baseline exercise GFIB has planned will achieve this. Having this information will help us determine how the existing supply chain might play a role in Grangemouth's journey to net zero, respecting the geographic scope of our work. And we'll be better able to consider how SME voices might be represented.

## ANNEX K – SG AND SE SUPPORT FOR BUSINESSES

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### Lines to take

#### **SG Support for SMEs**

- As our economy transforms, we want Scottish businesses to be ready to take advantage of the opportunities to innovate at home and then export their solutions to the rest of the world.
- The Scottish Business Climate Collaboration has recently launched the SME Climate Action Hub, an online tool specifically aimed at supporting participating SMEs with their carbon reduction plans and setting net zero targets. This free resource, which has been developed with support from the Scottish Government, provides a practical step by step programme equipping businesses with the tools and knowledge to develop their own carbon reduction plans and to connect with similar businesses to share best practice.
- Business Energy Scotland, funded by the Scottish Government, offers free specialist advice and support to small and medium sized enterprises on implementing energy efficiency and heat decarbonisation measures with the aim of cutting carbon emissions and energy costs, increasing economic competitiveness.
- These examples are part of a broad suite of advice, guidance and financial support Businesses in Scotland can access from a wide range of organisations across the public sector.
- There are over 750 publicly-funded interventions to support businesses in Scotland including funding interventions through grants or loans, consultancy and advice, research, training opportunities, events, online tools and self-help guides.
- Most of this is available to any business, anywhere in Scotland, whatever stage of growth it is at. Most of this support is available not just to private companies but to social enterprises, third sector and community-based organisations too.
- Business Gateway, our national business advisory service, gives access to free business support services for people thinking about starting or growing their business.

#### **On SG and Scottish Enterprise Financial Support to Business**

- **Our enterprise agencies provide advice and funding to support business growth and resilience.**
- Scottish Enterprise, Highlands and Islands Enterprise and South of Scotland Enterprise are working to transform the Scottish economy by helping businesses to grow and scale through innovation, investment and internalisation.
- They provide specialist expertise, training and funding to help businesses adapt and better respond to economic opportunities and challenges.
- They are also working closely with partners to resolve issues which present a barrier to business growth, such as digital connectivity, transport and local housing provision.
- It is critical that early-stage companies operating in Scotland are able to access the finance they need. Through its commercial investment activity, Scottish Enterprise has supported the growth of some of Scotland's most innovative companies by providing them with the investment and advice they needed to start-up, commercialise and scale.

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- We provide substantial loan and equity support to businesses principally through the Scottish Growth Scheme, Scottish Enterprise, and the Scottish National Investment Bank.
- For example, the **Scottish Growth Scheme** provides loan and equity support to businesses through 4 fund managers: 2 fund managers provide loans of up to £250,000 per business and 2 fund managers provide equity investment of up to £2 million for companies with growth and export potential. To give an idea of the scale of that support to businesses, in the 3 years to 31st December 2022 the Scottish Growth Scheme invested £63 million alongside £175 million in private sector support so that 575 businesses received £238 million and created 1,500 jobs.
- We spent almost half a billion pounds more in support of businesses during the pandemic than the funding we received from the UK Government for that purpose.
  - Our support for economic recovery so far includes
  - bringing forward capital investment as a construction led stimulus;
  - investment in our digital recovery; and
  - initiatives such as the Energy Transition Fund to support our energy sector.

## **Grangemouth Industrial Just Transition Plan**

### **General Overview**

- The Scottish Government is developing a place-based, industry specific Just Transition Plan for the region, committed to in our 2023 Programme for Government, that will outline the strategic long-term future of the industrial cluster.
- The plan will outline a range of possibilities for operations at Grangemouth in 2045, including low-carbon hydrogen manufacture, carbon capture and Storage, bio-manufacturing and alternative low-carbon fuels as well as wider Just Transition impacts on the workforce, community and surrounding environment.
- SG leads on this work, in partnership with the Grangemouth Future Industry Board, and has been working extensively with multiple industrial operators including Petrolneos, and wider stakeholders to develop a baseline (mapping existing activity of the cluster and touchpoints with the surrounding community) as well as a co-designed vision for the future Grangemouth Industrial Cluster.
- This will be a first-of-its-kind document that will take into consideration a wide range of views on what the future of the industrial cluster should look like.

### **Progress Update**

- We have been engaging with a wide array of stakeholders across the second half of 2023 to develop a comprehensive baseline of the industrial cluster as it stands today, and a co-designed vision for the future in 2045.
- This has taken the form of multiple stakeholder interviews, co-design workshops and ethnographic research.
- These two products will come to form the first half of the plan, and will be finalised by the end of this year.
- Given our commitment to co-design, and ensuring appropriate feedback loops are in place, we intend to publish the vision as a draft ahead of further testing and refinement with the Grangemouth workforce, academia and the wider community. The active engagement and participation of these groups is essential to planning a co-designed Just Transition for Grangemouth.
- Following delivery of the vision, GFIB will focus attention on actions planning, again working collaboratively across stakeholders in early 2024, to support the development of the full draft Just Transition Plan.

## **Cabinet Secretary for Wellbeing Economy, Fair Work and Energy**

### **Briefing for Economy and Fair Work Committee**

#### **Energy Strategy and Just Transition Plan**

- The draft Energy Strategy and Just Transition Plan was published for consultation on 10 January 2023 and set out our vision for an energy system that delivers affordable, resilient and clean energy supplies. The consultation provided an opportunity for communities, workers, citizens and businesses to engage in the process of designing Scotland's energy transition. The purpose of the consultation was to:
  - seek views on our vision and the actions we are taking to transition to an affordable, resilient and clean energy system; and
  - understand how we secure the maximum social and economic benefits from the energy transition for Scotland.
- The consultation considered the following key themes: preparing Scotland for a just energy transition; scaling up renewables and reducing our reliance on other energy sources; energy demand; and ensuring that we create the conditions for a net zero energy system. We also asked for views on just transition outcomes, potential impacts of the strategy and for feedback on the Strategic Environmental Assessment of the draft plan.
- During the consultation period, a series of engagement events also took place to encourage discussion on a just energy transition. This included open, online workshops, specific industry-led events, thematic and sector specific engagement and awareness raising sessions open to everyone.
- We commissioned independent, qualitative analysis of the consultation responses and the analysis report has been published on the Scottish Government's website.
- We are fully considering stakeholders' views and the responses to the consultation will inform the final Energy Strategy and Just Transition Plan. The consultation responses will also provide useful feedback and evidence for the associated impact assessments, helping to identify and address unintended consequences.
- We plan to publish the final version of the Energy Strategy and Just Transition Plan by Summer 2024. Reflecting our ongoing commitment to a fair transition for all, we will continue to engage with a range of stakeholders as we work towards the final publication.

#### **Transport Just Transition Plan (TJTP)**

- Following a period of public and stakeholder engagement over the summer the TJTP is being drafted.
- Engagement highlighted the need to improve accessibility and reliability of the public transport network and that such improvements must precede the implementation of vehicle use reduction measures in order to be fair and just.
- While there is support for demand management interventions, there is strong resistance to a 'one-size-fits-all' approach, especially given the complexities of connectivity in rural and remote areas, and people emphasised the need for transparent, place-responsive policy.
- Ensuring resilience of the transport system and infrastructure to climate impacts was also consistently raised, as was the desire to increase biodiversity through increased green space in active travel infrastructure. Engagement highlighted the need for transport training provision to be accessible to both the existing workforce and new entrants, ensuring Scotland can deliver on the challenge of new technology, including new infrastructure and fuels.

## **Cabinet Secretary for Wellbeing Economy, Fair Work and Energy**

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- Officials have focussed on five flagship policy objectives that will support the transport key JT outcomes. These are based on available evidence and engagement outputs, in the context of existing policy landscape. These proposed policy objectives will continue to be refined and supported by clear policy actions still to be developed. The five policy objectives are as follows:
  1. We will support the upskilling and reskilling of the existing transport workforce to meet the demands of new green technologies within the transport sector, supporting the potential for new jobs to arise
  2. We will explore how we can help Scotland become a leading cluster for recycling and remanufacturing starting with EV batteries – creating jobs, regenerating local economies, and developing a thriving sector in Scotland
  3. We will seek to capitalise on Scotland’s emerging strengths in low carbon niche and Heavy Duty Vehicles to grow a thriving net zero sector in Scotland and meet the needs of Scottish businesses and public bodies (including driving demand through fleet aggregation)
  4. We will work with local and regional partners to enhance connectivity in rural and remote places through focused solutions that understand rural transport needs, and support demand-driven low carbon shared transport and local living.
  5. We will ensure the costs of the transport transition to net zero are fairly distributed, through reducing demand for car use equitably in a redistributive way and building out robust alternatives to car use, including walking, wheeling and cycling and a more integrated, improved and reliable public transport /bus network that meet people’s needs.

