In response to item 4) 26/04/2022 Scottish Parliament meeting with Equinor, Nicola Sturgeon MSP (First Minister) Lobbying Register

BRIEFING FOR THE FIRST MINISTER

MEETING WITH ANDERS OPEDAL, CEO OF EQUINOR

Date (26 APRIL 2022)

Key message	We welcome Equinor's significant investment and partnerships in Scotland, especially in relation to our transition to renewable energy. We are keen to understand more about their future ambitions to work with Scotland on energy transition. Energy transition will be covered in our draft Energy Strategy and Just Transition Plan, which will be published for consultation this year and will provide a roadmap for the future of Scotland's energy system to meet our Net Zero targets. This also links to our drive for more renewables to further enhance our energy security and innovations in Carbon Capture, Utilisation and Storage (CCUS).
What	To meet with Mr Opedal and discuss Scotland's energy transition and energy security in light of the ongoing conflict in Ukraine.
Why	This is Anders Opedal's first official visit to Scotland as CEO of Equinor. He has requested a meeting with the you. This has been recommended as Equinor are significant investors in Scotland, with a focus on floating wind technology. We recommend a short introductory chat with the First Minister to demonstrate Scotland's commitment to the energy transition. We also see this as an opportunity for Equinor to be an early productive partner for our Copenhagen Hub.
Who	Anders Opedal – Chief Executive Officer – Equinor David Cairns – Vice President Political and Public Affairs – Equinor Al Cook - Executive Vice President for Exploration & Production Arne Gürtner - Senior Vice President UK & Ireland offshore – Equinor
Where	Scottish Parliament – First Minister's Office, 4th Floor
When	26 April 2022 16:00 – 16:30
Likely themes	Scotland's ambitions in energy transition and reaching net zero. Equinor's investments in Renewables and partnerships in Scotland and how this can support our energy transition

	Energy security in light of the Ukraine conflict and how to accelerate the move to renewable energy
Media	FM Comms will send a tweet after the meeting from @ScotGovFM: *Today First Minister @NicolaSturgeon met with @Equinor_UK CEO Anders Opedal, they discussed Scotland's ambitions in energy transition and reaching net zero as well as accelerating the move to renewable energy.* *PIC & tag @Andop68 & @ScotGovNetZero* Official Support to take a photo at the beginning of the meeting.
Supporting official	Frank Strang – Deputy Director, European Relations, Directorate for External Affairs
Attached documents	Annex A: Agenda and Summary Annex B: Background on Equinor and Anders Opedal Annex C: Briefing - likely topics to be raised Annex D: Read out from Meeting between Cabinet Secretary for Net Zero, Energy and Transport and Arne Gürtner, Senior Vice President UK & Ireland offshore at Equinor and David Cairns, Vice President Political and Public Affairs at Equinor.

ANNEX A

Summary and Agenda

Summary

This is Anders Opedal's first official visit to Scotland since being appointed as CEO of Equinor in November 2021, and he requested a meeting with the First Minister. We are recommending a short introductory chat as Equinor are serious investors in Scotland and gives you the opportunity to demonstrate Scotland's commitment to the energy transition as well as understand more about Equinor's future ambitions to work with Scotland on Energy Transition and developments within the North Sea.

Equinor's investments and partnerships in Scotland include:

- Hywind Scotland offshore wind farm in 2009 (the world's first floating turbines);
- Mariner oil and gas field; and
- Partnership with SSE for CCUS in Peterhead.

Agenda

This is an in-person meeting to build relation with Equinor's new CEO, Anders Opedal. While there is no set agenda it is likely that the following topics may arise:

- Scotland's ambitions in reaching net zero;
- Equinor's investments and partnerships in Scotland and how this can support our energy transition; and
- Energy security in light of the Ukraine conflict and how to accelerate the move to renewable energy.

The Cabinet Secretary for Net Zero, Energy and Transport met with Arne Gürtner, Senior Vice President UK & Ireland offshore at Equinor and David Cairns, Vice President Political and Public Affairs at Equinor on 16 December 2021 to specifically discuss oil & gas policy. A readout of this meeting is attached as Annex D.

Potential sensitivities:

Equinor are the operator in the Rosebank Oil Field, which is due for Final Investment Decision approval by the North Sea Transition Authority later in 2022.

Equinor were unsuccessful in the ScotWind leasing round, and are aware that the Scottish Government has had no involvement in the scoring of ScotWind bids. They have received feedback from Crown Estate Scotland. Equinor have indicated they will not be raising ScotWind at the meeting as the lack of success was their fault.

ANNEX B

Background on Equinor and Anders Opedal

Equinor

Equinor has significant investments and partnerships in Scotland, from the Hywind Scotland offshore wind field, the world's first floating offshore wind farm, to the Mariner oil and gas field, to their partnership in Peterhead with SSE for carbon capture and storage. They have growing partnerships with companies in Scotland who are supplying other O&G operations around the UK, and have a large office in Aberdeen. They also have significant future ambitions in Scotland as a partner in the energy transition, and with our shared heritage of the North Sea.

On 19th April, Equinor announced its Energy Transition Strategy for its ambition to reach net-zero emissions by 2050, with near- and medium-term decarbonisation and spending targets.

- Their strategy includes halving operational greenhouse gas emissions by 2030 relative to 2015 levels, allocating more than half of annual gross capex to renewables and low-carbon solutions by 2030 and reducing net carbon intensity—including scope three emissions—by 20pc by 2030 and 40pc by 2035.
- It has made nearly half of the reductions needed to hit the 2030 target through a combination of portfolio optimisation and energy efficiency measures In the long term, the firm will use offsets to reach net zero and has established its own quality criteria based on the Oxford Principles for Net Zero Aligned Carbon Offsetting.
- Equinor CEO Anders Opedal said *"Our energy transition plan is based on actions. We believe it demonstrates that we have the right strategy, ambition level, capabilities and track record to be a leading company in the energy transition while ensuring long-term shareholder value creation and competitiveness,"*.

List of attendees

Biographies:

Anders Opedal, CEO Equinor

Anders Opedal became Chief Executive Officer (CEO) of Equinor in November 2020 following various roles from procurement to technology.

Opedal holds an MBA from Heriot-Watt University and a Masters degree in Engineering from the Norwegian Institute of Technology.

David Cairns, Vice President Political and Public Affairs – Equinor

David Cairns has been Vice President Policy and Public Affairs Global at Equinor since August 2019, and is responsible for Equinor's UK Government relations. Before joining Equinor, David was the British Ambassador to Sweden (2015-19) and the Foreign and Commonwealth Office's Director for the Nordic Baltic Network.

Al Cook, Executive Vice President for Exploration & Production International - Equinor

Cook joined Equinor in 2016. He comes from the position of Executive Vice President Global Strategy & Business Development (GSB), which he had since May 2018. He started as SVP in Development & Production International overseeing operations in Angola, Argentina, Azerbaijan, Libya, Nigeria, Russia and Venezuela. He joined from BP, where he was Chief of Staff to the CEO.

Arne Gürtner, Senior Vice President UK & Ireland offshore – Equinor

Arne Gürtner is Senior Vice President UK & Ireland offshore at Equinor. Based in Equinor's UK operations headquarters in Aberdeen, Mr Gürtner leads the organisation supporting the Norwegian energy giant's UK and Ireland upstream activities. That includes the Mariner development and Rosebank. Arne is also the co-chairman of Oil & Gas UK

ANNEX C

Briefing - likely topics to be raised

1. Highlight Scotland's Net Zero ambitions

- Scotland has the most ambitious legislative framework for emissions reduction in the world and this is underpinned by a legal commitment to deliver a just transition.
- Our landmark 2019 Climate Change Act sets a target of net-zero emissions of all greenhouse gases by 2045.
- Our 75% target for 2030 goes far beyond what the Intergovernmental Panel on Climate Change (IPCC) Special Report says is needed globally to prevent warming of more than 1.5 degrees.
- Our emissions are down by over 50% (since the 1990 baseline), and we continue to outperform the UK as a whole in delivering long-term reductions.
- Our 2022-23 Budget sets out record levels of investment to address the climate emergency and deliver a just transition to net zero, including the first £20m of our £500m Just Transition Fund.
- Our updated Climate Change Plan sets out a comprehensive, detailed and ambitious policy package. Our focus is on delivering this.
- Higher UKG ambition is also needed to unlock reserved issues, including support for the development of fully sustainable security of electricity supply from zero carbon sources and the diverse energy system we need to decarbonise heat and transport.

Energy Strategy and Just Transition

- Our draft Energy Strategy and Just Transition Plan (ESJTP) will be published in Autumn 2022 and will be critical to delivering on our Net Zero Pathway, providing a detailed road map showing who needs to deliver what and by when in order to deliver on our targets.
- The ESJTP will take a whole-system view of how the sector must evolve to drive our transition to net zero, with a specific focus on actions needed to meet our 2030 interim target.
- We are committed to working across society to deliver lasting action that secures a just transition to climate resilience and net zero for Scotland
- On 7 December, Parliament overwhelmingly voted to endorse the importance of delivering a just transition for Scotland, and our response to the work of the Just Transition Commission.

Oil and gas

- **Sensitivity: Equinor are operator in the Rosebank Oil Field due for Final Investment Decision approval by the North Sea Transition Authority in 2022**
- Climate Change has not gone away. The science is clear that the world cannot go on extracting fossil fuels indefinitely if the necessity of limiting global warming to 1.5 degrees is to be achieved. We cannot in good conscience ignore that.
- In relation to oil and gas fields, already partially sanctioned, and to the licensing requirements of new fields, if we say the answer to our current reliance on oil and gas for jobs and energy is to keep opening new oilfields, we don't have sufficient imperative to develop alternatives quickly enough. Instead we become fixed in a cycle of dependency.
- We must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development.
- I made clear the concerns on the licensing of new fields, including those already sanctioned, in writing to the PM in August, whose Government currently holds powers over such decisions – calling for rigorous climate compatibility assessments to ensure any proposal is consistent with emissions reduction targets.
- We are undertaking work to better understand Scotland's energy requirements as we transition to net zero, ensuring we support and protect our energy security and our highly skilled workforce whilst meeting our climate obligations.

2. <u>Equinor's investments and partnerships in Scotland</u>

- I welcome Equinor's continued investment in Scotland in our pursuit of our net zero ambitions.
- I am keen to hear about Equinor's plans for future ambitions to work in Scotland in energy transition.

Offshore wind – Equinor Hywind involvement

- **Sensitivity: Equinor were unsuccessful in the ScotWind leasing round**, **and are aware that the Scottish Government has had no involvement in the scoring of ScotWind bids. They have received feedback from Crown Estate Scotland.**
- Equinor's 30 MW Hywind Scotland, located off the coast of Peterhead, was the world's first commercial floating offshore wind farm.
- Scotland's natural resources, which include strong and consistent wind resource, along with our established expertise in offshore oil and gas, skilled offshore workforce, excellent port structure and strong innovation hub, make

Scotland one of the best places in the world to develop offshore wind and its supply chain.

CCUS - Equinor Peterhead involvement

- Peterhead is Scotland's only flexible gas-fired power station, operating since 1982.
- Situated on Scotland's east coast, the Peterhead site is ideally placed for carbon capture technology, with access to essential CO2 transport and storage infrastructure being developed through the Acorn Project.
- Equinor and SSE Thermal's proposed CCS Power Station formed part of the Acorn Cluster bid in the UK Cluster Sequencing process.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- Equinor is also partnered with SSE Thermal on 3 projects within the successful Track 1 East Coast CCS Cluster. These include the Keadby 3 CCS Power station, the Keadby Hydrogen power station and the Aldbrough Hydrogen Storage projects.
- The Scottish Government supports the development of CCUS as a common whole-system decarbonisation infrastructure with the flexibility to adapt over time to play a central role across the decarbonisation strategies of key sectors such as heat, industry and power.
- It is clear that CCUS will play an important role in helping us to reach net-zero emissions. Advice from the Climate Change Committee describes CCUS as a "necessity, not an option" to achieve net-zero emissions.
- In October 2021, the UK government failed to award the Scottish Cluster (led by the Acorn Project at St Fergus, of which Peterhead Power Station was a part) Track 1 status in their CCUS cluster sequencing process. The Scottish Cluster was instead designated reserve status.
- We remain committed to supporting the continued growth and development of the Scottish Cluster to ensure that Scotland reaches its net zero goals by 2045. We advised the UK Government that we would help to support the Scottish Cluster, and stand ready to deliver on that commitment.

3. Energy Security

- Whilst security of oil and gas supply is currently not an issue for the UK (as only 4% of the gas and 8% of oil consumed in the UK is supplied directly from Russia) the UK cannot be separated from the rising and inherently damaging price risks facing both domestic and industrial gas consumers across Europe.
- Given recent international events we should be looking to immediately accelerate the transition to renewables and reduce our dependence on oil and gas products.

- We were disappointed not to be involved in the development of the UK Government's Energy Security Strategy, particularly given the important role that Scotland plays in exporting electricity to the rest of the UK.
- We believe that traditional nuclear power is poor value for consumers and, due to the long lead in time for construction, will not provide additional energy security in the immediate term. Renewable energy is the best way to meet net zero.