### **Green Industrial Strategy**

#### **Lines to take**

- The global transition to net zero offers enormous economic opportunities for Scotland. We have strengths and potential in sectors ranging from offshore wind, hydrogen, and advanced manufacturing to data and finance. Across the country, Scottish firms have the chance to sell to the world and create good, well-paid jobs as part of a fair, green and growing economy.
- We will develop a Green Industrial Strategy which will set out how the Scottish Government will help businesses and investors to realise these opportunities. It will offer a clear view of the economic sectors and industries in which we have greatest strength and most potential, and what the government will do to support those. It will bring the full weight of government to bear, covering themes such as skills and investment, and help give the private sector confidence to make decisions and invest in Scotland.
- Our Green Industrial Strategy will deliver on a commitment made in our National Strategy for Economic Transformation (NSET), and will sit alongside and support the development of our sectoral Just Transition Plans (JTPs). The JTPs will set out our plans to secure a fair transition to net zero for specific high-emitting sectors of the economy, while the Green Industrial Strategy will focus on capturing for Scotland the economic benefits of the global transition to net zero.
- We will work closely with business and industry to develop our strategy, which we expect to set out by summer 2024.

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**ANNEX M – EXPECTED CHALLENGES AND SENSITIVE TOPICS**

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**Response to Claims of Hostile SNP Government Policy**

**On Government Policy driving the decision to potentially cease refining at Grangemouth**

- Petroineos management has been clear that this decision is a commercial one, and has been taken due to global factors.
- Successive Scottish Budgets have demonstrated our commitment to the centrality of a just transition to a net zero and climate resilient Scotland – the 2023/24 Budget includes over £2.2bn of investment.
- Our focus must be on reducing emissions in line with climate commitments, meeting our energy security needs and ensuring a just transition for our oil and gas workforce.

**Perceived Lack of Long Term Planning for Grangemouth**

- Taking a long-term view for Grangemouth is exactly what the Scottish Government and our partners are doing – in fact this is why we initiated the Grangemouth Future Industry Board seeks to coordinate this planning.
- The Committee will also be aware of our 2022-2023 Programme for Government committed to delivering a Just Transition Plan for the Grangemouth Industrial Cluster specifically.
- Combined these initiatives can coordinate all of the necessary contributors and stakeholders to manage the process of change to net zero – and create the right policy conditions for businesses to invest in that process.
- A Just Transition Plan for Grangemouth must account for the need for a degree of flexibility for long-term economic planning, where not every development can be predicted, and enabling the plan to respond to changes in technology, costs, global markets, policy and the environment.
- But not knowing every intervention required between now and 2045 should not be a barrier to starting the transition.
- We have decided to fund a Community Just Transition Engagement Officer for Grangemouth.
- This acknowledges the aspects of the Grangemouth community's capacity to engage with this work, and the key requirement to seek further representation across more diverse groups in the area.
- The specific focus of that role will be to widen and co-ordinate community involvement in the Grangemouth industrial just transition planning process, supporting a strengthening of the local social infrastructure and collaboration, and maximising Just Transition opportunities for the local community by assisting alignment of programmes, resources and partnership opportunities.

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### On 'Cluttered / Confusing' Policy landscape (Across GFIB, Growth Deal, Free Ports etc.)

- The Committee has heard in previous committee sessions about a range of policy initiatives and developments affecting Grangemouth. Indeed, there are no shortages and I think this reflects the scale, importance and interest in the site's role in our existing economy and its potential role in our future net zero economy.
- Where the Grangemouth Future Industry Board differs is in that it looks to bring all this together in a forum where information can be shared amongst partners to coordinate and sequence this activity – rather than look to further complicate a crowded landscape.
- **The Board's workstreams have an overarching ambition to advance efforts towards a net zero Grangemouth** by leading on engagement to plan, prioritise, coordinate, and promote solutions for cross cutting opportunities at the cluster.
- At the heart of the activity of GFIB is the development of a Just Transition Plan for Grangemouth, inclusive in nature that aligns the views of Industry, Community groups, workers and unions to ensure that the transition to net zero is a positive one.

### Absence of an Industrial Strategy

- The Scottish Government has taken a strategic approach to create and impart the policy signals to the industrial sector as we transition to net zero. **Our National Strategy for Economic Transformation and Just Transition plans are central to this.**
- Both set out SG strategic priorities to promote the decarbonisation of industry and support the sector's transition – as well as highlighting further UK Government support is required.
- **Within the National Strategy for Economic Transformation, the New Markets Programme focuses specifically on accelerating Scotland's transition to net zero and maximising the domestic and international economic opportunities and impacts arising from this.**
- This is an ambitious programme that seeks to capitalise on Scotland's strengths to grasp new market opportunities.
- It provides an exciting opportunity for Scottish Government to work with industry to delve further into how we will accelerate Scotland's transition to net zero and to maximise the domestic and international economic opportunities and impacts arising from it.
- Our primary focus is to bring New Markets projects together as a coherent whole to support and accelerate Scotland's transition to net zero and to maximise the domestic and international economic opportunities and impacts arising from it.
- **'NSET will represent a coherent Green Industrial Strategy for Scotland, which will be supported by the Just Transition Plans for industry including a vision for reinvigorating Scottish manufacturing and heavy industry, supporting Scottish supply chains and creating high-quality jobs'** (as set out in the Bute House Agreement).
- Ultimately we want to attract the necessary investment in the sector and then blend that inward investment with the building of strong indigenous local supply chains - and we consider Grangemouth to be pivotal to this goal.
- For example, realising Scotland's unique potential to be a leading hydrogen nation, delivering renewable energy, and supporting the development of Scottish green supply chains are major opportunity areas.



## **Cabinet Secretary for Wellbeing Economy, Fair Work and Energy**

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#### **Wider Topics**

- As our economy transform, we recognise the need for Scottish workers to be ready to take advantage of the job opportunities of a just transition
- For this reason, we are focussed on ensuring our skills policy reflects the need to upskill and reskill workers in sectors that will be impacted by our move away from fossil fuels, especially in the North East
- Officials are working with businesses, trade unions and education providers to build a common understanding of scale of the transition, and assess how best to support existing workers and students prepare to take advantage of new job opportunities
- In particular, Scottish Government is providing support through programmes like the Skills Passport, that will empower offshore energy workers to utilise their existing certification and be able to transfer skills between offshore energy sectors. The Passport involves collaboration between the energy industry and its workers, with unions participating in the project's steering group, and we will continue to engage on this basis.
- The Scottish Government will publish a series of Just Transition plans in early 2024, setting out the anticipated workforce requirements for individual sectors in the period until 2030.

**ANNEX N – MINUTE OF MEETING WITH PETROINEOS CEO (28 JUNE 2023)**

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[redacted – Regulation 10 (5)(e)]

**Meeting with CEO of Petroineos Trading Limited**

**Wednesday 28 June 2023**

13:40-14:25

Scottish Parliament

**Present**

- **Neil Gray MSP**, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy, SG
- **[redacted – Regulation 11]**, Head of Critical Energy Infrastructure & Commercial Projects, SG
- **[redacted – Regulation 11]**, Team Lead, Critical Energy Infrastructure, SG
- **[redacted – Regulation 11]**, Senior Commercial Adviser, SG
- **[redacted – Regulation 11]**, Deputy Private Secretary to Mr Gray, SG
- **Zhu Wenjin**, CEO, Petroineos Trading Ltd.
- **Wang Gong**, Executive Vice President, Petroineos Refining Ltd.
- **Keith Martin**, Chief Commercial Officer, Petroineos Trading Ltd.
- **[redacted – Regulation 11]**, Head of Legal, Petroineos Trading Ltd

**Agenda**

*An introductory meeting with Mr Zhu, the CEO of Petroineos Trading Limited, the trading entity of the Petroineos Joint Venture (JV) Grangemouth Refinery.*

1. *Introductions*
2. *Grangemouth refinery business*
3. *Import terminal*
4. *Other investment opportunities (biorefinery and green hydrogen opportunities)*
5. *AOB and close*

**Readout**

1. The Cabinet Secretary thanked Mr Zhu for his kind words in his letter upon his appointment as Cabinet Secretary and welcomed Mr Zhu and his colleagues.
2. Mr Zhu thanked SG for its good working relationship both with officials and previous Cabinet Secretary and highlighted he wants this to continue. Mr Zhu also invited his team to give introductions.
3. Mr Zhu outlined topics for discussion including:
  - a. Grangemouth Refinery
  - b. **[redacted – Regulation 10 (5)(e)]** (import terminal) and
  - c. Green future including the biorefinery project and green hydrogen export opportunities.

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### Grangemouth Refinery

4. Mr Zhu discussed the background and financial performance explaining that PC entered into a JV with Ineos in 2011 and performance over the first 10 years **[redacted – Regulation 10 (5)(e)]**. in 2022 due to the war between Russia and Ukraine resulting in the refinery becoming profitable. However, **[redacted – Regulation 10 (5)(e)]**.
5. Mr Zhu explained **[redacted – Regulation 10 (5)(e)]**. Mr Zhu highlighted that PC is a state owned entity **[redacted – Regulation 10 (5)(e)]**. However, PC are keen to work with SG to manage the business' green transition whilst maintaining security of fuel supply in Scotland.
6. Mr Zhu thanked SG for their continued policy support and reiterated that whilst the refining market has been difficult, PC has always had a good relationship with SG Ministers and officials. This was especially appreciated last year with discussions **[redacted – Regulation 10 (5)(e)]**.
7. Mr Zhu stated that now is a critical time to think about the future, the refinery is amongst the oldest in Europe and in the longer term is reaching the end of its life, however, there is a need to manage this in an orderly responsible way and PC will continue to communicate and engage with SG as it considers next steps in this process.
8. Mr Zhu stated PC are also keen to engage with SG as it considers new greener projects at the site including the potential bio refinery and green hydrogen opportunities.
9. Mr Gray thanked Mr Zhu for his helpful overview, and stated that SG's position is to ensure the refinery continues to operate for as long as possible, however SG is cognisant of the economic and commercial situation. Mr Gray also stated that he is very grateful for the investment PC have made in Scotland to date and will continue to make.
10. Mr Gray asked PC to explain further their current thinking around import terminal conversion and orderly transition as this is critical to SG. Mr Gray also offered further discussion at a later date on biofuels and future projects as it is critical we get the transition at Grangemouth right.

### **[redacted – Regulation 10 (5)(e)] – Import Terminal**

11. Keith Martin (KM) gave an overview of **[redacted – Regulation 10 (5)(e)]**. Keith stated that this is the number one priority project for the JV (i.e. PC and INEOS) **[redacted – Regulation 10 (5)(e)]**.
12. KM stated **[redacted – Regulation 10 (5)(e)]**.
13. Mr Gray impressed the criticality of the business' responsibility to ensure continuity of fuel supplies, **[redacted – Regulation 10 (5)(e)]**, and asked to be kept updated on any problems / disruptions and asked whether PC has updated UKG.
14. **[redacted – Regulation 11]** agreed. PC is also engaged with UKG and have a further meeting with DESNZ on 6 July (next week). **[redacted – Regulation 11]** also stated that due to UK Energy Security Bill and Powers resting with Secretary of State, they are keen to also assure UKG on plans around security of fuel supply for Scotland.

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**Green Future – Bio refinery and Hydrogen Projects**

15. Bio-refinery - IH also gave an overview of PC's Bio refinery project, in which it hopes to manufacture biodiesel and sustainable aviation fuel. **[redacted – Regulation 10 (5)(e)]**. **[redacted – Regulation 11]** mentioned positive relationship with SNIB and welcomed the support SE had provided **[redacted – Regulation 10 (5)(e)]**. Mr Gray stated he is keen to be updated on these discussion and happy to help facilitate any further engagement across Government – and requested a list of feedstock requirements for potential government aggregation.
16. Hydrogen – PC is keen to **[redacted – Regulation 10 (5)(e)]**. It sees Europe as a major importer for hydrogen and recognises Scotland's major export potential and Grangemouth's strategic location and deep water port. However, at present the UKG does not offer CfDs for hydrogen exports **[redacted – Regulation 10 (5)(e)]**.
17. Mr Gray reiterated Scotland's hydrogen export ambitions and will also be advocating to the UKG the importance of ensuring the business models support this.
18. Mr Gray closed the meeting by thanking PC for coming and for their very helpful discussion. He reflected on the positive working relationship established by his predecessor, Mr Matheson, which has been maintained by officials, and reaffirmed his commitment to work with Petroineos as it considers and implements its transition opportunities. He stated that Grangemouth is critically important and right at the heart of Scotland's transition to net zero and getting that right is vitally important for both parties.
19. Mr Zhu thanked Mr Gray for taking the time to meet and extended an invite to visit Petrochina in China. Mr Gray thanked Mr Zhu for this invitation and said work was underway re an international ministerial visits programme this year that he would look to feed this into.

**ANNEX O – MINUTE OF MEETING WITH PETROINEOS SENIOR MANAGEMENT**

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[redacted – Regulation 10 (5)(e)]

**Meeting with Petroineos Refinery Senior Management**  
**Thursday 23 November 2023**  
**09:00-09:30**  
**Microsoft Teams**

**Present**

**Humza Yousaf MSP** – First Minister  
**Neil Gray MSP** – Cabinet Secretary for Wellbeing Economy, Fair Work and Energy  
**Russell Mann** – Petroineos Grangemouth Refinery Manager  
**[redacted – Regulation 11]** – Head of Legal, Petroineos  
**Kersti Berge** – Director, Energy and Climate Change, SG  
**Susie Townend** – Deputy Director, Energy Industries, SG

**[redacted – Regulation 11]**– Head of Critical Energy Infrastructure and Commercial Projects, SG  
**[redacted – Regulation 11]**– Senior Commercial Adviser, SG  
**[redacted – Regulation 11]**– Grangemouth Just Transition Lead, SG  
**[redacted – Regulation 11]**– Critical Energy Infrastructure Team Leader, SG  
**[redacted – Regulation 11]**– Commercial Projects Policy Executive, SG  
**Emily Mackintosh** – Special Adviser to the First Minister

- FM expressed his concerns about the impact that refinery closure would have on the existing workforce of c. 500 employees.
- The business explained that a decision has not been taken on closure, however it is implementing plans to ensure fuel security infrastructure is in place should a decision on closure be taken in the future. The import terminal construction will take around 18 months and expected to be completed in Q2 2025.
- The business gave an overview of the refinery’s long term commercial outlook – shareholders predict that the market will reset in 2025 which will coincide with a requirement to sanction essential Maintenance **[redacted – Regulation 10 (5)(e)]**.
- The business noted that **[redacted – Regulation 10 (5)(e)]**.
- Though no decision on asset closure has been made as yet, **[redacted – Regulation 10 (5)(e)]**.
- The business is exploring transition options for the business, however **[redacted – Regulation 10 (5)(e)]**.
- The business explained that the refinery is in the lowest quartile of refineries in the UK and is one of the worst performing assets in NW Europe, **[redacted – Regulation 10 (5)(e)]**.
- FM thanked the refinery business for their candour and made clear that SG would work collaboratively with Petroineos and the unions to explore avenues to support workers and minimise job losses.

**ANNEX P – MINUTE OF MEETING WITH UNITE THE UNION AND STUC**

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**[redacted – Regulation 10 (5)(e)]**

**Mr Gray’s Meeting with Unite the Union**

- Cab Sec set out reflections of the importance of workforce, and challenge ahead, and that role of workforce during covid particularly made this announcement more challenging
- Unite set out views that this was unexpected and was keen to understand what conversations SG has and knowledge of the refinery, noting that there may not be the decline for fossil fuels as anticipated, and lack of clarity on wider options available.
- Cab Sec set out potential views of future including options for bio refinery, CCUS as an enabler, and hydrogen manufacture, noting skill of the workforce in helping to deliver this.
- **[redacted – Regulation 10 (5)(e)]**
- Cab Sec set out important role of UKG **[redacted – Regulation 10 (5)(e)]**.
- Unite made a point on the need for a more structured approach to board or forum for unions to engage on the agenda of Just Transition.
- Cab Sec acknowledged the need for this and committed to engage Unite on the Green industrial strategy, and on JT too – agreed that the way things had developed was a result of business wanting to speak to workforce first rather than have a public announcement – but was unfortunate and can understand the perspective.
- Closed out with a request to keep in touch with team/ officials as the Unite develops its response to the current situation and as things develop further at the site over the coming months/ years.

**Mr Gray’s Meeting with STUC**

- Cab Sec reflected challenge of the recent announcement and media coverage and the concern this might raise for workers and families.
- He noted that this was not a unique challenge for Scotland and noted the scale of market challenge across Europe.
- Cab Sec noted that we are working to consider ways to extend support for refinery but also for other opportunities – CCUS, Hydrogen, Bio-refinery – not guaranteed but trying to support ways to secure.
- Cab Sec then opened for STUC views
- STUC were keen to seek a strong guarantee that this announcement won;t impact other developments – to give significant confidence to wider industrial workforce
- STUC discussed longer term direct workforce intervention and considerations that would need to be given here and was keen to understand Cab Sec views on a process for involving the workforce to look at the detail of the landscape – where will unions voice be in that?
- Overall they sought more clarity on some points in the narrative about carbon reduction, industrial strategy, supply chain and broader policy – and how will STUC be involved
- An action for Cab Sec TNZJT to consider how unions can better be involved in the JT work too.
- Cab Sec relayed that business from earlier discussions was focused on being open with workers rather than focusing on press coverage and hence why this has happened.

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- Cab Sec noted discussion with Business and FM, noting that **[redacted – Regulation 10 (5)(e)]**.
- Cab Sec noted that the work to prepare for import is strategic in that it allows for the business to take appropriate steps given financial/ competitive situation of the current refinery – does not guarantee a closure, though there will be challenges, but it allows the business **[redacted – Regulation 10 (5)(e)]**
- STUC asked What impact does labour policy of new gov have on this?
- STUC What impact does freeport have on the decision – not major impact but can take away
- Cab Sec noted he would consider these options in our work going forward.
- Cab Sec noted budget is challenging **[redacted – Regulation 10 (5)(e)]**
- Jointly agreed that we want workers to be as fully engaged as possible – minimise job losses , maximise job opportunities and re-skilling and ensuring workers voices are involved decisions around this.