ANNEX D

Draft Read Out: Equinor – 16 December 2021 - Specifically in relation to Oil and Gas policy

Cabinet Secretary for Net Zero, Energy and Transport
Arne Gurtner and David Cairns both of Equinor
Scottish Government Energy Officials

- Equinor outlined their planned investment into the Rosebank oil field due for Final Investment Decision in the coming months – this is a significant investment of £4bn and will have a direct impact on the supply chain and jobs – asking directly what is the SG view of the Project.
- Cab Sec outlined the SG approach to refreshing the energy strategy and just transition plan, and that oil and gas will be a part of the energy mix, pointing also to the current energy demand and supply analysis work that is ongoing which will provide a view on what is Scotland's current energy requirements. Commenting also that the landscape has changed significantly and that any developments that have been sanctioned need to be justified and have a transparent accountability, noting the OGA license process needs to be clearly explained and far more transparent – all future developments will face the same challenge politically and environmentally as Cambo. There needs to be far more transparency on the regulatory process.
- Equinor pointed to Rosebank already being part of the CCC projections and the need to avoid a cliff edge approach, and that new developments will be required to deliver domestic demands and to reduce the reliance on imports.
- Cabinet Secretary noted that there is a wider perception issue that needed to be addressed where developments should only go ahead against our domestic needs. Wider society don't see the industry as being transparent and accountable, including that of the work of the OGA – the regulator should be more transparent and accountable and act as a guardian on delivering our net zero commitments.
- Equinor raised the point that the OGA has stepped up particularly in terms of reducing emission reductions with Cab Sec commenting that this was all process based for the regulator.
- Equinor noted that there is no evidence that shows from here until 2050 that the UK will not deliver less hydrocarbons tham what the UK requires for our energy demands.
- Cab Sec commented that the industry needs to have a process that provides both public and political certainty that is required about further developments.
- Equinor noted there is a need to be realistic about the energy transition – industry is moving at pace but there is still a lag between when this activity will ultimately replace future energy and jobs.

- Cab Sec noted that the sector need to keep on justifying its social license to operate, recognising that the sector is and will be a key strength in the energy transition
- Equinor questioned if the spike in gas prices raised issues around our energy security, and updated on the Doggar Bank investment which is helping with the Scottish supply chain – notably Nigg and Star.
- Cab Sec closed noting that the recent months have showed that there is a need to decarbonise quicker which was echoed by Minister Kwarteng. In term of what does this mean for our energy mix – this is still an issue for debate.

ENGAGEMENT REPORT	
Minister	First Minister (**FM**), Nicola Sturgeon
Type of engagement	Bilateral meeting with Anders Opedal, CEO of Equinor
Date	26 April 2022
Who	Anders Opedal (**AO**) – Chief Executive Officer , Equinor Arne Gürtner (**AG**)- Senior Vice President UK & Ireland offshore David Cairns – Vice President Political and Public Affairs Al Cook (**AC**)- Executive Vice President for Exploration & Production
Attending Official	Frank Strang – Deputy Director, European Relations, Directorate for External Affairs
Key Points	AO described Equinor as being committed to using its history and innovative know-how to help be a part of the solution in terms of the transition to net zero. They had already taken action in terms of offshore wind, CCS and hydrogen. In as much as they continued to produce oil and gas, this was being decarbonised with emissions around a third of the world average. FM described Scotland's approach including driving up the sustainability of production and importantly investing in alternatives. She said that it was inevitable that any new oil and gas exploration would be under ever greater scrutiny. She mentioned the huge potential for hydrogen exports. She recognised shared goals with Equinor and wanted to identify ways of working together. AO welcomed the fact that his company and the Norwegian and Scottish governments were on the same page. With time he would expect the demand for Oil and Gas to fall but to be replaced by demand for decarbonised fuel and renewables. The FM commented that the faster we were able to develop renewables, the sooner we could reduce fossil fuel consumption.

	AO said in passing they were disappointed about the Scot Wind outcome and were asking themselves what they should do differently in future. They had not lost interest. It was agreed that the Ukraine crisis did not affect the fundamentals. AO said Equinor had responded to short term needs but would not be tempted to change its longer-term strategies. The FM welcomed this. AC described their growing expertise in electrifying production including retrofitting existing platforms. They have particular plans for west of Shetland, all in the context of getting to net zero by 2050. AG said that they were keen to see the agenda as being not just about risks but also about opportunities. He spoke warmly about the 700 staff in NE Scotland many of whom are applying skills learnt for oil and gas in the context of renewables. FM commented on the need for leadership and welcomed the challenge between industry and government to spur each other to moving faster. AO said that he would very much welcome further contact perhaps during the FM's visit in late summer. He was keen to show her activity on the ground, such as Northern Lights flexible CCS Project

In response to item 6) 10/05/2022 Meeting with Equinor, Richard Lochhead MSP (Minister for Just Transition Employment and Fair Work), Ministerial engagements travel and gifts

BRIEFING NOTE 4
Meeting with Ms Kristin Westvik – Senior Vice President Operation North, Equinor

When	Tuesday 10 May 2022, 11:30 – 12:15
Where	Restaurant Clarion Hotel The Edge
Key Messages	• We welcome Equinor's **significant investment and partnerships in Scotland**, especially in relation to our transition to renewable energy. • Keen to learn more on Equinor's **operations in the High North** and how they compare with their activities in Scotland. • Protecting workers and supporting the creation of good, green jobs is a central component of a just transition. • Energy transition will be covered in our draft **Energy Strategy and Just Transition Plan**, which will be published for consultation this year and will provide a roadmap for the future of Scotland's energy system to meet our Net Zero targets.
Who	**Ms Kristin Westvik** **Senior Vice President Operation North, Equinor** Kristin started her career in Equinor in 1997 and has been responsible for several business areas in the company, both offshore and onshore. In 2018-2019, she led Equinor's strategic planning for the Norwegian Continental Shelf, including the introduction of the new climate strategy for the company in Norway. Since February 2020, she has served as Senior Vice President of Exploration and Production North, and is responsible for Equinor's operations from the coast of Møre to the Russian border. Kristin is originally from Stavanger.

Why	Equinor are significant investors in Scotland, with a focus on floating wind technology. **The FM met their new CEO on 26 April (see engagement report at Annex C).** A chance to strengthen international cooperation and progress in Just Transition; 1) emphasising Scotland's world-leading progress, 2) learning from international practices to improve domestic policy and 3) reaffirming Scottish Government's commitment to international collaborative working.
Official Support	[Redacted Regulation 11(2) – (personal data of a third party)] – Senior Policy Advisor, Transition Policy Unit [Redacted Regulation 11(2) – (personal data of a third party)] Arctic Policy Lead, Nordic and Arctic Unit
Social Media	@Equinor @Equinor_UK
Briefing contents	Annex A – Talking points Annex B – Equinor – Background Info Annex C – FM's meeting with new CEO of Equinor (26 April)

TALKING POINTS **ANNEX A**

Oil and gas

Sensitivity: Equinor are the operator in the Rosebank Oil Field, which is due for Final Investment Decision approval by the North Sea Transition Authority later in 2023. Along with Cambo, Rosebank is one of the largest untapped discoveries in UK waters, with an estimated 300 million barrels of oil recoverable, according to some industry estimates. The three Rosebank licences are due to expire at the end of May, though Equinor may seek an extension from the North Sea Transition Authority.

- Climate Change has not gone away. The science is clear that the world cannot go on extracting fossil fuels indefinitely.
- We must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development.
- The FM made clear the concerns on the licensing of new fields, including those already sanctioned, in writing to the PM in August, whose Government currently holds powers over such decisions – calling for rigorous climate compatibility assessments to ensure any proposal is consistent with emissions reduction targets.
- We are undertaking work to better understand Scotland's energy requirements as we transition to net zero, ensuring we support and protect our energy security and our highly skilled workforce whilst meeting our climate obligations.
- ***Ask:*** *Norway's rich oil and gas heritage – are there learnings or synergies that could be shared as we embark upon the path of a just transition for the oil and gas sector?*
- ***Ask:*** *What opportunities do you see for emerging industries, building on the skillset of your oil & gas workforce?*
- ***Ask:*** *I am particularly interested in your operations in the North of Norway. What's the current situation? Are there plans to intensify and expand extraction?*

Equinor's investments and partnerships in Scotland

- I welcome Equinor's continued investment in Scotland in our pursuit of our net zero ambitions.
- As you will know, our First Minister met your new CEO in Edinburgh at the end of April.
- ***Ask***: *I am keen to hear your thoughts about Equinor's plans and future ambitions to work in Scotland in energy transition.*

Offshore wind

Sensitivity: Equinor were unsuccessful in the ScotWind leasing round, and are aware that the Scottish Government has had no involvement in the scoring of ScotWind bids. They have received feedback from Crown Estate Scotland.

- Equinor's 30 MW Hywind Scotland, located off the coast of Peterhead, was the world's first commercial floating offshore wind farm.
- Scotland's natural resources, which include strong and consistent wind resource, along with our established expertise in offshore oil and gas, skilled offshore workforce, excellent port structure and strong innovation hub, make Scotland one of the best places in the world to develop offshore wind and its supply chain.
- ***Ask****: Compared to your operations in Scotland, how does offshore wind feature in Equinor's plans for the region you are responsible for?*

EQUINOR – BACKGROUND INFO **ANNEX B**

Equinor has significant investments and partnerships in Scotland, from the Hywind Scotland offshore wind field, the world's first floating offshore wind farm, to the Mariner oil and gas field, to their partnership in Peterhead with SSE for carbon capture and storage. They have growing partnerships with companies in Scotland who are supplying other O&G operations around the UK, and have a large office in Aberdeen. They also have significant future ambitions in Scotland as a partner in the energy transition, and with our shared heritage of the North Sea.

CCUS - Equinor Peterhead involvement

- Peterhead is Scotland's only flexible gas-fired power station, operating since 1982.
- Equinor and SSE Thermal's proposed CCS Power Station formed part of the Acorn Cluster bid in the UK Cluster Sequencing process.
- In March 2022, SSE Thermal and Equinor submitted a planning application to the Scottish Ministers for a proposed 910MW Peterhead Carbon Capture Power Station project. This is now being considered by the Energy Consents Unit, with a determination likely next year.
- In total, the proposed new station could capture an average of one and a half million tonnes of CO2 a year.
- Equinor is also partnered with SSE Thermal on 3 projects within the successful Track 1 East Coast CCS Cluster. These include the Keadby 3 CCS Power station, the Keadby Hydrogen power station and the Aldbrough Hydrogen Storage projects.
- The Scottish Government supports the development of CCUS as a common whole-system decarbonisation infrastructure with the flexibility to adapt over time to play a central role across the decarbonisation strategies of key sectors such as heat, industry and power.
- In October 2021, the UK government failed to award the Scottish Cluster (led by the Acorn Project at St Fergus, of which Peterhead Power Station was a part) Track 1 status in their CCUS cluster sequencing process. The Scottish Cluster was instead designated reserve status.
- We remain committed to supporting the continued growth and development of the Scottish Cluster to ensure that Scotland reaches its net zero goals by 2045. We advised the UK Government that we would help to support the Scottish Cluster, and stand ready to deliver on that commitment.

On 19th April, Equinor announced its Energy Transition Strategy for its ambition to reach net-zero emissions by 2050, with near- and medium-term decarbonisation and spending targets.

- Their strategy includes halving operational greenhouse gas emissions by 2030 relative to 2015 levels, allocating more than half of annual gross capex to renewables and low-carbon solutions by 2030 and reducing net carbon intensity—including scope three emissions—by 20pc by 2030 and 40pc by 2035.
- It has made nearly half of the reductions needed to hit the 2030 target through a combination of portfolio optimisation and energy efficiency measures In the long term, the firm will use offsets to reach net zero and has established its own quality criteria based on the Oxford Principles for Net Zero Aligned Carbon Offsetting.
- Equinor CEO Anders Opedal said *"Our energy transition plan is based on actions. We believe it demonstrates that we have the right strategy, ambition level, capabilities and track record to be a leading company in the energy transition while ensuring long-term shareholder value creation and competitiveness,"*.