**ANNEX Q – MINUTE OF INFORMATION SESSION WITH PARLIAMENTARIANS**

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[redacted – Regulation 10 (5)(e)]

**Grangemouth Refinery Information Session for MSPs and MPs**

**Friday 24 November 2023**

13:30-14:00

Microsoft Teams

**Present**

**Neil Gray MSP** – Cabinet Secretary for Wellbeing Economy, Fair Work and Energy, SG

**Claire Baker MSP**—Mid Scotland and Fife

**Sarah Boyack MSP** – Lothian

**John McNally MP** – Falkirk

**Douglas Lumsden MSP** – North East Scotland

**Gillian Mackay MSP** – Central Scotland

**Maggie Chapman MSP** – North East Scotland

**Richard Leonard MSP** – Central Scotland

**Stephen Kerr MSP** – Central Scotland

**Martyn Day MP** – Linlithgow and East Falkirk

**Monica Lennon MSP** – Central Scotland

**Michelle Thomson MSP** – Falkirk East

**Fiona Hyslop MSP** – Linlithgow (attending in constituency capacity)

**Kersti Berge** – Director, Energy and Climate Change, SG

**[redacted – Regulation 11]** – Head of Critical Energy Infrastructure and Commercial Projects, SG

**[redacted – Regulation 11]** – Senior Commercial Adviser, SG

**[redacted – Regulation 11]** – Grangemouth Just Transition Lead, SG

**[redacted – Regulation 11]** – Critical Energy Infrastructure Team Leader, SG

**[redacted – Regulation 11]** – Commercial Projects Policy Executive, SG

**[redacted – Regulation 11]** – Just Transition Policy Adviser, SG

**[redacted – Regulation 11]** – Critical Energy Infrastructure Policy Officer, SG

NG made a brief introductory statement welcoming officials and MPs/MSPs

NG handed over to Kersti Berge (KB), who provided an overview of the Scottish Government's engagement with Petroineos and the Cabinet Secretary's office during the past 72 hours.

KB stated that Petroineos have thus far met with 450 workers within the refinery and have plans to meet with their remaining 50 employees on Monday (27 Nov). This is due to the shift patterns in operation at the refinery.

KB assured attendees that SG will update Ministers on all developments at the site and maintain close dialogue with UK government. KB then recapped SG's plans to lead on a Just Transition plan which will involve input from representatives from the refinery as well as the wider community of Grangemouth.

NG opened the floor for questions.

Stephen Kerr (SK) stated that he had discussed the issue of ongoing scheduled repairs at the refinery with union representatives and relayed that workers currently contracted to work at the site (i.e not permanent employees) were concerned over the future of their contracts. SK then



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asked NG if this schedule will continue following the announcement, and if the Acorn project was still viable at this stage.

NG assured SK that the scheduled repairs were part of a regular portfolio of work at the site and that this will continue until Spring 2025. NG stated that this issue was not raised when he met with Unite members earlier in the week but he is aware that the issue could be cause for anxiety for contracted workers.

NG then passed to **[redacted – Regulation 11]** who reiterated that this style of contracted work was commonplace within the refinery and that Petroineos regularly invest capital in such work. On the topic of Project Acorn **[redacted – Regulation 11]** advised that this week's announcement would have no impact on current plans. The negative press attention to this end was unexpected and caused concern but officials still expect that Acorn will progress with the blessing of UK government.

NG welcomed this reassurance and stated that he was asked this question when he met with workforce representatives.

Richard Leonard (RL) asked if the Scottish Government was prepared to support a scheme to maximise workforce retention.

NG committed to maintaining an ongoing with unions and that SG were open ideas along this line. NG reiterated that it was critical to have UK Government involvement in such discussions and the importance of ensuring that this dialogue continues to be cordial and constructive. NG added that SK's question was helpful in highlighting this and asked for colleagues to influence this across party lines. NG then added that the Just Transition Plan for Grangemouth is forthcoming, a publication that will engage the issue of workforce reskilling and retention.

Fiona Hyslop (FH) noted that the attendees should not forget that issues with the refinery impact the overall wellbeing of Grangemouth residents and asked that the Economy and Fair Work Committee be reassured that any further plans around the refinery and mindful of this. FH then asked what steps are being taken to accelerate Project Acorn?

NG acknowledged that the views of the local community and local supply chains are vital to any work surrounding the Just Transition Plan and emphasised that Officials in the meeting are cognisant of this. NG then reiterated that there is no cause for concern over project Acorn and requested cross-party collaboration to ensure that support for industry in the area is ongoing.

**[redacted – Regulation 11]** offered a supporting comment that the Just Transition plan is developing on schedule and will continue to be mindful of this. **[redacted – Regulation 11]** reminded attendees that the first draft of the vision would be published in 2024.

**[redacted – Regulation 11]** offered further reassurance, stating that community input was is key to the development of the plan and stated to attendees that community views have and will continue to be integral to the development of the Just Transition plan.

Michelle Thomson (MT) raised the issue of supply chain continuity of the site, noting that several of these companies share the same owner as INEOS. MT asked if there is a sense that these too will be scaled down.

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NG stated that he has asked officials to look at ways that the refinery may continue and that an open dialogue with UK Government will be important to this. NG reiterated that the import terminal presents an opportunity to continue and possibly expand the existing supply chain around the site.

KB offered that there are both near and long-term aspects to consider as dialogue around the refinery's future continues. Long-term opportunities in hydrogen production and the development of a biorefinery are two such examples, and SG will look to how benefits stemming from these sites can be maximised.

MT asked how skills retention and development may be mapped from this point forward.

NG asserted that this was point of discussion in his meeting with the First Minister and refinery representatives on Nov 23. NG stated that while there is currently a degree of uncertainty around its future the refinery operators have a duty to support their workforce. NG stated that refinery representatives were receptive to this and are looking at opportunities to redeployment its current workforce to alternative posts in the near future. NG expressed hope for a substantial investment in skills at the site and stated that skills development is a crucial element of the Just Transition plan.

**[redacted – Regulation 11]** reiterated the centrality of skills within the Just Transition plan and reassured attendees that strategies outlined within plan will be informed by a substantial understanding of the current skills landscape.

NG stated his commitment to continue engagement with union representatives, UK Government officials, and refinery employers at this time. **[redacted – Regulation 10 (5)(e)] [redacted – Regulation 11]** reiterated that cross-party support would be crucial to this work.

NG reminded attendees that a Q&A factsheet had been prepared by officials and would be circulated shortly.

Sarah Boyack (SB) asked NG to explain timescales for deployment for ccs/hydrogen.

**[redacted – Regulation 10 (5)(e)]**, a discussion that will be closely engage issues such as hydrogen and CCS which are currently linked to ongoing work around just transition. NG then further reiterated the importance of retaining a productive relationship with UK Government around the issue of fuel security.

NG thanked attendees for their questions.

**ANNEX R – MINUTE OF MEETING WITH UK MINISTERS**

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**[redacted – Regulation 10 (5)(e)]**

**Meeting with UK Government Ministers to Discuss the Grangemouth Refinery**

**Wednesday 29 November 2023**

11:00 – 11:20

Microsoft Teams

**Present**

**Neil Gray MSP** – Cabinet Secretary for Wellbeing Economy, Fair Work & Energy

**Graham Stuart MP** – Minister of State for Energy Security and Net Zero in the Department for Energy Security and Net Zero

**John Lamont MP** – Parliamentary Under Secretary of State at Office of the Secretary of State for Scotland

**Susie Townend** – Deputy Director, Energy Industries

**[redacted – Regulation 11]** – Grangemouth Just Transition Plan Lead, SG

**[redacted – Regulation 11]** – DESNZ

**[redacted – Regulation 11]** – Scotland Office

**[redacted – Regulation 11]** – Scotland Office

Cabinet Secretary asked for agreement that this would be the first of many discussion @ ministerial and official to co-ordinate a response to situation – sought close working.

Desire to meet again and continued close working from a resilience perspective

Key priorities for Scotland were - Protecting the workforce, **[redacted – Regulation 10 (5)(e)]** and agree in principle to meet and gain a joint understanding of the situation

John Lamont agreed to this.

Graham Stuart – reflected he was happy to join and know working together is important with an importance of helping movement of workers within energy industry to become seamless.

The Cabinet Secretary noted the importance of this, and that ongoing dialogue at ministerial level was helpful and appreciated the shared desire to see continued industrial activity at Grangemouth

**[redacted – Regulation 10 (5)(e)]** – sg looking at this but looking at other areas of activity too – for refinery and other parts of the site mentioning possibilities for CCUS, Hydrogen, bio-refinery potential – stressed a need to understanding how we work together on this?

Graham Stuart – **[redacted – Regulation 10 (5)(e)]**. Commitment to continue working on things like green freeport and acorn too.

Cabinet Secretary raised the alignment with Just Transition too – **[redacted – Regulation 10 (5)(e)]** the workforce who are highly skilled – and a desire to see it stay in Grangemouth, rather than move out into other markets.

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John Lamont agreed that partnership working was key and that he had met with Cecil Meiklejohn (leader of Falkirk Council) on fast tracking the growth deal – redeployment of the workforce – how can they be involved in the transition – and asked a Q about participation at all relevant levels.

The Cab Secretary suggested Grangemouth Future Industry forum – looking at membership – wants UKGov to participate and cascade to relevant response body – and co-ordination .

**Action for officials to engage UK Gov counterparts with a view to bringing SG and UKGov ministers to an upcoming GFIB meeting.**

The Cabinet Secretary asked to understand what discussions UK Government had held with the refinery.

Graham Stuart noted the key updates focused on the announcement and **[redacted – Regulation 10 (5)(e)]**. This and the import terminal were **[redacted – Regulation 10 (5)(e)]**.

Cabinet Secretary noted a desire to interrogate the economics of the refinery, suggested doing so jointly with UKG

Graham Stuart suggested **[redacted – Regulation 10 (5)(e)]**.

The Cabinet Secretary stressed that **[redacted – Regulation 10 (5)(e)]**, then we should press Petroineos to ensure the workforce are taken care of.

Scotland Office agreed but wanted to ensure preps for employees are taken care of PACE etc –

Cabinet Secretary agreed, noting **[redacted – Regulation 10 (5)(e)]**, including vital workforce, and happy to share with UKGov on what we are doing with PACE support if and when that became an appropriate avenue.

Cabinet Secretary asked UKGov about **[redacted – Regulation 10 (5)(e)]**.

UK Gov noted a willingness to work together communications to workforce and community to make sure a we are joined up – a package that pulls together the offer from UK and SG – letting people know that work is ongoing – and when we will make public what that offer could be - **action point officials to work this up and formalise a taskforce or GFIB.**

Graham Stuart finished by emphasising that Grangemouth was a fundamental part of energy backbone for Scotland and the UK, comprising a highly skilled people and who we do want to retain.

Cabinet Secretary closed the call with a thanks for engagement, reiterating desire to continue the conversation as the situation develops.

**ANNEX S – MINUTE OF MEETING WITH MICHELLE THOMSON MSP**

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**[redacted – Regulation 10 (5)(e)]**

**Meeting with Michelle Thomson MSP**

Tuesday 5 December 2023

16:30-16:45

Scottish Parliament

**Present**

**Neil Gray MSP** – Cabinet Secretary for Wellbeing Economy, Fair Work and Energy

**Michelle Thomson MSP** – Falkirk East

**[redacted – Regulation 11]** – Commercial Projects Policy Executive, SG

**[redacted – Regulation 11]** – Deputy Private Secretary to Mr Gray, SG

**Readout**

1. Mr Gray has received assurances that Petroineos' announcement of preparatory work for import terminal infrastructure at Grangemouth and Finnart Terminal will have no impact on the viability of the Scottish CCUS cluster. Ms Thomson is concerned that there is a lack of clarity from UKG around CapEx support for track-2 clusters and associated emitters.
2. Agreement that Mr Gray will keep Ms Thomson up to speed on developments at appropriate junctures, given that the refinery is situated in her constituency.
3. Agreement that it is positive that UKG has agreed to explore, with SG, options available to support the existing refinery workforce, via new transition opportunities that will be key to securing a just transition for the existing workforce and wider community.
4. Although **[redacted – Regulation 10 (5)(e)]**.
5. Though supporting refinery operations beyond Spring 2025 will be a commercial decision, Mr Gray emphasised that **[redacted – Regulation 10 (5)(e)]**.

**ANNEX T – MINUTE OF MEETING WITH LEADER OF FALKIRK COUNCIL**

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**[redacted – Regulation 10 (5)(e)]**

**Meeting with Cllr Cecil Meiklejohn, Falkirk Council**

Thursday 7 December 2023

13:00-13:30

Microsoft Teams

**Present**

**Neil Gray MSP** – Cabinet Secretary for Wellbeing Economy, Fair Work and Energy

**Cllr Meiklejohn** – Leader, Falkirk Council

**Kenneth Lawrie** – Chief Executive, Falkirk Council

**Malcom Bennie** – Director of Place, Falkirk Council

**[redacted – Regulation 11]** – Head of Critical Energy Infrastructure and Commercial Projects, SG

**[redacted – Regulation 11]** – Commercial Projects Policy Executive, SG

**[redacted – Regulation 11]** – Deputy Private Secretary to Mr Gray, SG

**Readout**

1. Cllr Meiklejohn gave an overview of Falkirk Council's recent engagement as regards Petroineos' recent announcement that it is to commence preparatory work to enable new import terminal infrastructure to be commenced at Finnart Terminal and Grangemouth, and set out where it would be helpful for the Council and SG to work together.
2. Cllr Meiklejohn stated that the decision was not a surprise and there was agreement that timing of announcement and following media coverage were unhelpful. She believes the main focus should be on how all parties can act now to assist Grangemouth on its Just Transition to Net Zero.
3. Cllr Meiklejohn mentioned a number of projects that Falkirk Council are seeking to advance and would like to further discuss with SG and UKG. These include: the Falkirk Growth Deal and how this could act as a catalyst for further investment; the ongoing Grangemouth Flood Protection Scheme programme of work; and Avon Gorge road upgrades. It was agreed that furthering discussions across these workstreams was important.
4. Mr Gray will feedback calls for further discussions on flooding to Ms McAllan's team. Mr Gray noted that UKG are eager to be involved in a future Grangemouth Future Industry Board (GFIB) meeting, at which low carbon and wider infrastructure projects at Grangemouth can be pursued.
5. Mr Gray also noted the importance of working together, noting recent meetings with the business, the UKG and the trade unions following the announcement.
6. Cllr Meiklejohn agreed that UK Ministers attending a future GFIB meeting was positive and might catalyse the Board's progress, the pace of which has not been optimal in recent months.
7. Kenneth Lawrie commented that the import terminal upgrades at Grangemouth would enhance security of fuel supplies for Scotland, should the refinery close – a decision which will be taken on a commercial basis by the business.

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8. Cllr Meiklejohn highlighted the Growth Deal and the potential need for front funding rather than across the 10 years. Mr Gray appreciated the forewarning of this request and will give any such ask due consideration, but stressed the challenging fiscal landscape.
9. Malcolm Bennie highlighted the Tax Incremental Financing (TIF) scheme, the Green Freeport and the Leap Fund as examples of positive activities at Grangemouth. However, he believes that further work must be taken forward by GFIB and that the Flood Protection Scheme must receive more engagement from SG. He also highlighted feedback he has received which is that there is a lack of significant Scottish Enterprise activity in the Grangemouth area.
10. Mr Gray reminded the call that the Scottish Government's Just Transition Plan for Grangemouth will be published in the Spring of 2024.

**ANNEX U – MINUTE OF PRE-MEETING WITH PETROINEOS SENIOR MANAGEMENT**

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**[redacted – Regulation 10 (5)(e)]**

**Meeting with [redacted – Regulation 11], Petroineos**

Monday 11 December 2023

16:00 – 16:30

Teams

**Present**

**Neil Gray MSP**, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy

**[redacted – Regulation 11]**, Petroineos

**[redacted – Regulation 11]**, Team Leader, SG

**[redacted – Regulation 11]**, Senior Commercial Advisor, SG

**[redacted – Regulation 11]**, Policy Executive, SG

**[redacted – Regulation 11]**, Deputy Private Secretary, SG

**Emily MackIntosh**, Special Adviser

**Readout**

1. Mr Gray opened with the meeting which focussed on the meeting with the JV on Tuesday. **[redacted – Regulation 11]** asked to **[redacted – Regulation 10 (5)(e)]** to the discussion.

**Feedback on letters**

2. **[redacted – Regulation 11]** asked that **[redacted – Regulation 10 (5)(e)]**.
3. Mr Gray reflected on the timing of the announcement and the element of surprise, SG would have liked more time, also reflected on the vacuum from the business as we prepared our communications. **[redacted – Regulation 11]** agreed, however, due to the respect of the workforce, did not want leakage to the press before had the opportunity to tell them.
4. Mr Gray reflected on the major challenges beyond 2025 and that we need to work proactively together, with the UKG as well. He reflected on positive discussions with the UKG -Minister Lamont and Minister Stuart as well as their willingness to attend the Grangemouth Future Industry Board. **[redacted – Regulation 11]** is in **[redacted – Regulation 10 (5)(e)]**.

**Meeting with the JV**

5. Mr Gray is keen to find out what the critical path for decisions being taken at the refinery as well as the timing of any announcements. Also keen to understand the market assumptions driving this decision. **[redacted – Regulation 11]** agreed to pick this up in the JV meeting.
6. **[redacted – Regulation 11]** is keen to explore in the session future opportunities for the site, keen to outline tomorrow the terms of reference between INEOS and Petrochina around blue hydrogen, green hydrogen export, energy from biomass and biorefining. Keen SG is involved in these discussions. Mr Gray noted the importance of involving UKG in these discussions given the shared and different responsibilities around these policy areas.

**Communications**

7. **[redacted – Regulation 11]** is comfortable with Mr Gray communicating publicly the business' view that the import terminal announcement is purely a response to



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macroeconomic factors – and not government policy – and Mr Gray reiterated his public view that shareholders have acted responsibly by investing in import terminal infrastructure, a view which the Cabinet Secretary is comfortable with being communicated publicly by representatives of the business.