ENGAGEMENT REPORT – MEETING BETWEEN FM AND EQUINOR ANNEX C

Date	26 April 2022
Who	Anders Opedal (**AO**) – Chief Executive Officer Arne Gürtner (**AG**) – Senior Vice President UK & Ireland offshore Al Cook (**AC**) – Exec Vice President for Exploration & Production
Key Points	AO described Equinor as being committed to using its history and innovative know-how to help be a part of the solution in terms of the transition to net zero. They had already taken action in terms of offshore wind, CCS and hydrogen. In as much as they continued to produce oil and gas, this was being decarbonised with emissions around a third of the world average. FM described Scotland's approach including driving up the sustainability of production and importantly investing in alternatives. She said that it was inevitable that any new oil and gas exploration would be under ever greater scrutiny. She mentioned the huge potential for hydrogen exports. She recognised shared goals with Equinor and wanted to identify ways of working together. AO welcomed the fact that his company and the Norwegian and Scottish governments were on the same page. With time he would expect the demand for Oil and Gas to fall but to be replaced by demand for decarbonised fuel and renewables. The FM commented that the faster we were able to develop renewables, the sooner we could reduce fossil fuel consumption. AO said in passing they were disappointed about the ScotWind outcome and were asking themselves what they should do differently in future. They had not lost interest. It was agreed that the Ukraine crisis did not affect the fundamentals. AO said Equinor had responded to short term needs but would not be tempted to change its longer-term strategies. The FM welcomed this. AC described their growing expertise in electrifying production including retrofitting existing platforms. They have particular plans for west of Shetland, all in the context of getting to net zero by 2050. AG said that they were keen to see the agenda as being not just about risks but also about opportunities. He spoke warmly about the 700 staff in NE Scotland many of whom are applying skills learnt for oil and gas in the context of renewables. FM commented on the need for leadership and welcomed the challenge between industry and government to spur each other to moving faster. AO said that he would very much welcome further contact perhaps during the FM's visit in late summer. He was keen to show her activity on the ground, such as Northern Lights flexible CCS Project.

ENGAGEMENT REPORT	
Minister (or Senior official)	*Minister for Just Transition, Employment and Fair Work*
Type of engagement	*Meeting*
Date	*10 May 2022*
Who	*Kristin Westvik, SVP Operations North at Equinor* *Knut Harald Nygård, Equinor* *Tone Anita Karlsen, Equinor*
Key Points	• Energy security and clean supply of gas for Europe • Upcoming Equinor report on the socio-economic benefits of CCS investments in Peterhead • Net zero transition and energy security not mutually exclusive • Scottish lessons from production in the UK Continental Shelf and the observation that production is declining, with a clear impetus on ensuring workforce can transition to renewable sector • Concept of a 'skills passport' for workers • Ensuring economic benefits of investments are seen by local communities
Actions	N/A
Attending Official(s)	[Redacted Regulation 11(2) – (personal data of a third party)]*, Senior Policy Advisor – Just Transition Policy* [Redacted Regulation 11(2) – (personal data of a third party)]*, Senior Policy Officer – Arctic and Nordic Unit* [Redacted Regulation 11(2) – (personal data of a third party)]*, Private Secretary*

In response to item 7) 17/05/2022 Norwegian Consulate General meeting with Equinor, Angus Robertson MSP (Cabinet for the Constitution External Affairs and Culture) Lobbying Register

BRIEFING NOTE FOR THE CABINET SECRETARY FOR CONSTITUTION, EXTERNAL AFFAIRS AND CULTURE

Tuesday, 17 May 2022

Key Messages	• Scotland values its longstanding links with Norway. Your contribution to our economy, culture and society is greatly appreciated. • We welcome continued close collaboration on shared areas of interest including sustainable transport, environmental policies and green transition. • We are in the process of opening a new office in Copenhagen. It will have a pan-Nordic remit and will offer further opportunities to deepen Scottish-Norwegian links.
Who	• **Professor Julian Jones** - Honorary Consul General, Norwegian Consulate General • **Mona Røhne** – Consul, Norwegian Consulate General • **David Windmill** – Retiring Honorary Consul General **Professor Julian Jones** was appointed as new Honorary Consul General of Norway in February 2022. Before starting his diplomatic career, Professor Jones held numerous management and leadership posts at Heriot Watt University including Deputy Vice-Chancellor and interim Principal and Vice-Chancellor. **Full attendee list is attached at Annex B.**
What	Attendance at a reception to celebrate Norwegian Constitution Day and thank retiring Honorary Consul General, David Windmill. **You have been asked to deliver short closing remarks.**
Where	Norwegian Consulate General, 12 Rutland Square, EH1 2BB
When	Tuesday 17 May 16:00-18:00 **Due to Parliament Business, you will attend the event briefly from approximately 17:30-18:00. The organisers have been notified.**
Supporting Officials	[Redacted Regulation 11(2) – (personal data of a third party)] Head of Nordic and Arctic Unit Mobile:[Redacted Regulation 11(2) – (personal data of a third party)]

Attached documents	Annex A: Core Brief Annex B: Full attendee list **Speaking note attached separately**

CORE BRIEF **ANNEX A**

Scottish Government office in Copenhagen

- Scottish Government will open a new office in Copenhagen. It became operational earlier this week.
- [Redacted Regulation 11(2) – (personal data of a third party)], formerly Deputy Director for Investment Finance, has been appointed as Head of Office and will lead this expansion of Scotland's international network into the Nordic region.
- The office will be co-located with the existing SDI team within the local British Embassy. Similarly to SDI, it will undertake a pan-Nordic remit but Norway will be a priority country.
- The office will be tasked with increasing Scotland's cultural, commercial and policy visibility in the region, brokering new opportunities for collaboration around the Scottish Government's priorities for international engagement – net zero and climate action, a sustainable recovery from the pandemic and social wellbeing, among others.
- Collaboration with international partners will be key to promoting a green and just recovery from the pandemic. Existing links around energy, net-zero and environment make the Nordic region one of our key partners.
- The office will also be tasked with increasing cooperation with Copenhagen-based organisations such as the Nordic Council of Ministers and UN agencies.

Norwegian Constitution Day – background note

Norwegian Constitution Day is an official national holiday observed on May 17. Among Norwegians, the day is referred to simply as syttende mai ("seventeenth May"), Nasjonaldagen (The National Day) or less frequently - Grunnlovsdagen (The Constitution Day).

The Constitution of Norway was signed in 1814 in Eidsvoll, declaring Norway an independent nation in an attempt to avoid annexation with Sweden after the devastating defeat in the Napoleonic wars. Norway was under Swedish rule at that time and the Swedes saw the celebration as a provocation. After several attempts, King Carl Johan forbade celebrating the day. This veto triggered a higher level of ambition towards Norwegian independence.

Norwegian Constitution Day is of non-military nature. It is often celebrated in the form of children's parades and marching bands with an abundance of flags forming the central elements of the celebration.

Norway's reaction to the war in Ukraine

- Following Russia's invasion of Ukraine, Norway has overturned its longstanding policy of not sending weapons to non-NATO countries that are at war. To date, it has donated three tranches of supplies including military equipment and arms.
- Norway has also been one of the largest donors in humanitarian aid and Norwegian companies were quick to cease investments with Russian government companies, including the energy giant Equinor as well as the Norwegian oil fund.
- In terms of sanctions on Russia, Norway is not a member of the European Union but has followed all five sanction packages introduced by the EU Member States. The fifth sanction package has highlighted a political and economic issue of port closures. Norway has agreed to close its seaports and borders to Russian traffic following the EU's decision,

however, it excluded Russian fishing vessels, which constitute around 60-62% of Norway's maritime traffic and play a vital role in the country's economy.

- The war in Ukraine has triggered Norwegian government's decision to boost its military spending by additional 3,5 million kroner (€362 million) with extra money being directed at increasing its military presence in the north, particularly in its naval coast guard vessels and as well as civil preparedness.
- The number of Ukrainian refugees expected to arrive to Norway is currently estimated as 45,000 – considerably fewer than the initial figure of 60,000. Norwegian municipalities have established 13 ordinary reception centres, 2 transit centres and 84 emergency centres. Around half of those arriving from Ukraine decides to stay in private accommodation rather than asylum centres.

Key links with Norway

- Norway is the 4th largest contributor of Foreign Direct Investment for Scotland and Scotland's 7th largest export destination, worth £1.1bn (excluding oil and gas) in 2019, up 1.4% from 2018.
- The largest sector for exports in 2018 was energy, which accounted for 25% of all exports.
- Norway is ranked 8th investment partner with Scotland. More than 300 Norwegian companies are present in the UK, of which 100 are situated in Scotland, employing 6,000 people with a Scottish turnover of £2,382m.
- 1,797 Norway-born people resident in Scotland (Census 2011).
- 585 Norwegian students enrolled in Scottish universities in academic year 2019/2020.

Recent ministerial engagement with Norway

- May 2022 – Mr Lochhead's address at the Arctic Frontiers Conference in Tromsø, Norway and meetings in Oslo focused on energy transition and fair work.
- May 2022 – Mr Matheson addressed the Energy Transition Summit in Kristiansand, Norway.
- March 2022 – Deputy First Minister met with the Norwegian Deputy Head of Mission to the UK, Øyvind Hernes

New joint declaration between the UK and Norway

- Last week, the UK and Norway signed a new joint declaration which will allow the two countries to 'boost security, sustainability and prosperity in Europe and beyond'.
- The agreement focuses on seven key areas for collaboration: climate change and environmental issues; research and innovation; culture and education; and strategic dialogue and institutional exchanges.
- The Norwegian Prime Minister, Jonas Gahr Støre, has described the declaration as 'historic for his region' and allowing Norway to cooperate 'more extensively with the UK than any other country in the world'.

Minister Lochhead's visit to Norway (9-12 May) – brief summary

- Minister for Just Transition, Employment and Fair Work, Richard Lochhead, visited Tromsø (Northern Norway) last week to address the Arctic Frontiers conference.
- During the conference, the Minister took part in a panel discussion on energy transition in Scotland and the Arctic. He also met with a number of leading Arctic representatives including the Chair of the US Arctic Research Commission, the Senior Vice President Operation North of Equinor and the Vice-chair of the European Parliament's Foreign Affairs Committee.
- As part of the programme, Mr Lochhead also travelled to Oslo where he had a number of meetings with organisations including NHO, Stattnet and NorthConnect.

FULL ATTENDEE LIST **ANNEX B**

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Cairns, David, Vice President Political and Public Affairs - Global, Equinor
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Duncan, Stephen, Director Tourism and Comms, Historic Environment Scotland
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Fitzpatrick Professor, Chief Scientific Adviser for Scotland, Scottish Government
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Robertson, Angus, Cabinet Secretary, Constitution, External Affairs and Culture, Scottish Government
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Røhne, Mona, Consul, Norway
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Wightman, Scott, Director External Affairs Department, Scottish Government
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Windmill, David, Former Hon Consul General Norway

CABINET SECRETARY FOR CONSTITUTION, EXTERNAL AFFAIRS AND CULTURE

Speaking Note for the reception at the Norwegian Consulate – 17 May 2022

Introduction

Thank you Julian (Jones, Honorary Consul General) and Mona (Røhne, Consul) for hosting us this afternoon and for inviting me to say a few words. It is a great joy to be here with you all to celebrate Syttende Mai.

Historic links

Scotland and Norway have developed rich, diverse and longstanding bonds dating back centuries.

Every corner of Scotland reminds us of this close relationship – from the Norse origins of many town names in our Highlands and Islands, to the Norges Hus in Dumfries, which served as cultural centre for exiled Norwegians during the Second World War.

These historic connections and shared heritage remain evident in many aspects of our lives and are reflected in cultural and economic partnerships and, of course, a rich network of people-to-people ties.

We deeply value these enduring links with Norway – be it through family bonds, cultural and academic exchanges or our policy and research collaborations.

Continued engagement

As we address the challenges stemming from the pandemic, the climate emergency and the ongoing war in Ukraine, international cooperation and mutual learning are of crucial importance.

And that's why our long and rich friendship with Norway is all the more significant.

Norway is one of Scotland's key international partners. Our countries continue to pool knowledge and build on each other's expertise in a wide variety of sectors – including energy, transport, marine economy and sustainable rural development, to name but a few.

For instance, we are keen to learn from Norway's experience of decarbonising the transport network, including aviation. Norway set a high level of ambition that other nations, including Scotland, are

called to match if we are to accelerate our transition to net zero.

Our Minister for Just Transition Richard Lochhead visited Tromsø last week to address the Arctic Frontiers conference.

He took part in a panel discussion on energy transition in Scotland and the Arctic, before travelling to Oslo for meetings with organisations such as NHO, Statnett and NorthConnect.

The value of increasing Scottish-Norwegian collaboration further across government, business and academia came up in every engagement the Minister had while in Norway.

And the Scottish Government is committed to achieving just that.

We are in the process of opening a new office in Copenhagen. In fact, the Head of Office relocated there earlier this week. The office will work to promote cultural, economic and policy collaboration with our Nordic partners – including Norway.
Our new hub will increase Scotland's footprint in the region, and will open new avenues for our nations to work even more closely together.

Global Affairs Framework

This is just one concrete example of the Scottish Government's continued commitment to internationalism.

Earlier this month, we published our new Global Affairs Framework

It sets out the values and principles that underpin Scotland's international activity and demonstrates the interconnectedness between global and domestic objectives.

The world is currently being tested on whether it supports not just the principles, but also the reality of adopting a rules-based approach to protect the most fundamental values - peace, freedom and prosperity.

These are values and objectives that both Scotland and Norway subscribe to unreservedly.

Thanks to retiring Honorary Consul General

Ladies and gentlemen, before concluding I would like to thank David Windmill for the tireless work he has done for well over a decade to establish and

reinforce many of the Scottish-Norwegian links which I have just mentioned.

In education, business, research, culture and tourism – collaborative relationships between Scotland and Norway have gone from strength to strength. David's help in developing these special relationships has been invaluable.

I am confident that our existing collaborations with like-minded Norwegian partners will successfully continue under Julian's tenure.