**ANNEX V – MINUTE OF PRE-MEETING WITH PETROINEOS CEOS**

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[redacted – Regulation 10 (5)(e)]

**Meeting with Petroineos CEOs**

Tuesday 12 December 2023

12.45 – 13.30

Teams

**Present**

**Neil Gray MSP**, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy

**Franck Demay** – CEO, Petroineos Refining Limited

**Wenjin Zhu** – CEO, Petroineos Trading

[redacted – Regulation 11] – Head of Legal, Petroineos

**Susie Townend**, Deputy Director, SG

[redacted – Regulation 11], Team Leader, SG

[redacted – Regulation 11], Deputy Private Secretary, SG

**Readout**

1. Mr Gray opened the meeting referencing the constructive relationship in place over a number of years between Petroineos and Scottish and he thanked Petroineos JV partners for their investment to date in the refinery. Mr Gray reflected that he expected similar discussions would be taking place with UKG counterparts [redacted – Regulation 10 (5)(e)]. Mr Gray added that he was keen to understand process towards a final decision from the JV partners

**JV Decision Making Process**

2. Franck Demay (FD) summarised the importance of the conversion of Finnart for [redacted – Regulation 10 (5)(e)]. The timeframe of the decision was driven by a desire to inform staff first before any activity was visible on site. FD also stressed they have not decided to shut down the refinery at this stage.
3. FD understood that both UKG and SG had an interest in understanding the decision making process and Petroineos are maintaining regular dialogue with both UK and Scottish Governments.
4. FD gave an overview of [redacted – Regulation 10 (5)(e)]. This is likely to be discussed at [redacted – Regulation 10 (5)(e)]. FD stressed [redacted – Regulation 10 (5)(e)].
5. FD confirmed [redacted – Regulation 10 (5)(e)].
6. Mr Gray thanked FD for this update and invited Mr Zhu to comment. Mr Zhu reiterated [redacted – Regulation 10 (5)(e)].
7. Mr Gray was supportive of PI informing staff firstly and asked further question around the expectation on margins and [redacted – Regulation 10 (5)(e)].
8. FD thinks [redacted – Regulation 10 (5)(e)].
9. Mr Gray reflected the challenging fiscal position that the Scottish Government is facing and a [redacted – Regulation 10 (5)(e)]. Mr Gray then asked about the impact on energy prices on margins. Mr Zhu confirmed [redacted – Regulation 10 (5)(e)]. Mr Zhu confirmed that even without the impact of huge new refineries coming on stream, [redacted – Regulation

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**10 (5)(e)]**FD added that **[redacted – Regulation 10 (5)(e)]**. FD confirmed both Governments will be kept informed.

10. Mr Zhu spoke about recent discussions **[redacted – Regulation 10 (5)(e)]**.

11. Mr Gray thanked Mr Zhu and FD for sharing this information and asked PI for an update on discussions with Unions and Staff.

### **Discussions with Staff / Unions / Supply Chain**

12. FD outlined that in discussions with staff and Unite they have extended the redundancy terms from **[redacted – Regulation 10 (5)(e)]** to **[redacted – Regulation 10 (5)(e)]**, recognising the uncertainty that staff would be facing to continue to work at the refinery during this period. They have also offered an above inflation wage increase for next year that has been accepted by both staff and Unite the Union. FD added that he will be meeting with Unite tomorrow to discuss this.

13. Mr Gray thanked FD for this update and asked about other possible options for the site beyond the import terminal and specifically asked for an update on the potential for a biorefinery at the site. Mr Zhu confirmed that work is ongoing supported in part by SG and committed to provide further update on this project in due course. **[redacted – Regulation 10 (5)(e)]**. Mr Zhu added that in addition to the Biorefinery, **[redacted – Regulation 10 (5)(e)]**.

14. **[redacted – Regulation 11]** further elaborated that JV partners are pulling together **[redacted – Regulation 10 (5)(e)]**. Mr Gray reiterated SG are keen to engage **[redacted – Regulation 10 (5)(e)]**. **[redacted – Regulation 11]** added that **[redacted – Regulation 10 (5)(e)]**

15. Mr Gray requested that PI continue to speak closely with SG on these matters, offering support, while recognising that some of these are beyond the responsibility of SG.

16. Mr Gray asked for an update on conversations with UK Government. FD has committed to keeping UKG officials informed and referenced the recent call with Secretary of State Claire Coutinho who stressed the importance of security of supply and jobs. There is a commitment from business to keep both SG and UKG informed.

17. Mr Gray asked Petroineos what reaction has been from the supply chain businesses and also their customers. FD reflected that these are still very early days with no firm decision yet made and **[redacted – Regulation 10 (5)(e)]**

18. Mr Gray closed the meeting by thanking the JV partners and encouraged continued dialogue with SG, **[redacted – Regulation 10 (5)(e)]**. Mr Gray stressed he would make every effort to maintain industrial capacity and jobs at the site.

19. FD thanked Mr Gray **[redacted – Regulation 10 (5)(e)]**.

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**ANNEX W – RECENT STAKEHOLDER ENGAGEMENT**

<b>Date</b>	<b>Engagement</b>	<b>Level</b>	<b>Purpose</b>
Tuesday 21 November 2023	Petroineos management	Official	Notification given of announcement of preparatory work to enable import terminal infrastructure construction at Finnart and Grangemouth.
Tuesday 21 November 2023	UK Government Department for Energy Security and Net Zero	Official	Ongoing discussions with UKG on emerging issues
Wednesday 22 November 2023	UK Government Department for Energy Security and Net Zero	Official	Ongoing discussions with UKG on emerging issues
Thursday 23 November 2023	First Minister with Grangemouth Senior Management	Ministerial	Meeting with Grangemouth team to seek assurances and express concern
Thursday 23 November 2023	Cabinet Secretary meeting with Unite the Union	Ministerial	Meeting with Union Officials to gain insight and pledge support
Thursday 23 November 2023	Cabinet Secretary meeting with the STUC	Ministerial	Meeting with Union Officials to gain insight and pledge support
Friday 24 November 2023	Cabinet Secretary Meeting with MSPs and MPs to provide a briefing	Ministerial	Opportunity to provide briefing to MSPs and MPs on the current situation
Wednesday 29 November 2023	Meeting with UK Government Ministers	Ministerial	Bi-lateral discussion on the situation at Grangemouth
Tuesday 5 December 2023	Cabinet Secretary meeting with Michelle Thomson MSP	Ministerial	Discussion regarding constituency interests
Thursday 7 December 2023	Cabinet Secretary Meeting with Leader Falkirk Council	Ministerial	Meeting to discuss Grangemouth

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			announcement and next steps
Monday 11 December 2023	Cabinet Secretary Meeting with Petroineos Senior Management	Ministerial	Pre-meeting ahead of meeting with Petroineos Shareholders
Tuesday 12 December 2023	Cabinet Secretary Meeting with Petroineos Shareholders	Ministerial	Meeting to seek assurances and press for further engagement on Grangemouth

## Cabinet Secretary for Wellbeing Economy, Fair Work and Energy – Neil Gray

### Briefing for meeting with Petroineos Trading CEO

<b>What</b>	<p>You are having an introductory meeting with Mr Zhu, the CEO of Petroineos Trading Limited, the trading entity of the Petroineos Joint Venture (JV) Grangemouth Refinery.</p> <p>No speaking note is required for this meeting, however suggested lines to take are included in the Meeting Agenda and Steering Brief in <b><u>Annex A</u></b>.</p>
<b>Where</b>	4W.01, St Andrew's House
<b>When</b>	<p><b>Wednesday 28 June 2023</b> 13:40-14:25</p> <p><u>Suggested Agenda</u></p> <ol style="list-style-type: none"><li>1. Introductions</li><li>2. Petrochina updates:<ol style="list-style-type: none"><li>i. Grangemouth refinery business</li><li>ii. <b>[redacted – Regulation 10(5)(e)]</b></li><li>iii. Import terminal and bio-refinery</li></ol></li><li>3. Other investment opportunities (hydrogen)</li><li>4. AOB and close</li></ol>
<b>Key message(s)</b>	<ul style="list-style-type: none"><li>• <b>I know that you established a strong and successful working relationship</b> with Michael Matheson and today is about renewing that relationship as we look towards accelerating the Grangemouth refinery's transition.</li><li>• <b>You have a legacy to be proud of in Scotland</b>, having sustained operations during what was a hugely difficult time for the sector during the Covid-19 pandemic.</li><li>• <b>The future of the Grangemouth industrial cluster is of huge importance to the First Minister and me</b> – and that is why, upon my appointment as Cabinet Secretary, I made working with businesses like Petroineos to accelerate decarbonisation at major industrial sites like Grangemouth one of my portfolio priorities.</li><li>• <b>[redacted – Regulation 10(5)(e)]</b></li><li>• <b>I am aware that you are currently exploring [redacted – Regulation 10(5)(e)]</b>. I am keen to hear more about these opportunities, including <b>[redacted – Regulation 10(5)(e)]</b> to benefit those who work and live there.</li></ul>