On behalf of the Scottish Government and the many Ministers and colleagues he has worked with over the years, I would like to wish David an enjoyable retirement from his Consular duties. I am however confident there will be more opportunities to continue to draw from your experience and enthusiasm.

Thank you and a very happy Constitution Day to you all.

688 words (approximately 4.5 minutes)

In response to item 8) 30/05/2022 Dakota Hotel, Glasgow, meeting with Equinor, Ivan McKee MSP (Minister for Business Trade Tourism and Enterprise), Lobbying Register

MINISTERIAL ENGAGEMENT BRIEFING: MINISTER FOR BUSINESS, TRADE, TOURISM & ENTERPRISE

Engagement title		Investor Dinner with Minister Ivan McKee to coincide with the publication of the EY Annual Attractiveness Survey 2022
Engagement timings		**Monday 30 May 2022, 18:00 – 20:30 GMT** Arrival and drinks from: 18:00 Dinner: 18:00-20:30
Venue and full address		**Private Dinner at the Dakota Hotel Glasgow, 179 West Regent Street, Glasgow, G2 4DP**
Background / purpose		• The purpose of this investor dinner is to maintain and strengthen relationships with the most senior contacts amongst a small, carefully selected cohort of our key inward investors. These are investors with whom we have landed key investments recently and / or have important investments in the pipeline. • This informal dinner will present an opportunity for the Scottish Government and SDI to consult with companies that have invested in Scotland to understand what more Government and agencies can do to support and grow their investment, in light of Scotland's positive FDI performance highlighted in EY's attractiveness survey (to be published on 31 May 2022).
Meeting attendees / Greeting party		• **David McClelland**, Head of Global VC Operations & Managing Director and Country Speaker, **Merck KGaA** • **Rob de-Hooge**, Site Director at Dalry, **DSM** • **Geoff Burns**, Senior Site Director, **Charles River Laboratories** • **Graeme Shepherd**, Director of Operations, **Ardagh Glass** • **David Cairns,** Vice President Political and Public Affairs-Global**, Equinor** • **Sarah Cridland,** VP Commercial Projects and UK Country Manager, **TechnipFMC**
Supplementary information / Sensitivities		• High-level survey results in this briefing are **embargoed** until these are published by EY on **31 May 2022**. • A separate press release and Comms in relation to the EY survey results will be issued by SG Comms on 31 May 2022.
Suggested tweet / Media		A photo will be taken at the dinner to publicise the good news of the EY survey if the investors present are amenable
Official support and mobile number		• **Richard Rollison**, Director, Scottish Government, Directorate for International Trade and Investment, [Redacted Regulation 11(2) **–** (personal data of a third party)] • **Neil Francis**, Interim Managing Director, International Development Scottish Enterprise (SE), [Redacted Regulation 11(2) – (personal data of a third party)]

Briefing contents

Annex A – *Strategic context / Background)*
Annex B – *Suggested points to make / Discussion Topics*
Annex C – *Company Backgrounds including any recent investments by the companies*
Annex D – *Biographies*
Annex E – *ADDITIONAL BRIEFING: Top Lines / Highlights – EY Attractiveness Survey*

ANNEX A

STRATEGIC CONTEXT / BACKGROUND

- This investor dinner is being held to coincide with the publication of EY's Annual Attractiveness Survey 2022 on FDI. It gives the Scottish Government and Scottish Development International the opportunity to thank companies that have invested in Scotland and to further understand what the Scottish Government and its agencies can do to support and grow their investment in Scotland.
- This is an informal dinner with a carefully selected cohort of key existing investors. The Minister is requested to 'host' the event alongside SE's Neil Francis. This involves being present to welcome the investors and interact with them over the course of the dinner.
- In the *Inward Investment Plan* (Oct 2020), we set out a commitment to add 100,000 high-value jobs over the next 10 years to the Scottish economy.
- The EY's annual attractiveness survey will be published on 31 May 2022. In advance of the survey results being published, the Minister and Scottish Government officials attended a pre-brief discussion with EY in relation to the high-level survey results in advance of publication.
- A brief summary of the high-level survey results has been shared in Annex E. Please note that the results are currently **embargoed until 31 May 2022**.
- The initial results are looking very positive for Scotland and back up SDI's results, which were announced at the FDI World Forum event in Edinburgh. Scotland has maintained its position as the most attractive FDI location outside of London, and Scotland's cities are in the top 20 UK cities for investment.

ANNEX B

SUGGESTED POINTS TO MAKE / DISCUSSION TOPICS

Short Welcome and EY Survey results

- Scotland's first Inward Investment Plan (IIP) published in October 2020, sets out a strategic approach for attracting investment that aligns with our values as a nation, positioning inward investment to play a key role in the creation of a fair, sustainable, inclusive and low carbon future for Scotland.
- You announced SDI's Results during your opening remarks at the FDI World Forum in Edinburgh: 113 inward investments into Scotland in the operating year 2021/2022, representing a total of 7,641 real living wage jobs.
- The Ernst & Young (EY) Annual Attractiveness Survey 2022 results which are due to be published on 31 May, indicate positive results for Scotland – 122 inward investment projects were secured in Scotland in 2021, up 107 from 2020, maintaining its position as top UK location outside London (see Annex E).
- Opportunity to pick up on the EY survey further to understand investor perceptions of Scotland and what more support we could provide.

General Discussion Points:

Explore growth ambitions and promote Scotland as a destination for further investment

- Highlight the 'Team Scotland' approach Scotland takes to supporting businesses and investors. Encourage them to remain engaged with relevant enterprise agencies
- You are keen to build strong relationships with leading investors in Scotland and want to maintain a strong dialogue
- Scotland's ambitions are around attracting values-led investment which will support our ambitions around net-zero and creating a wellbeing economy

Understand any challenges or barriers faced by companies in Scotland

- Offer your support in any challenges faced by the organisation, outlining our ambitions to make Scotland a great place to do business
- Seek the group's views on what factors continue to make Scotland attractive for their companies, where our competitive advantage may be less strong / eroding,
- Potential discussion around supply chain reshoring – is this happening in their businesses?

Impact of Covid, Brexit and other geopolitical events on how international expansion decisions will be made going forward

- Opportunity to discuss / gain insight into how Covid, Brexit and other recent geopolitical events have changed how international expansion decisions will be made going forwards and for companies to speak with SG first hand.

ANNEX C

COMPANY BACKGROUNDS INCLUDING ANY RECENT INVESTMENT BY THE COMPANIES / PIPELINE INVESTMENT

1. Merck KGaA

Company Profile

[Redacted – (Not in Scope)]

2. DSM

Company Profile

[Redacted – (Not in Scope)]

3. Charles River Laboratories

Company Profile

[Redacted – (Not in Scope)]

4. Ardagh Glass

Company Profile

[Redacted – (Not in Scope)]

5. Equinor

Company Profile

- Equinor is a Norwegian national energy operating company. They directly employ 21,000 to develop, oil, gas, wind, solar in over 30 countries worldwide. Equinor are one of the largest offshore operators in the world and are significant driving force in transition from hydrocarbons to renewable forms of energy including an active approach to innovation and investment in new technology.
- Equinor is focused on carbon reduction and aims to be near net zero by 2050.
- Equinor's strong technology base and ability to apply new technologies constitute a competitive advantage for them. Each year, Equinor spends around NOK 2.8 billion on research and technology development, split between internal and external activities.
- Equinor annual revenue for 2021 was $90.924B, a 98.45% increase from 2020. Annual revenue for 2020 was $45.818B, a 28.81% decline from 2019.
- The company is the second biggest taxpayer in the world ahead of Apple, Amazon or Meta (Facebook).
- Equinor are keen to build a 'Norway-Scotland bridge' to engage directly in discussions with Scotland at SG (to include SE) focussed on energy transition

Equinor – North Sea Projects (Current and Proposed)

1) Mariner project: This was the digital front runner in the North Sea using technology to provide safe and efficient production. The project has a 30-year life to 2050. [Redacted Regulation 10(5)e – (confidentiality of commercial information)]**.** Mariner is located East of Shetland and has its design and operations base in Equinor UK office in Aberdeen. Mariner has created 700 full time jobs in Scotland.

2) Dogger Bank: Dogger Bank is a joint venture between SSE Renewables (40%), Equinor (40%) and Eni (20%). Dogger Bank will be the world's largest offshore wind farm, capable of producing 3.6GW of electricity, enough to power 5 million homes, or about 5 per cent of total UK demand.

3) Hywind Scotland The world's first floating wind farm, the 30 MW Hywind Scotland pilot park, has been in operation since 2017, demonstrating the feasibility of floating wind farms that could be ten times larger. Equinor and partner Masdar invested NOK 2 billion to realise Hywind Scotland, achieving a 60—70% cost reduction compared with the Hywind Demo project in Norway. Hywind Scotland started producing electricity in October 2017. Hywind Scotland has the highest average wind capacity factor of all UK offshore windfarms at 57.1 %.

4) Rosebank Project (proposed, Confidential): Rosebank is an oil development located in deep water to the west of Shetland, with water depth of around 3,889 feet. The project is currently in feed stage and is expected to start commercial production in 2025. Final investment decision (FID) of the project will be in late 2022. [Redacted Regulation 10(5)e – (confidentiality of commercial information)]**.** It will involve the drilling of approximately 24 wells and includes FPSO, subsea manifold, and subsea trees. [Redacted Regulation 10(5)e – (confidentiality of commercial information)]

5) Peterhead Carbon Capture Power Station: This is being developed SSE Thermal and Equinor. The proposed plant could become one of the UK's first power stations equipped with a carbon capture plant to remove CO_2 from its emissions and would connect into the Scottish Cluster's CO_2 transport and storage infrastructure, which underpins plans to deliver one of the UK's first low-carbon industrial clusters.

6. TechnipFMC

Company Profile

[Redacted – (Not in Scope)]

ANNEX D

BIOGRAPHIES

David McClelland, Head of Global VC Operations & Managing Director and Country Speaker, Merck

[Redacted – (Not in Scope)]

Rob de-Hooge, Site Director (Dalry), DSM Nutritional Products Limited

[Redacted – (Not in Scope)]

Geoff Burns, PhD, General Manager, Charles River Laboratories

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Graeme Shepherd, Director of Operations (Irvine), Ardagh Glass

[Redacted – (Not in Scope)]

David Cairns – Vice President Political and Public Affairs-Global, Equinor

David Cairns was formally the British Ambassador to Sweden and the FCO's Director for the Nordic Baltic Region. After joining the FCO in 1993, David Cairns served in Japan as Second Secretary Commercial and in Geneva as the Head of the World Trade Organisation (WTO) Section. He has also held a number of positions based in London.

Sarah Cridland – VP Commercial & Subsea Projects – UK, Mediterranean & Caspian and Country Manager UK, TechnipFMC

[Redacted – (Not in Scope)]

ANNEX E

ADDITIONAL BRIEFING: Top Lines / Highlights – EY Attractiveness Survey 2022 [Embargoed until Monday 31 May 2022]

- 122 inward investment projects were secured in Scotland in 2021, up 107 from 2020, maintaining position as top UK location outside London
- Scotland outpaced UK and Europe, increasing projects secured by 14% compared to +5.4% in Europe and +1.8% across the UK
- Scotland's perceived attractiveness to inward investors as UK's top FDI location grows to record 15.8%, up from 7% pre-pandemic in 2019
- Scotland's share of all UK FDI projects rises to its highest in the past decade, securing 12.3% of projects in 2021, up from 11% in 2020
- Scotland's strength in high-value, high-growth industries like digital and utilities/cleantech, and an increase in manufacturing production FDI, bodes well for the future
- Edinburgh, Glasgow and Aberdeen remain in the Top 10 locations outside of London for attracting projects. Edinburgh ranked equal first with Manchester, with Dundee and Livingston also making the Top 20
- Edinburgh secured 17% of digital projects. Glasgow secured 6 business services projects, which is the largest number in this area behind London.

- Top 20 Scottish cities:

City	Position in 2022 Survey	No. of Projects in 2021 Survey
Glasgow	**4th** (unchanged from 2020)	23 (unchanged from 2020)
Edinburgh	**1st** outside London (joint position with Manchester)	31 (36 in 2020)
Aberdeen	**8th** (joint position with Cambridge)	14 (13 in 2020)
Dundee and Livingston	**15th** (joint position for both cities)	7

- On jobs, 4 leading sectors generated inward investment projects in Scotland:
  - Digital / Tech – 33 Projects
  - Utility supply – 18 Projects
  - Business services (awaiting figures)
  - Machinery and Equipment – 14 Projects
- Digital projects in Scotland rose by 73.4% whilst digital projects across Europe reduced by 7%. The result of a rise of digital projects sees Scotland reach 2nd place in UK only behind London, but ahead of the South-East England region. So, Scotland vs London now in the Digital / tech sector.
- R&D projects declined slightly – slipping to 3rd place, however, Scotland ranked 2nd for R&D FDI projects.
- The US clearly remains the single big originator of FDI projects in Scotland. US projects – 36 – represented 29.5% of projects in Scotland against 24% for the UK. Spain was 2nd with 9.8% projects, whilst Germany was 3rd with 6.6% projects.

Minister for Business, Trade, Tourism and Enterprise Ivan McKee MSP

Scottish Government
Riaghaltas na h-Alba
gov.scot

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David Cairns
Vice President Political and Public Affairs-Global Equinor
[Redacted Regulation 11(2) – (personal data of a third party)]

23 June 2022

Dear David,

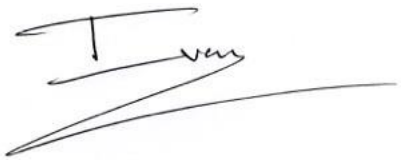
I wanted to write to thank you for attending the recent investor dinner held in Glasgow on 30 May. As a valued investor, it was my pleasure to have you take part in this important discussion and to recognise and thank you for the commitment you have made by investing in Scotland.

In light of the publication of the latest EY Annual Attractiveness Survey Scotland 2022 results, which highlighted Scotland's strong FDI performance, I found our conversation to be incredibly useful to help deepen my understanding of what more the Scottish Government and our enterprise agencies can do to support existing investors and continue to attract further investment.

I would like to reaffirm my commitment to ensuring that the Scottish Government, supported by our enterprise agencies, has meaningful engagement with our key investors. Taking a Team Scotland approach, I am keen to ensure this dialogue continues.

Thank you again for your ongoing support.

Yours sincerely,



IVAN McKEE

In response to item 11) 16/06/2022 Video conference with Equinor, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Ministerial engagements travel and gifts

1. Briefing for the Cabinet Secretary for Net Zero, Energy and Transport

MEETING WITH DAVID CAIRNS, VICE PRESIDENT OF EQUINOR
16 June 2022, 09:00-09:30

Key Message	• The Scottish Government expects offshore wind, both fixed and floating, to play a significant role in our energy transition, and recognises the huge economic opportunity attached to commercial scale development. • The Scottish Government is a strong advocate for the development of Carbon Capture Utilisation and Storage (CCUS). We believe Scotland is uniquely positioned to deploy this technology on an industrial scale.
Who	**David Cairns**, Vice President, Equinor
What	MS Teams Meeting
Why	Mr Cairns wrote to Minister Forbes on 18 May 2022 thanking you for your support on a media release relating to Peterhead Carbon Capture Power Station, and offering to meet to discuss this and other investments by Equinor in Scotland. Due to previous engagements with Equinor, it was agreed that you would meet Mr Cairns to discuss Equinor's investments.
Where	Microsoft Teams
When	***Thursday, 16 June 2022*** ***9:00-9:30***
Supporting Officials	[Redacted Regulation 11(2) – (personal data of a third party)] CCUS Policy Officer
Briefing	**Annex A:** Meeting Notes – Equinor Projects in Scotland (**pg 2**) **Annex B:** Top Lines (**pg 5**) **Annex C:** Biography (**pg 13**)

ANNEX A

EQUINOR PROJECTS IN SCOTLAND

Peterhead CCS

- On 11 May 2021, SSE Thermal and Equinor unveiled plans to jointly develop a new low-carbon power station at Peterhead, which could become one of the UK's first power stations equipped with carbon capture technology.
- On 01 March 2022, a section 36 application seeking consent for construction and operation of Peterhead CCS was formally lodged with the Energy Consents Unit.
- The application covers a low carbon combined cycle gas turbine (CCGT) generating station with a capacity of up to 910 megawatts gross electrical capacity, including post-combustion carbon capture plant and works to the existing cooling water, natural gas and electrical grid connections and ancillary works on land at and in the vicinity of the existing Peterhead Power Station Site.
- The existing Peterhead Power Station's capacity will be reduced from 1,180 MW to around 300 MW and will remain available to operate alongside the new low carbon CCGT generating station. However, it is only expected to operate if grid demand cannot be fulfilled by the new generating station.
- The Peterhead site is ideally placed for carbon capture technology, with access to essential CO2 transport and storage infrastructure being developed through the Acorn Project.
- The Energy Consents Unit formally consulted Aberdeenshire Council, and statutory and other consultees, regarding the application for consent on 1st April 2022. Notices have been placed in national and local newspapers inviting representations from members of the public regarding the proposal. Aberdeenshire Council have until 1st August 2022 to respond to the Scottish Ministers, unless an extension is agreed.
- Peterhead CCS has been identified as an eligible project in Phase 2 of BEIS' cluster sequencing process. It will now be evaluated as a potential Phase 2 deployment project. Individual emitter projects selected in Phase 2 will have the first opportunity to be considered to receive government support.

HyWind Scotland

- Equinor's 30 MW HyWind Scotland, operational since 2017, is the world's first floating offshore wind farm. We recognise the reputational benefit this has brought for Scotland.
- HyWind Scotland promised to deliver "learning for Scotland" in terms of floating wind and the utilisation of the technology to decarbonise Oil and Gas. However, Scotland has benefitted very little from the development so far.
- Most of the learning for floating technology from this project has now been taken forward for the new HyWind Tampen project being developed by Equinor in Norwegian waters.

ScotWind

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Equinor's UKCS offshore oil and gas activities

Mariner Field

- Equinor are the operator of this heavy oil field located 100 km East of Shetland.
- Mariner is Equinor's first operated asset in the UK, - the development has been praised for its use of offshore digitial workers, automated drilling and digital twin technologies to improve costs, including the use of Echo, a digital copy of the platform, to deliver safe and efficient solutions. First oil from the field was announced in 2016. Wood Mackenzie have estimated that the field is expected to produce more than 300 million barrels of oil over the next 30 years.
- Equinor have stated that the field employs over 500 people, offshore and onshore, contractors included - with contracts worth more than USD 1.3 billion awarded, it will support a significant level of investment and jobs in the UK supply chain for many years to come.

Rosebank Field

- Equinor have a 40% stake as operator of this oil and gas field. This is one of the UK Continental Shelf's largest remaining oilfields (the field also contains reserves of gas), Rosebank was discovered in 2004 and lies about 80 miles north-west of Shetland. The field is estimated to hold about 240 million barrels of oil equivalent.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

On 8 April Equinor confirmed push back of Rosebank sanction to 2023 – the Field was due for approval May 2022.

- An Equinor spokesperson said: "We have a close dialogue with UK authorities on the next steps and expect FID next year."
- The three Rosebank licences are due to expire at the end of May, though Equinor may seek an extension from the North Sea Transition Authority (as per normal licensing governance).

In May Equinor confirmed its exit from Russia led to a $1.08bn impairment; reporting also pre-tax profits for the first three months of the year of $17.2 billion off the back of increased energy prices.

- In response to the energy crisis in Europe Equinor has increased and optimised its production in order to deliver more gas.
- Equinor CEO Anders Opedal said: "With an energy crisis in Europe, Equinor's top priority is securing safe and reliable deliveries. Strong operational performance and good regularity gave high production in the quarter. We have optimised the gas production to deliver higher volumes…" .

ANNEX B

TOP LINES

CCUS

- The Scottish Government supports the development of CCUS as a common whole-system decarbonisation infrastructure with the flexibility to adapt over time to play a central role across the decarbonisation strategies of key sectors such as heat, industry and power.
- It is clear that CCUS will play an important role in helping us to reach net-zero emissions. Advice from the Climate Change Committee describes CCUS as a "necessity, not an option" to achieve net-zero emissions.
- The development of strategically located CCS infrastructure in Scotland's industrial clusters in Grangemouth and the North East could protect and ensure the just transition for important domestic industries into a low-carbon future, protecting jobs and utilising existing skills.
- Our Climate Change Plan update outlines an envelope of 3.8 million tonnes of negative emissions required to meet our 2030 milestone and 5.7 million tonnes in 2032; this cannot be delivered without CCUS.
- Scottish Government economic scenario analysis shows that, in 2045, Scottish GDP could be 1.3-2.3% (£3.8Bn-£6.7Bn) higher in scenarios with CCUS, than without.
- 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.
- The project has the potential to support an average of 15,100 jobs between 2022 and 2050, with a peak of 20,600 jobs in 2031.
- The Cluster's Acorn project is uniquely placed to be the least cost and most deliverable opportunity to deploy a full-chain CCS project in the UK.
- We do not hold all the necessary legislative and regulatory levers needed to support the Scottish Cluster, as they are not devolved. UK Government support including access to BEIS business models is essential to providing the certainty and support required to accelerate the Scottish Cluster project.
- We are working constructively with the UK Government to ensure the Scottish Cluster has the certainty it needs to continue its development. To this end, we have continued to advocate for the cluster in our engagement, and have offered £80 million from our Emerging Energy Technologies Fund.
- To date, BEIS has indicated that the Scottish Cluster will need to participate in Track-2 of the cluster sequencing process rather than be accelerated on a Track-1 timetable.
- On 08 April 2022, the Secretary of State for Business, Energy & Industrial Strategy Kwasi Kwarteng, and UK Government for Scotland Minister Malcolm Offord, announced publication of the CCUS Investor Roadmap.

- The Roadmap does not signal any significant changes in UK Government approach to supporting the deployment of CCUS in UK. However, it does reiterate the UK Government's commitment to supporting four CCUS clusters to be operational by 2030. It does not include any new commitments to support the Scottish Cluster accelerate its deployment, but does acknowledge its status as a "reserve cluster".

OFFSHORE WIND

- Our Offshore Wind Policy Statement sets out the Scottish Government's ambitions for offshore wind in Scotland, including an ambition to achieve 8-11 GW of offshore wind in Scotland by 2030. This recognises that deployment must increase significantly if we are to meet our climate change targets.
    - Scotland's seas offer great opportunities for the sustainable development of offshore wind and are an important part of the green recovery and transition to net zero.
    - Scottish Ministers have made clear, time and again, that they will use every lever at their disposal to maximise economic returns for the offshore wind sector here in Scotland.
- The results of ScotWind, the seabed leasing process for offshore wind, managed by Crown Estate Scotland (CES), were announced on 17 January 2022. Lease option agreements with all successful applicants are now in place.
    - The announcement outlined the winners of the competitive bidding process over areas of seabed where the next offshore wind projects will be located. This is the first devolved leasing round for offshore wind development in Scottish Waters and the first leasing round in Scotland in a decade.
    - ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally. We already have the world's largest operating commercial floating wind farm and ScotWind now breaks new ground in putting large-scale floating wind technology on the map at GW scale, offering Scotland a first-mover advantage.
    - The projects given the green light by CES would, if approved, deliver far in excess of our current planning assumption of 10GW of offshore wind. The planning, consenting and funding processes that lie ahead - together with the need to fully consider the views of stakeholders about impact - means that it is not possible to know now exactly what scale of development will be permitted ultimately.
    - ScotWind will deliver c £700m in return for these initial awards alone which we will use to benefit the people of Scotland, particularly by helping to tackle the climate and biodiversity crises and deliver a low carbon society.
    - In addition, ScotWind will deliver several billion pounds more in public benefit via the investment of rental revenues once all the projects become operational.
    - A clearing process is in progress for site NE1. The window for all eligible developers to confirm their intention to apply closed on 10 May. Option agreements with successful applicants will be signed later in 2022.
- The new offshore wind plan for Innovation and Targeted Oil and Gas Decarbonisation (INTOG) process was announced by Crown Estate Scotland on 22 February 2022. Developers will apply for the rights to build small scale innovative offshore wind projects of less than

100MW as well as larger projects connected to oil and gas infrastructure to provide electricity and reduce the carbon emissions associated with those sites.

- We remain fully committed to using every lever within our devolved competence to support and grow the offshore wind supply chain here in Scotland.
    - Applicants to the ScotWind leasing round are required to submit a Supply Chain Development Statement that sets out the level and location of supply chain impact throughout the lifetime of projects.
    - We believe that these Supply Chain Development Statements signify how seriously the Scottish Government takes this issue and, more importantly, will provide certainty of a pipeline of projects to suppliers across Scotland.
- We know that transmission charging remains a barrier, and a particular disadvantage, for projects located in Scotland or Scottish waters.
    - Scottish generators clearly face higher transmission network costs as a result of their location and distance from main GB demand centres.
    - The Scottish Government has long argued that Ofgem needs to be given an explicit remit to help achieve net zero – something that the UK Government has finally acknowledged in its recent Energy White Paper.

SUPPLY CHAIN

- Ministers have been calling for action for some time with little progress being made and now wish to see tangible actions being taken to support the Scottish supply chain.
- As more large scale windfarms are built throughout this decade, we fully expect developers to be engaging early with companies based in Scotland to ensure that key manufacturing contracts do not go to yards overseas.
- Developers and those at the top of the supply chain have a responsibility to ensure that local suppliers have a realistic opportunity to compete for key manufacturing contracts.
- The introduction of a Supply Chain Development Statement by Crown Estate Scotland as part of the ScotWind leasing round will help to release economic benefits for the Scottish economy and we expect developers to honour their commitments.
- We welcome the introduction of a more robust Supply Chain Plan process as part of the CfD auction later this year, and we expect applicants to be engaging with the domestic supply chain from the outset of the process.
- There is considerable on-going work, including the Strategic Infrastructure Assessment (SIA) that was commissioned by the Scottish Offshore Wind Energy Council (SOWEC) to understand how Scotland could capitalise on the economic opportunity resulting from offshore wind. Published on 20th August the SIA will now be taken forward by SOWEC, with Mr McKee and Brian McFarlane (SSE) in their capacity as SOWEC co-chairs leading the group to develop an action plan to take forward the SIA's recommendations.
- On 11 May, SOWEC published its Offshore Wind Collaborative Framework Charter. 24 developers have signed up to the Charter, including successful bidders for all 17 ScotWind projects.