<p><b>Who</b></p>	<p><b>Zhu Wenjin (referred to as Mr Zhu)</b>, CEO, Petroineos Trading Ltd.</p> <p><b>Wang Gong (referred to as Mr Wang)</b>, Executive Vice President, Petroineos Refining Ltd.</p> <p><b>Keith Martin</b>, Chief Commercial Officer, Petroineos Trading Ltd.</p> <p><b>[redacted – Regulation 11]</b>, Head of Legal, Petroineos Trading Ltd.</p>
<p><b>Why</b></p>	<p><u>Purpose of meeting:</u></p> <ol style="list-style-type: none"> <li><b>(1) To introduce yourself to the Petrochina side of the business.</b></li> <li><b>(2) To reaffirm SG’s commitment to support the Joint Venture as [redacted – Regulation 10(5)(e)].</b></li> <li><b>(3) To receive an update on the Grangemouth refinery business and Petrochina’s priority investment activities.</b></li> <li><b>(4) To impress upon the business the importance of maintaining Scotland’s fuel security through the development of import infrastructure to ensure fuel supplies at all times.</b></li> </ol> <p><u>Background</u></p> <p>As a follow up to his congratulatory letter to you on 13 April 2023 (upon your appointment), you are having an introductory meeting with Mr Zhu and his team to re-affirm SG’s support of the Grangemouth refinery business and receive a brief update on the business’ latest financial performance. Mr Zhu is Petrochina’s most senior representative within the JV.</p> <p>This meeting follows your meeting with Andrew Gardner (Chairman, INEOS businesses at Grangemouth) on 8 June, which naturally focussed on INEOS’ interests at Grangemouth. <b><u>This meeting will solely focus on Petrochina’s position as it relates to the refinery business.</u></b></p> <p>As you will recall <b>[redacted – Regulation 10(5)(e)]</b> the Petroineos JV Grangemouth Refinery is owned by INEOS and Petrochina – the latter being a Chinese multi-national oil and gas company whose parent company is the state owned China National Petroleum Corporation (CNPC). <b>[redacted – Regulation 10(5)(e)]</b>.</p> <p>In <b>[redacted – Regulation 10(5)(e)]</b>, Mr Zhu <b>[redacted – Regulation 10(5)(e)]</b>.</p> <p><b>[redacted – Regulation 10(5)(e)]</b> (further background can be found in <b><u>Annex C</u></b>).</p> <p><b>[redacted – Regulation 10(5)(e)]</b> (detailed in <b><u>Annex C</u></b>):</p> <ul style="list-style-type: none"> <li>• <b>Import terminal at Finnart and Grangemouth</b> – this project would see the existing infrastructure at both sites upgraded to allow refined product (as opposed to solely crude oil) to flow from Finnart into</li> </ul>

	<p>Grangemouth, which will be critical in the event that the refinery does cease operations in the future. <b>[redacted – Regulation 10(5)(e)]</b>.</p> <ul style="list-style-type: none"> <li>• <b>Bio-refinery</b> – this project would see the existing oil refinery transition to an asset that can supply sustainable aviation fuels (SAF) and bio-diesel. SG has expressed to the business a willingness to support feasibility studies that allow the project to progress to a point where it becomes market investable. <u>SG has already co-funded early study work for this project.</u> <b>[redacted – Regulation 10(5)(e)]</b>.</li> </ul> <p>Petrochina has expressed <b>[redacted – Regulation 10(5)(e)]</b></p> <p>SG’s Position on <b>[redacted – Regulation 10(5)(e)]</b></p> <p><b>[redacted – Regulation 10(5)(e)]</b></p> <p>SG is very open to discussing with Petrochina opportunities around hydrogen production, given that it will be an enabling fuel in our Just Transition to Net Zero.</p>
<b>Supporting official</b>	<b>[redacted – Regulation 11]</b> – Head of Critical Energy Infrastructure and Commercial Projects, DECC: Energy Industries 📞 Ext: <b>[redacted – Regulation 11]</b> M: <b>[redacted – Regulation 11]</b>
<b>Briefing contents</b>	<p><b>Annex A:</b> Agenda and Steering Brief</p> <p><b>Annex B:</b> Biographies</p> <p><b>Annex C:</b> Grangemouth Refinery <b>[redacted – Regulation 10(5)(e)]</b></p> <p><b>Annex D:</b> Hot Topics: Current Oil Market Position and Hydrogen Policy</p>



## ANNEX A – MEETING AGENDA AND STEERING BRIEF

<b>13:40-13:45</b>	<b>Introductions</b>  It is suggested that you should start the meeting by leading introductions.  <b>Mr Zhu will lead discussions from the Petroineos team.</b>
<b><u>Suggested opening remarks</u></b> <ul style="list-style-type: none"><li>• Thank you for the kind words in your letter to me upon my appointment as Cabinet Secretary.</li><li>• I recognise the significant contribution you and your shareholders have made to Scotland’s economy, our fuel supplies and the Grangemouth cluster for many years – this is valued and I should like to see our productive working relationship continue.</li><li>• Grangemouth – and, specifically, the refinery – is a key priority for me and that is why I have made working with businesses like Petrochina to accelerate the decarbonisation of sites like Grangemouth one of my eleven priorities.</li><li>• I know that you established a strong and constructive working relationship with my predecessor Michael Matheson and today is about reaffirming the Scottish Government’s commitment to a positive relationship with the business.</li></ul>	
<b>13:45-14:10</b>	<b>Petrochina Updates</b>  You should invite Mr Zhu and his team to provide an update on the following: <ul style="list-style-type: none"><li>1. Grangemouth refinery business;</li><li>2. <b>[redacted – Regulation 10(5)(e)]</b>; and</li><li>3. Import terminal and bio-refinery.</li></ul> <b><u>N.B.:</u> [redacted – Regulation 10(5)(e)]</b>
<b><u>Lines to take</u></b>  <b>Grangemouth refinery business</b> <ul style="list-style-type: none"><li>• The refinery business is a source of fuel security, high value employment and a key enabler in terms of decarbonising Grangemouth – <b>[redacted – Regulation 10(5)(e)]</b>.</li><li>• <b>[redacted – Regulation 10(5)(e)]</b></li><li>• I understand that crude and refined oil prices are considerably lower than they were this time last year, however I am also aware that we are coming</li></ul>	

into driving season in the US which can see prices increase – so can you provide an update on the refinery’s current margins?

- What is the refinery’s outlook for the next 12 months?
- **[redacted – Regulation 10(5)(e)]**

**[redacted – Regulation 10(5)(e)]**

- **[redacted – Regulation 10(5)(e)].**
- **[redacted – Regulation 10(5)(e)].**
- **[redacted – Regulation 10(5)(e)]**

### **Import terminal**

- The import terminal infrastructure at Finnart and Grangemouth are a necessity **[redacted – Regulation 10(5)(e)].**
- What is the current position on the import terminal study work? **[redacted – Regulation 10(5)(e)].**
- When is the earliest point at which the import terminal could be in place and ready to commence operations?
- Have you been engaging with UK Government on the reserved aspects of your import terminal planning?
- Do you believe the import terminal **[redacted – Regulation 10(5)(e)]**

### **Bio-refinery**

- The bio-refinery project offers a rare opportunity to transition an ageing and outdated asset to one that can supply the fuels of the future.
- I understand that **[redacted – Regulation 10(5)(e)]**
- **[redacted – Regulation 10(5)(e)]**

**14:10-14:20**

### **Other investment opportunities**

You should invite Mr Zhu to share Petrochina’s wider ambitions for Scotland, noting that **[redacted – Regulation 10(5)(e)].**

Recent media reports suggest that China is seeking to utilise hydrogen – blue and, potentially, green hydrogen – as a replacement fuel for coal in China’s steel sector.

**[redacted – Regulation 10(5)(e)]**

**Lines to take**

- I know [redacted – Regulation 10(5)(e)] hydrogen production in Scotland. [redacted – Regulation 10(5)(e)].
- [redacted – Regulation 10(5)(e)] blue hydrogen as a transition fuel [redacted – Regulation 10(5)(e)]green hydrogen [redacted – Regulation 10(5)(e)]
- Is there scope for collaboration with established businesses in Scotland on hydrogen production?

**14:20-14:25** | **AOB and Close**

**Suggested closing remarks**

- Thank you for your time today, Mr Zhu.
- I see this as the first of many engagements with you and your team – please do get in touch later in the year to arrange a follow-up meeting to discuss progress made.
- In the meantime, please keep lines of dialogue open with my officials who will keep me abreast of any interim updates.

## ANNEX B – BIOGRAPHIES



**Zhu Wenjin (Mr Zhu)**, CEO, Petroineos Trading Ltd. and MD of Petrochina Internarional London

Mr Zhu was appointed CEO of Petroineos Trading Ltd. in 2021 and is Managing Director of Petrochina International London.

Mr. Zhu has 13 years' experience in oil industry with a focus on trading. He was previously Vice President of Petrochina America and Managing Director of Petrochina International's Brazillian and Canadian business from 2014 to 2018. He has worked in PetroChina International HQ across multiple areas including crude oil trading, operations and risk control.



**Wang Gong (Mr Wang)**, Executive Vice President, Petroineos Refining Ltd. and Senior VP for Refining, Petrochina London

Mr Wang has been the Senior Vice President for Refining for the reifnery business since January 2017, having previously served as a Senior Manager at Petrochina's parent company, CNPC, from 2004 to 2012.