- The Charter builds on the 2021 Strategic Investment Assessment (SIA) recommendations adopted by the Scottish Offshore Wind Energy Council (SOWEC), and is a clear way to support and enable developers' collective supply chain commitments. The Collaborative Framework Charter will help forge effective partnerships to deliver on the potential that offshore wind presents in the coming years.
- We are working with SOWEC, ETZ and enterprise agencies to deliver the Offshore Wind Supply Chain Summit, scheduled to take place in Aberdeen on 22 August, hosted by ETZ.
- The focus will be on supply chain opportunities from all offshore wind projects – not just ScotWind.
- The key themes will likely focus around coordination between developers to even out supply chain requirements, growing our indigenous supply chain and attracting new inward investment where there are gaps, as well as ensuring our port infrastructure is utilised in an optimal and collaborative manner.
- This work will be complemented by recent changes to the UKG Contract for Difference Supply Chain Plan process, to ensure greater utilisation of the domestic supply chain. Failure to do so could result in termination of CfD agreements.

ENERGY STRATEGY AND JUST TRANSITION PLAN

- The Energy Strategy and Just Transition Plan, which will be published for consultation in the Autumn, will outline a coordinated vision for Scotland's energy system using a whole-systems approach.
- This plan will establish the energy system's role in delivering our national Just Transition Outcomes and guiding public and private sector activity accordingly.
    - Our work will be based on the National Just Transition Planning Framework, a world-first, which sets out an ambitious approach to working with others on the economic and social impacts of transition.
    - The plan will not only achieve our ambitious emissions reductions targets, but will do so in a way that ensures a positive outcome for all of Scotland, including business, the economy, jobs and skills.
    - Since 2017 we have committed to Net Zero, legislated to eradicate fuel poverty as far as is practical, and published an updated Climate Change Plan providing a detailed, clear and credible pathway to meeting emissions targets over the period to 2032.
    - The Energy Strategy and Just Transition Plan will provide an opportunity to bring the strategy for Scotland's energy sector up-to-date and allow us to respond to new challenges and emerging opportunities.

OIL AND GAS

We have been consistently clear that oil and gas will continue to be part of Scotland's energy mix as we transition to net zero.

- Our focus is now on achieving the **fastest possible, just transition for the oil and gas sector** – one that delivers jobs and economic benefit, ensures our energy security, and meets our climate obligations.

- The principle underpinning is the one already encapsulated **in our Co-operation Agreement** – that unlimited extraction of fossil fuels, or maximum economic recovery in UK policy terms, is not consistent with our climate obligations.
- We recognise that our vision and roadmap for the energy sector can't happen in isolation – **a Just Transition Plan for Energy will be at the heart of our refreshed Energy Strategy,** publishing as one coherent document in 2022.
- To inform the Energy Strategy and Just Transition Plan for Energy we have **announced the award of a programme of work to better understand Scotland's energy requirements** as we transition to net zero and how this aligns with our climate change targets.
- The **oil and gas supply chain is a significant part of the energy transition supply chain**, it is clear that renewable or low carbon jobs cannot replace oil and gas jobs immediately and a managed transition is needed.
- The **knowledge and experience of the oil and gas sector and its supply chain will be very important for developing and investing in essential low carbon technologies**, such as CCUS – a technology that is seen by experts such as the UK Committee on Climate Change and the International Energy Agency as being vital to achieving Scottish, UK and international climate emissions targets.
- Many of the key levers needed to support the oil and gas sector are reserved to Westminster. We seek to work closely with the UK Government to ensure both governments are doing all they can to protect jobs and retain vital skills.
- The Scottish Government will continue to use the devolved levers at our disposal to reduce emissions and meet our climate change targets.

In relation to oil and gas fields, already partially sanctioned, and to the licensing requirements of new fields, if we say the answer to our current reliance on oil and gas for jobs and energy is to keep opening new oilfields, we don't have sufficient imperative to develop alternatives quickly enough. Instead we become fixed in a cycle of dependency.

- We must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development.
- There is currently no evidence to demonstrate that Cambo could or should pass such an assessment, but have been clear (in August letter to the PM) that an assessment should take place to inform the decision that the UK Government will take. This also recognises the reality that it is a decision the Scottish Government is not able to make.
- The Scottish Government has offered to engage further about what this process should involve, to ensure it is credible and commands confidence – so far the offer has not been taken up by UK Government.
- We are undertaking work to better understand Scotland's energy requirements as we transition to net zero, ensuring we support and protect our energy security and our highly skilled workforce whilst meeting our climate obligations.

- We are already investing in the sector's net zero transformation. In addition to our expanded, £75m Energy Transition Fund and £100m Green Jobs Fund, our £500m Just Transition Fund will support the north east and Moray to become one of Scotland's centres of excellence for the transition to a net zero economy.
- Scotland's first Just Transition Plan, being developed for a refreshed Energy Strategy, will set out how the economic and social impacts of transition will be managed.

'WINDFALL' AND INVESTMENT ALLOWANCE TAX ANNOUNCEMENT

We have been clear that a windfall tax should apply to all companies benefiting from significantly higher profits.

- A levy focussed only oil and gas companies, who are disproportionately based in Scotland, means Scottish industry is carrying the weight of UK-wide interventions.
- Oil and gas companies are not the only businesses that have profited during the pandemic and current crisis.
- A windfall tax should apply fairly to all companies benefiting from significantly higher profits.
- This would also ensure that Scottish industry does not carry a disproportionate burden of funding a UK-wide response.

ELECTRICITY NETWORKS

Top Lines

- National Grid ESO has signalled the need for over £7bn investment in new transmission infrastructure in Scotland to meet Net Zero targets.
- It is vital that we continue to work together to enable these critical investments, while ensuring that the regulatory levers continue drive down costs and increase benefits for customers and communities.
- The Offshore Transmission Network Review (OTNR) presents an opportunity for UK and devolved administrations to coordinate effort to improve network infrastructure delivery.
- The Scottish Government has asked for a review of the grid system in the past. We are pleased to see this happen and it is essential that devolved administrations are involved in the decision making process.
- We must be agile in decision making and ensure that the OTNR enables rather than frustrates development.
- TNUoS charges remain a key barrier to Net Zero in Scotland.
- Ofgem's own analysis suggests that by 2040 Scottish renewable & low carbon generators will be the only ones to pay a wider TNUoS charge, with all others include gas generators elsewhere in GB being paid credits.
- In a net zero world, it is counterproductive in the extreme to care more about where generation is situated than what type of generation it is.
- A new approach is needed here, rather than small modifications to methodologies.

Background

Electricity Network Development

- Increased electrification will require significant investment in our electricity infrastructure to maintain resilience and increase the transfer capability between Scotland and the rest of the GB market.

Offshore Networks

- The joint BEIS and Ofgem Offshore Transmission Network Review (OTNR) is intended to make the right tactical interventions to support timely delivery of offshore and associated onshore network infrastructure while ensuring the right balance between environmental, societal and economic costs.
- The Holistic Network Design (HND) is one of the key outputs from this project.
- The output of the HND was delayed from its initial delivery date of January 2021 and is expected to be published in June 2022 and set out a vision for 2030 of the UK offshore and onshore network to meet 40 GW of offshore wind.
- NGESO has now published the draft HND which has included 10.7GW of Scotwind development. A follow up exercise will include the remaining ~14GW of capacity with remaining contracts updated by Q1 2023.

Onshore Networks

- NGESO's recent Network Options Assessment (NOA) has signalled the need to invest over £7bn in Scotland's onshore transmission infrastructure if we are to keep on the pathway to net zero. The publication of the final HND in June will coincide with a revised NOA creating a blueprint of network investment required to meet 2030 targets.
- Scottish Government is working with SSEN, SPEN and NGESO through a Major Network Projects Group to develop a clear understanding of the scale and timing of new transmission investments needed, which will help us plan and resource accordingly.
- Ofgem is leading an Electricity Transmission Network Planning Review (ETNPR) which will consider opportunities to better coordinate, plan and deliver strategic onshore transmission network infrastructure in future.
- The output of this work would be a Centralised Strategic Network Plan (CSNP) which would replace the existing NOA process and result in National Grid taking on more of the strategic network planning activity that is currently undertaken by Transmission Owners.
- The Scottish Government is a member of the ETNPR strategic advisory group and further consultation on this project expected in Spring 2022.

TNUoS Network Charging

- Transmission Network Use of Systems Charges is a cost recovery tool used by National Grid ESO to recover the allowed revenue for the Transmission Owners across GB (National Grid, SPEN and SSEN).
- Revenue is recovered from generation and demand customers across GB. (around £800m is recovered from generators and £2.7bn from demand customers).

Issues with existing charging regime for generators

- Generation that connects to the transmission network in Scotland will face higher charges through TNUoS due to the distance from the bulk of GB demand.
- The charging system was originally designed for a time when large fossil fuel power stations were built close to demand. Today, as we move to a smart, decentralised and renewables dominated energy system there is growing concern that the existing regime is no longer fit for purpose.
- A number of stakeholders have contributed evidence on that clearly set out the flaws and risks associated with the current TNUoS charging system. This has included contributions from Cornwall Insight, NERA Economic Consulting[1], Aurora Energy Research and Renewable Infrastructure Development Group.
- The Scottish Government has repeatedly called for change and we believe that an abundance of comprehensive evidence has been provided over the years by various stakeholders that clearly set out the flaws and risks associated with the current TNUoS charging system.
- In response to Ofgem's recent call for evidence, the Scottish Government has questioned whether the existing methodology is aligned with net zero and has called a full review of TNUoS is that includes the locational element of the charges.

Ofgem TNUoS charges review

- Ofgem published a call for evidence on TNUoS in October 2021 recognising that stakeholders were concerned with the TNUoS methodology and its outputs.
- In February 2022 Ofgem committed to a TNUoS task force that would consider shorter term fixes for issues such as the stability and predictability of the TNUoS charge. The absolute value of TNUoS is not in scope for this work.
- On 30 May, Ofgem provided an update on the TNUoS task force. Following the steps laid out in February 2022, they have stated that progress has been made on the agreed areas of focus which include identifying the root causes of unpredictability of TNUoS charges and an examination of input data for the model used to calculate locational element of the TNUoS charges to ensure they remain cost reflective.

[1] Assessing the Cost Reflectivity of Alternative TNUoS Methodologies (nera.com)

ANNEX C

BIOGRAPHIES

David Cairns, Vice President, Equinor.

David has been Vice President at Equinor since August 2019, and is responsible for Equinor's UK Government relations. Before joining Equinor, David was the British Ambassador to Sweden (2015-19) and the Foreign and Commonwealth Office's Director for the Nordic Baltic Network. In his career in the Foreign Office he also served in Japan as the Director for Trade and Investment, and in Geneva as the Head of the UK's WTO delegation. He studied Japanese at Oxford, worked in investment banking in Tokyo and London before joining the FCO, and was Vice-Chairman of the Japan Society (2011-15).

From: [Redacted Regulation 11(2) – (personal data of a third party)]
Sent: Thursday, June 16, 2022 9:43 AM
To: [Redacted Regulation 11(2) – (personal data of a third party)]
Subject: RE: URGENT - Briefing Request - Cab Sec Meeting with Equinor, 16 June 2022 09:00 - 09:30

Hi all

Just finished the meeting with Equinor. Some high level points for us to be aware of:

[Redacted Regulation 10(4)(e) – (Internal communications)]

Regards

[Redacted Regulation 11(2) – (personal data of a third party)]

In response to item 12) 10/08/2022 Video conference with Equinor, Nicola Sturgeon MSP (First Minister), Ministerial engagements travel and gifts

1. **FM Briefing – Call with Equinor – 10 August 2022**

BRIEFING FOR THE FIRST MINISTER

MEETING WITH EQUINOR

Wednesday 10th August 2022

Key message	• The Scottish Government's position is clear that unlimited extraction of fossil fuels is not consistent with our climate obligations. This is why we have consistently called on the UK Government, to urgently re-assess all approved offshore oil and gas licenses where drilling has not yet commenced, against our climate commitments. • We recognise that Oil and Gas continues to play an important role in our energy mix, and our economy. • But we must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development. • Scotland's first Just Transition Plan, being developed for a refreshed Energy Strategy, will set out how the economic and social impacts of transition will be managed.
What	Meeting with Equinor who published on 4th August: • Economic analysis on their Rosebank Oil Field Project • The Environmental Statement on Rosebank Field – now subject to a formal public consultation.
Why	Equinor have asked for a call with the First Minister to provide an update on the progress of their Rosebank Field which will be shortly due for Final Investment Decision by the company.
Who	• Anders Opedal, President and CEO, Equinor • David Cairns, Vice President Political and Public Affairs – Global CCOM PPAG, • Jose Frey-Martinez, Chief of Staff, Equinor
Where	Virtual meeting – Microsoft Teams
When	Wednesday 10th August, at 15:30
Likely themes	Oil and Gas, and offshore licensing
Media	N/A

Supporting official	Andy Hogg, Deputy Director Energy Industries Division, [Redacted Regulation 11(2) – (personal data of a third party)]
Attached documents	Annex A - Meeting Summary Annex B – Scotland's oil and gas statistics Annex C – Equinor Background Annex D – Rosebank Field Annex E – Biographies

Meeting Summary - ANNEX A

<u>On 4 August Equinor published economic analysis for its Rosebank project – which setting out the following metrics:</u>

- Expected investment of £8.1bn over the life of the multi-million-barrel field – with more than three-quarters of which (78%) will be spent in the UK.
    - Around £4.1bn of which will be spent developing the field, alongside £3.6bn in OPEX, with decommissioning costs estimated around £400mn.
- At peak, Rosebank is expected to employ up to 1,600 direct, full-time equivalent (FTE) jobs, nearly 1,200 of which will be UK-based.
- Estimated GVA amounts to some £24.1 billion over the field's life – or £2.1 billion annually at its peak – equivalent to 1% of the Scottish GDP, according to analysis prepared by Wood Mackenzie and Shetland-based Voar Energy on behalf of the operator.
- Fewer workers will be needed once operational in 2026, Equinor anticipates the need for nearly 300 FTE roles over its 25-year life, 90% of which it says are likely to be UK-based.
- Equinor have also published their Environmental Statement on the field (now out for formal public consultation) with a Final Investment Decision on the project expected in Q1 of 2023.
- Approval from the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) is needed before the project can move to the next stage.

[Redacted Regulation 10(4)(e) – (Internal communications)]

Scottish Government's headline position:

> The Scottish Government's position is clear that unlimited extraction of fossil fuels is not consistent with our climate obligations. This is why we have consistently called on the UK Government, to urgently re-assess all approved offshore oil and gas licenses where drilling has not yet commenced, against our climate commitments.

[Redacted Regulation 10(4)(e) – (Internal communications)]

SG OCEA Analysis states:

- The UK overall production is currently 1.5 million barrels per day and Rosebank's expected average additional production is across its (24 years) lifetime will be roughly around 2.8% of UK production**. Equinor's figures above focuses solely on the peak production of the field over 4 years resulting in their estimate that Rosebank could account for around 8% of the UK's oil production.**

On 5 August Campaign group Uplift claimed that investing in the field means that Equinor will pay £834m less in tax to the UKG under the Energy Profits Levy (EPL) .

- Greenpeace UK have also said: "*We will fight Rosebank every step of the way, and urge the government to crack on with quick, cheap solutions that will actually help in the cost-of-living crisis and the climate emergency - renewables, home insulation and heat pumps.*"
- Greenpeace has already have brought a legal challenge with the Scottish Courts against the North Sea Transition Authority (industry regulator) over the planned Shell Jackdaw development in the North Sea.

Decarbonisation of the Rosebank Field

- Platform electrification is a vital part of cutting emissions in the North Sea and reaching net zero and is a core component of the industry and UKG agreed North Sea Transition Deal.
- Within the NSTD, the oil and gas industry has committed to reduce offshore emissions by 50% in 2030, set on a 2018 baseline.
- Officials understand that Equinor hopes to lower the operational emissions of the project by adapting the FPSO for electrification, using power either from the onshore grid or directly from renewables schemes – with one option potentially being a dedicated floating wind scheme.
- On 4 August Arne Gurtner, senior vice president for UK and Ireland offshore at Equinor stated that Rosebank will be *'one of the most energy efficient production units on the continental shelf – it will already be that without electrification, but we are also committed to bringing electrification forward,"* but that the operator *"has not yet decided on the solution yet…"*

The UK Government has failed to set out a clear policy position on climate checkpoints [the UKG consultation closed on 28 February with an announcement on the Checkpoint expected in early Autumn).

- As such, there is no context to consider the emissions impacts of any development. However, we welcome Equinor's plans to electrify production on the Rosebank Field, reducing emissions from production, which would be an important consideration in the climate compatibility assessment.
- Equinor is an important partner in Scotland's energy transition.
- Scottish Government have previously welcomed Equinor's investment into Scotland in Hywind Scotland, the world's first floating offshore wind farm and Equinor's partnership with SSE to produce power with carbon capture and storage in Peterhead.
- We will continue to work with Equinor to maximise investment across all parts of the energy supply chain to deliver jobs in Scotland.

[Redacted Regulation 10(4)(e) – (Internal communications)]
[Redacted Regulation 10(4)(e) – (Internal communications)]

Mr Gurtner stated *"The project has matured all along from when we first came into the license as operator. We have used somewhat more time to optimise the concept, both commercially but also towards a more low-carbon solution which fits which fits to our own Equinor strategy." "The EPL is a very, very important boundary condition which we have been following very closely, but it hasn't directly influenced the project maturation in this phase."*

'WINDFALL' AND INVESTMENT ALLOWANCE TAX ANNOUNCEMENT

While the fiscal regime is reserved to Westminster, I've made clear that I support a windfall tax. But I also made the point that there are companies beyond the Oil & Gas sector making large profits right now.

- A windfall tax should apply fairly to all companies benefiting from significantly higher profits. This would also ensure that Scottish industry does not carry a disproportionate burden of funding a UK-wide response.
- That is why we are calling on the UK Government to extend the windfall tax to all companies benefiting from significantly higher profits through the pandemic and energy crisis – as well as scrapping VAT on energy bills.

Annex B – Scotland's Oil and Gas Statistics

Oil and Gas Production

- In 2019, 93.5% of Scotland's primary energy (encompassing all of Scotland's indigenous production and imports) was oil and gas (62.2% oil, 29.5% gas and 2.5% petroleum products).
- In 2019, Scotland produced an estimated 54.0 million tonnes of oil equivalent (mtoe) of crude oil and natural gas liquids (NGLs) (equivalent to 628 TWh). Scotland accounts for 95.2% of total UK crude oil and NGLs production.
- Scotland produced 23.2 mtoe of natural gas in 2018 (equivalent to 270 TWh), although this has dropped for each of the last three years. It accounts for 62.1% of total UK gas production.
- Oil and gas make up 76.5% of all Scottish consumption. In 2018/19, the approximate sales value of oil and gas produced in Scotland is estimated to have been £25 billion.
- The oil and gas sector on average supports up to 40% of all Scottish jobs directly and across the supply chain. It is expected to generate £16 billion in GVA, supporting 82,000 jobs in 2021.

Reserves

- The North Sea Transition Authority (NSTA) estimate for proven and estimated UK reserves as at end 2020, is over 11 billion barrels of oil equivalent, of which 4.4 billion had been sanctioned.
- The NSTA estimates without the development and discovery of new fields, the current reserves would sustain domestic production from the UKCS to 2030. However, with development production could be sustained for another 20 years.

Emissions from UKCS

- In 2019, 19.2 MtCO2e GHGs were emitted from upstream oil and gas operations. Emissions from activities in the Scottish zone of the North Sea provides an indicative estimate of around 15.4 MtCO2e (80%).

Imports and Exports

- Of all of Scotland's primary energy generated via oil and gas, more than four fifths (81.1%) of it was exported in 2019, with only about a tenth (11.5%) domestically consumed.
- Turnover of Scottish offshore oil and gas exports stands at £24.5 billion in 2018, of which £16.0 billion is exported to the rest of the UK and £8.4 billion exported to the rest of the world.
- The proportion of imports in total Scottish oil and gas has risen from 3% in 1998 to 21% in 2019. The proportion of total Scottish Oil and Gas that is exported has remained relatively stable at 88% in 1998 to 81.1% in 2019.

- Domestic production has a lower carbon intensity than a number of potential import substitutes. The NSTA have estimated gas extracted from the UKCS has an average emission intensity of 22 kgCO2e/boe; whereas imported LNG has a significantly higher average intensity of 59 kgCO2e/boe.

Annex C – Equinor Background

Background

- Equinor is a Norwegian multinational energy and petrochemicals company with worldwide revenues of $90.92 billion USD. With nearly 21,126 people employed worldwide in 2021 and approximately 650 employees in the UK.
- They produced on average 2,079 Million barrels of oil equivalent (boe) per day.
- The company is vertically integrated – i.e. it is active in exploration, production, refining, distribution, petrochemicals and trading. Equinor is present in around 30 countries around the world, operating in North and South America, Africa, Asia, Europe - and Norway.
- Equinor have three British onstream projects; Mariner, Utgard and Barnacle. Mariner production began in 2019, with over £6 Billion of investment supporting an estimated 700 jobs.
- Equinor every year typically supplies 20-22 Billion cubic metres of natural gas to the UK which covers over 25 % of UK gas demand. Their Yorkshire storage facility provides around 11% of the UK's storage capacity.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Recent Developments

- 16th June 2022 – Equinor and Centrica's latest agreement to deliver additional supplies to the UK adds around 1 billion cubic meters (bcm) per year to Equinor's existing, bilateral contract with Centrica and brings the total volume under the contract above 10 bcm per year.

Equinors Energy Transition

- They have an ambition to power 5 Million UK homes by their UK wind farms by 2030.
- Equinor operate three UK offshore wind farms; Dudgeon and Sheringham Shoal, and Hywind Scotland, off the coast of Peterhead, Scotland.
- Hywind Scotland's five turbines came online in 2017 and with 30 MW capacity they can generate enough electricity to power around 36,000 Scottish homes.
- Dogger Bank will be completed in 2026. The 3.6GW project will be capable of providing around 5 million UK homes with renewable electricity, creating around 200 jobs.
- The North Sea region will play a key contribution in Equinor's global ambition to increase its renewables capacity to 12 – 16GW by 2035, around 30 times what it is today.

- In Aberdeenshire in Scotland, they are collaborating with SSE Thermal to develop Peterhead Carbon Capture Power Station which is expected to start operations by 2027.

Rosebank Oil Field

The Rosebank field is located in the Faroe-Shetland Channel, 125 kilometres from the closest UK coast on Shetland. The field is the largest pre-Field In Development (FID) project in the UK. Production from the Rosebank conventional oil development project is expected to begin in 2025 and continue until 2049.

Production is forecast to peak in 2028 at approximately 92 Thousand barrels per day (kbpd) of crude oil and condensate and 74 Million cubic feet per day (Mmcfd) of natural gas. The field is owned by Equinor (40%), Suncor Energy (40%) and Siccar Point (20%). The field is expected to recover 368.7 Million barrels of oil equivalent (Mmboe), comprised of 325.32 Million barrels of oil (Mmbbl) of crude oil & condensate and 260.24 Billion cubic feet (bcf) of natural gas reserves (oil 88.24%, gas 11.76%).

1. Key facts

- The UK overall production is currently 1.5 million barrels per day and Rosebank's expected average additional production is across its (24 years) lifetime will be roughly around 2.8% of UK production**. To note that Equinor's analysis focuses solely on the peak production of the Field over 4 years resulting in their estimate that Rosebank could account for around 8% of the UK's oil production.**
- If 369 Millions of barrels of oil are sold at the average oil price over the past five financial years ($62.75) this would result in an estimate of £23.1 billion undiscounted value added from oil sold.

2. Economic impact

Rosebank could benefit from the UK Government's £3 billion tax allowance for fields deeper than 3,280 feet and with more than 180 million barrels of reserves, a key factor in the investment decision in the field.

3. Environmental impact

4. [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Annex E – Biographies

Anders Opedal, President and CEO, Equinor – since 2 November 2020

Opedal joined Equinor in 1997. From 2018-2020 he held the position as Executive Vice President Technology, Projects and Drilling. From August to October 2018, he was Executive Vice President for Development, Production Brazil and prior to this Senior Vice President for Development, Production International Brazil. He also held the position as Equinor's Chief Operating Officer. In 2011 he took on the role as Senior Vice President in Technology, Projects and Drilling; where he was responsible for Equinor's NOK 300 billion project portfolio. From 2007-2010 he served as Chief Procurement Officer.

He has held a range of technical, operational and leadership positions in the company and started as a petroleum engineer in the Statfjord operations. Prior to Equinor, Opedal worked for Schlumberger and Baker Hughes.

Education: MBA from Heriot-Watt University and master's degree in Engineering (sivilingeniør) from the Norwegian Institute of Technology (NTH) in Trondheim.

David Cairns, Vice President Political and Public Affairs, Equinor.

After joining the FCO in 1993, David Cairns served in Japan as Second Secretary Commercial and in Geneva as the Head of the World Trade Organisation (WTO) Section. He has also held a number of positions based in London.

From 2015 -2019, David was the UK Ambassador to Sweden. In 2019, David took up his current role as VP President Political and Public Affairs at Equinor.