**Keith Martin**, Chief Commercial Officer, Petroineos Trading Ltd. and Senior VP, Peteochina International London

Keith became the refinery business' Chief Commercial Officer in May 2023, having only re-joined Petrochina in 2020 as a Senior Vice President.

He has worked in the oil and gas sector for over 30 years, having previously worked in senior positions for Shell, Gazprom, Uniper, and, also Petrochina for 3 years in 2013.

[redacted – Regulation 11], ], Head of Legal, Petroineos Trading Ltd.

[redacted – Regulation 11].

## **ANNEX C – GRANGEMOUTH REFINERY [redacted – Regulation 10(5)(e)]**

**One of your 11 portfolio commitments is that, by 2026, you will have “worked with industry to accelerate decarbonisation and create energy transition opportunities at major industrial sites such as Grangemouth.”**

### **Petroineos Refinery**

- As Scotland’s only refinery, Grangemouth has significant economic and strategic importance; **[redacted – Regulation 10(5)(e)]**
- The Grangemouth refinery **[redacted – Regulation 10(5)(e)]**.
- **[redacted – Regulation 10(5)(e)]**.
- The refinery is owned and operated by Petroineos (PI) – a joint venture (JV) formed in 2011 by INEOS and Petrochina (PC) (a subsidiary of Chinese state owned oil major CNPC, which owns 26 refineries worldwide). **[redacted – Regulation 10(5)(e)]**.
- At maximum capacity **[redacted – Regulation 10(5)(e)]**.
- **[redacted – Regulation 10(5)(e)]**

### **Recent Engagement with Petrochina**

Mr Matheson, in his previous role as Cabinet Secretary for Net Zero, Energy and Transport, led SG’s engagement with INEOS and Petrochina and last met Mr Zhu on 2 March to discuss Petroineos’ import terminal and transition planning for the refinery asset.

**[redacted – Regulation 10(5)(e)]**

### **Import Terminal**

**Project:** **[redacted – Regulation 10 (5)(a)]**. These conversion works would see the existing pipeline from Finnart to Grangemouth being converted to allow for both refined product, as well as bio feedstock (if the bio refinery option is progressed) to be transported, as well as upgrades to current tankage capacity. **The import terminal [redacted – Regulation 10 (5)(a)]**.

**[redacted – Regulation 10(5)(e)]**.

### **Bio-refinery**

**Project:** The Petroineos JV **[redacted – Regulation 10(5)(e)]** bio-refinery **[redacted – Regulation 10(5)(e)]**, which would see the conversion of the current refinery to an asset capable of refining Sustainable Aviation Fuels (SAF), a fuel type that SG is supportive of. If Grangemouth became capable of supplying SAF, it would be one of only a handful of sites in the UK, and probably the only site in Scotland, capable of refining this fuel type, giving Grangemouth a competitive advantage as the aviation industry becomes compliant with the UK’s 2030 SAF mandate.

[redacted – Regulation 10(5)(e)].

[redacted – Regulation 10(5)(e)]

[redacted – Regulation 10(5)(e)].

On 2 March 2023, INEOS Chairman Andrew Gardner and Petrochina International Chief Executive Mr Wu Junli met, separately, then Cab Sec NZET Mr Matheson and then DFM John Swinney to discuss decarbonization opportunities for the businesses, including Petroineos, at Grangemouth. [redacted – Regulation 10(5)(e)]

### **Current market position, expected market reset, and fuel security infrastructure**

The ongoing conflict in Ukraine and associated international sanctions on Russian crude and distillates [redacted – Regulation 10(5)(e)]. Though it is not possible to predict when the conflict will conclude, [redacted – Regulation 10(5)(e)].

[redacted – Regulation 10(5)(e)]. [redacted – Regulation 10 (5)(a)].

[redacted – Regulation 10(5)(e)].

[redacted – Regulation 10(5)(e)]

[redacted – Regulation 10(5)(e)]

1. [redacted – Regulation 10(5)(e)];
2. [redacted – Regulation 10(5)(e)]; and
3. [redacted – Regulation 10(5)(e)].

- [redacted – Regulation 10(5)(e)].
- [redacted – Regulation 10(5)(e)].
- [redacted – Regulation 10(5)(e)].
- [redacted – Regulation 10(5)(e)].

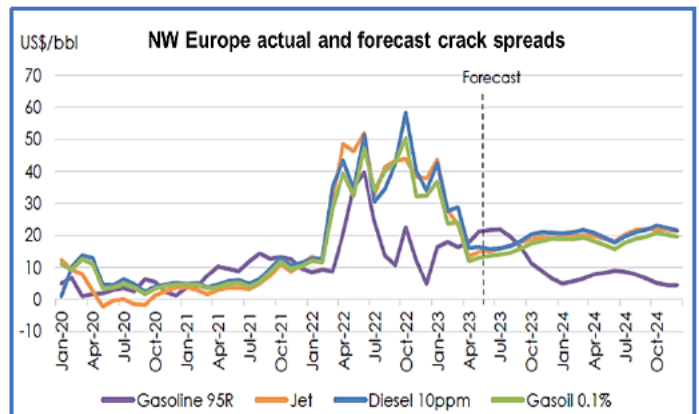
[redacted – Regulation 10(5)(e)]:

- [redacted – Regulation 10(5)(e)].
- [redacted – Regulation 10(5)(e)].
- [redacted – Regulation 10(5)(e)].

## ANNEX D – HOT TOPICS

### Current Oil Market Position

- Current data suggests that margins and crack spreads (the difference between the cost of crude oil and the price of refined product once it leaves the refinery) will be sustained throughout the next three months, before dropping during Q4 2023, which will be driven mostly by a decrease in gasoline margins.



- The graph above shows that, in Northwest Europe, Gasoline (petrol) crack spreads remain lower than expected and will reduce lower still during the during Winter months, which are typically when gasoline prices are at their lowest, and through 2024. Projected Gasoline cracks of \$7-\$8/bbl in Q4 2023 / the first three quarters of 2024 are much lower than the historical average for this fuel type.
- Middle distillates (diesel and jet fuel) will revert to a long term normal position of c. \$20/bbl through the Winter, suggesting that the peaks enjoyed by the refining sector during the initial months of the Ukraine conflict in 2022 are not expected to return.

- **The crack spreads across all products shown in the graph [redacted – Regulation 10(5)(e)].**
- High inflation, followed by increasing central bank interest rates have resulted in recession expectations that have placed downward pressure on prices, with fears of a recession in the US in particular coming, as growth has been weaker than expected. Prices could yet increase if a demand recovery (for LNG in particular) is seen in China or if OPEC+ commits to further production cuts, but these factors are only expected to have an impact in the latter half of the year as stockpiles deplete.

## **Hydrogen Policy**

### Hydrogen at Grangemouth

- Grangemouth is already one of the largest producers and consumer of Hydrogen in Scotland. The skills and experience the workforce at Grangemouth has gained in handling this gas over many decades stand the cluster in good stead for transitioning to the future.
- This gas is a critical component in attaining net zero (and in Scotland's future energy system in particular) and, as the largest producer of hydrogen in the world, the downstream sector could maintain and grow its role in producing and delivering zero-carbon emitting hydrogen to consumers – across industry, and potentially to transport and domestic sectors.
- It is widely accepted that Hydrogen will be a crucial technology in the transition to Net Zero. This is particularly evident in large Industrial sites where many of the existing processes require high temperatures which currently are challenging for electrification.
- Industrial complexes such as Grangemouth present a significant decarbonisation challenge and it will ultimately be a combination of a number of different solutions converging that represent the end solution to this challenge.

### Top Lines

- **The final Hydrogen Action Plan, published on 14 December 2022, sets out the strategic approach and actions required to support the development of the hydrogen economy in Scotland over the course of this Parliament.**
- Hydrogen will be a key part of the net zero journey. Complementary alongside electricity, hydrogen will play a role in industrial decarbonisation, transport, grid balancing and the decarbonisation of other sectors including parts of our domestic heating systems.
- The development of a domestic hydrogen sector and hydrogen production for export, supported by a strong supply chain, will play an important role in supporting a just transition to net zero by 2045 and presents significant long-term economic opportunities.
- In the Action Plan, we refresh our commitment to providing the supportive policy and regulatory environment required to enable Scotland to take a pioneering role in a growing global industry and to support our vision for Scotland to become a



leading hydrogen nation in the production of reliable, competitive, sustainable hydrogen.

- The Action Plan is supported by a £100m capital funding programme, designed to accelerate and maximise the production of renewable hydrogen in Scotland.
- The first tranche of this £100m, the £10m Hydrogen Innovation Scheme, opened in June and will support the production, storage and integration of renewable hydrogen in our energy system. The remaining £90m Green Hydrogen Fund will be launched in 2023.
- This investment is aimed at driving Scotland's hydrogen production capability to meet an ambition of at least 5GW of installed renewable and low carbon hydrogen capacity by 2030 and 25GW by 2045.
- The unpredictable and uncertain outlook for global energy markets has only strengthened the case for accelerating our domestic hydrogen production. The Action Plan has been updated to reflect consultation feedback on the draft Action Plan and the energy developments throughout 2022.
- In September 2022, we also published a Scottish Hydrogen Investment Proposition to promote inward investment in hydrogen and the export of green hydrogen.