2. **Readout Equinor 10 August 2022**

Equinor
Wednesday 10 August, 15:30
Microsoft Teams

Present: First Minister
Anders Opedal, Equinor
David Cairns, Equinor
Jose Frey-Martinez, Equinor
SG Officials

- Anders welcomed the meeting to discuss the Rosebank field. The Rosebank Environmental Statement was due to be published on 12 August. Due to OPRED error this was published on 4 August.
- Equinor want to be an energy transition company but they see a clear for continued investment in oil and gas during the transition.
- They are focusing on 3 priority areas to help address concerns: climate change, energy security and just transition.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- First Minister welcomed the engagement and acknowledged the approach around addressing environmental considerations. FM outlined the importance of oil and gas companies also considering how to reduce emissions from the use of their products (scope 3 emissions)
- First Minister agreed on importance of oil and gas in just transition, particularly the skills transfer. The transition will not happen overnight. SG position is not currently saying that new drilling should never go ahead but that the Climate Compatibility Checkpoint process should go ahead to ensure consistency with the Paris Agreement. UKG have not set out the CCC process for fields already licensed. Scottish Government are undertaking analysis work as part of the revised Energy Strategy to look at Scotland's energy needs. UKCS is a mature basin and looking at what is required and will consider everything in context of that.
- There is no simple position and want to ensure proper assessment undertaken. Individual field assessments are fine but they need to be considered as part of the bigger picture.
- Anders advised Equinor are an open and transparent company and know there will be a lot of debate around the field, a lot of NGOs are not supportive. The report published by the EIA did not consider geopolitics and the same debate is happening in Norway.
- Norwegian Minister met with EU last week to discuss. They are going to continue engagement with NGOs and politicians.
- First Minister stated that the key decision lies with UKG. Scottish Government are trying to look at production in totality and assess compatibility with the Paris 1.5 degrees. Trying to take a responsible approach as the climate crisis is real.

- Anders asked about differing view on Brexit in Scotland and dialogue between SG and EU on energy.
- First Minister confirmed there continues to be dialogue with the EU particularly around hydrogen as an example. Formal dialogue with the EU is now more complex given UK Govt approach to Brexit.
- Anders asked if there was any advice on Rosebank as they want to avoid a polarised debate.
- First Minister suggested they don't dismiss any opinions and ensure they engage properly and on the totality of the issues this raises. Suggested Equinor may want to encourage UKG to introduce CCC at development phase as this would help make case and demonstrate compatibility.
- It was agreed that engagement would continue.

In response to item 16) 02/05/2023 Video conference with Equinor, Humza Yousaf MSP (First Minister), Ministerial engagements travel and gifts

1. Note of meeting between First Minister & Equinor 020523

Note of meeting between First Minister, Humza Yousaf, and Equinor on 2 May 2023

Attendees:
Humza Yousaf, First Minister
Anders Opedal, CEO Equinor
Arne Gürtner, Senior VP UK and Ireland
David Cairns, VP Political and Public Affairs, Equinor
Kersti Berge, Director, Energy and Climate Change, SG
Andrew Hogg, Deputy Director Energy Industries Division, SG
[Redacted Regulation 11(2) – (personal data of a third party)]

First Minister thanked Anders Opedal for his congratulatory letter on Mr Yousaf's appointment as First Minister. His early engagement with the sector is a clear indication of the important role for oil and gas companies like Equinor in the energy transition. Recognising that decisions on new exploration and production of oil and gas are for the UK Government to make, he invited Equinor to set out their plans for Scotland.

Mr Opedal stressed that the purpose of the call was introductory, to initiate a constructive working relationship. Equinor had started as a Norwegian oil and gas company but had expanded geographically and into renewables, hydrogen and carbon capture. Their approach to Scotland was a microcosm of this reality; investing in oil and gas while also supporting a transition. This maintains jobs and energy security. [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Mr Opedal expects Equinor's next big investment in oil and gas to be at Rosebank. Within Equinor, Rosebank is not being considered in isolation, but as part of a totality of balanced investment in the company's strategic priorities: producing oil and gas with lower emissions through electrification; investing in renewables; and supporting CCUS. In the context of Russia's invasion of Ukraine, Equinor believe that Norway and Scotland both have a duty to support energy security in the rest of Europe.

First Minister set out the importance of ensuring climate obligations are met; recognised the role Scotland plays in global energy security and emphasised the importance of a just transition. He is determined the workers of the North East will not suffer the effects deindustrialisation of the 1980s inflicted on the mining and steel communities. There is huge economic potential in renewables, but it has to be a partnership approach. A Just Transition.

Mr Opedal stressed the importance of a just transition for the employees of oil and gas companies, and also those in the supply chain. This was a good fit for Scottish Government priorities and Equinor was working closely with Scottish Government already.

First Minister emphasised the importance of lowering emissions and hoped Equinor would demonstrate what it was doing to lower emissions and how profit from oil and gas would be invested in renewable alternatives.

First Minister reiterated that he would be firm on climate obligations, but saw Equinor and other energy companies as partners and wanted to take a partnership approach going forward.

Mr Opedal thanked the First Minister for his time and said he was keen to invite him to Norway, though in many senses their work here demonstrates the range of their activity. [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] Equinor aims to replace cash flow from oil and gas with low carbon profit and as a company also have a Net Zero ambition. The process will take time, but transition is the direction of travel.

Mr Gürtner gave some examples to demonstrate that commitment to transition – [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

First Minister thanked Equinor for the kind invitation to visit Norway and asked them to keep in touch, stating the FM or Ministers would be happy to meet Mr Opedal in person when he next visits Scotland.

[Redacted Regulation 11(2) – (personal data of a third party)]

[Redacted Regulation 11(2) – (personal data of a third party)]

2. Briefing – 02052023 – First Minister – Equinor

BRIEFING FOR THE FIRST MINISTER

Meeting with Equinor CEO Anders Opedal

02/05/2023

Key message	We are committed to a just transition for Scotland's energy sector and ensuring we take workers with us on our journey to net zero. We will not do to the North East what Margaret Thatcher did to our mining and steel communities. Our focus, as outlined in the draft Energy Strategy and Just Transition Plan, must be meeting our energy security needs, reducing emissions and ensuring a just transition for our oil and gas workforce as North Sea resources decline. Unlimited extraction of fossil fuels is not consistent with our climate obligations and is not the solution to the energy price crisis. Scotland's natural resources, which include strong and consistent wind resource, along with our established expertise in oil and gas, skilled offshore workforce, excellent port structure and strong innovation hub, make Scotland one of the best places in the world to develop offshore wind and its supply chain.
What	Introductory meeting
Why	Equinor has requested an introductory call and will provide an update on its Rosebank Field, a final investment decision announcement for which is expected soon.
Who	Anders Opedal, President and CEO, Equinor David Cairns, Vice President Political and Public Affairs, Equinor Marit Berger Rosland, lawyer, Equinor
Where	Virtual Meeting, Microsoft Teams
When	02 May 2023, 15:30 – 16:00
Likely themes	Oil and gas, and offshore licensing Energy Strategy and Just Transition Plan
Media	N/A
Supporting official	Kersti Berge, Director, Energy and Climate Change Andrew Hogg, Deputy Director Energy Industries Division [Redacted Regulation 11(2) – (personal data of a third party)] [Redacted Regulation 11(2) – (personal data of a third party)]
Attached documents	Annex A - Meeting Summary Annex B - [Redacted Regulation 10(4)(e) – (Internal communications)] Annex C – Readout, FM meeting with Anders Opedal 10/08/22 Annex D- Equinor Background

	Annex E - Rosebank Field Annex F – Electrification Annex G – Offshore Wind Top Lines Annex H - Biographies

Annex A – Meeting Summary

Equinor have requested an introductory call and to provide an update on their progress with their Rosebank Field, a final investment decision announcement for which is due imminently.

Rosebank is waiting on Final Investment Decision, an announcement is expected in the first half of 2023. Rosebank is owned by Equinor (80%) and Ithaca (20%), Equinor recently doubled its share by buying Suncor's UK business, including their 40% stake in Rosebank.

- First oil is expected in 2026, with the field anticipated to have a 25-year lifespan.
- Rosebank is the biggest field waiting on FID and is in comparison twice the size of Cambo. Further detail on the field can be found in Annex F.

On 4 August 2022 Equinor published economic analysis for its Rosebank project – which set out the following metrics:

- Expected investment of £8.1bn over the life of the multi-million-barrel field – with more than three-quarters of which (78%) will be spent in the UK.
    - Around £4.1bn of which will be spent developing the field, alongside £3.6bn in OPEX, with decommissioning costs estimated around £400mn.
- At peak, Rosebank is expected to employ up to 1,600 direct, full-time equivalent (FTE) jobs, nearly 1,200 of which will be UK-based.
- Estimated GVA amounts to some £24.1 billion over the field's life – or £2.1 billion annually at its peak – equivalent to 1% of the Scottish GDP, according to analysis prepared by Wood Mackenzie and Shetland-based Voar Energy on behalf of the operator.
- Fewer workers will be needed once operational in 2026, Equinor anticipates the need for nearly 300 FTE roles over its 25-year life, 90% of which it says are likely to be UK-based.

Equinor published their Environmental Statement on the field in August (which was issued for public consultation between August and September 2022).

- Approval from the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) is needed before the project can move to the next stage.
- OPRED followed up Equinor on a number of areas including:
    - to "clarify how the proposed development will support the various NSTD policies and commitments, identifying what fraction of UKCS emissions the proposed development will contribute in those years that have NSTD commitments, and how the proposed development aligns with Equinor Net Zero ambitions.";
    - a lack of info on what will happen to the gas export line for Rosebank, which goes via the Magnus platform, when Magnus is due to cease production in the early 2030s;

- Clarity on how Equinor intends to ensure a viable line is available to avoid flaring or venting of gas, which harms the environment.

Rosebank was discovered in 2004, and is not subject to the UK Government climate compatibility checkpoint.

- Scottish Government has called for the checkpoint to be strengthened and to apply to fields like Rosebank that are not yet in production.
- [Redacted Regulation 10(4)(e) – (Internal communications)]
- The Scottish Government is consulting, through the draft ESJTP, on criteria to include in a strengthened checkpoint.

Electrification of Rosebank

- Equinor have said that Rosebank will be "electrification-ready" when production starts in 2026, but electrification, which would reduce production emissions will likely only be possible around 2030 due to consenting delays.
- Electrification would lower the emissions associated with the production of oil and gas from the Rosebank field, which will already be at the lower end of the UK Continental Shelf (UKCS) operation as older fields are much more emissions intensive than new ones. (UKCS average emissions intensity is 20 kg/boe; Rosebank pre-electrification will be 12 and 3 with electrification from shore, using Equinor data).
- Timelines for electrification will depend on permits and consenting to take a cable from shore to the Rosebank field, or, if Rosebank is to be electrified as part of a wider West of Shetland electrification programme, then the permits and consenting for that.

Previous Engagements

Former FM met with Anders Opedal, Equinor on 10 August 2022 following the publication of the economic analysis for Rosebank. A full readout of this call can be found in Annex C.

Annex B –
[Redacted Regulation 10(4)(e) – (Internal communications)]

Annex C – Readout, FM meeting with Anders Opedal, 10 August 2022

Present: First Minister
Anders Opedal, Equinor
David Cairns, Equinor
Jose Frey-Martinez, Equinor
SG Officials

- Anders welcomed the meeting to discuss the Rosebank field. The Rosebank Environmental Statement was due to be published on 12 August. Due to OPRED error this was published on 4 August.
- Equinor want to be an energy transition company but they see a clear for continued investment in oil and gas during the transition.
- They are focusing on 3 priority areas to help address concerns: climate change, energy security and just transition.
- [Redacted Regulation 10(4)(e) – (Internal communications)]
- First Minister welcomed the engagement and acknowledged the approach around addressing environmental considerations. FM outlined the importance of oil and gas companies also considering how to reduce emissions from the use of their products (scope 3 emissions)
- First Minister agreed on importance of oil and gas in just transition, particularly the skills transfer. The transition will not happen overnight. SG position is not currently saying that new drilling should never go ahead but that the Climate Compatibility Checkpoint process should go ahead to ensure consistency with the Paris Agreement. UKG have not set out the CCC process for fields already licensed. Scottish Government are undertaking analysis work as part of the revised Energy Strategy to look at Scotland's energy needs. UKCS is a mature basin and looking at what is required and will consider everything in context of that.
- There is no simple position and want to ensure proper assessment undertaken. Individual field assessments are fine but they need to be considered as part of the bigger picture.
- Anders advised Equinor are an open and transparent company and know there will be a lot of debate around the field, a lot of NGOs are not supportive. The report published by the EIA did not consider geopolitics and the same debate is happening in Norway.
- Norwegian Minister met with EU last week to discuss. They are going to continue engagement with NGOs and politicians.
- First Minister stated that the key decision lies with UKG. Scottish Government are trying to look at production in totality and assess compatibility with the Paris 1.5 degrees. Trying to take a responsible approach as the climate crisis is real.

- Anders asked about differing view on Brexit in Scotland and dialogue between SG and EU on energy.
- First Minister confirmed there continues to be dialogue with the EU particularly around hydrogen as an example. Formal dialogue with the EU is now more complex given UK Govt approach to Brexit.
- Anders asked if there was any advice on Rosebank as they want to avoid a polarised debate.
- First Minister suggested they don't dismiss any opinions and ensure they engage properly and on the totality of the issues this raises. Suggested Equinor may want to encourage UKG to introduce CCC at development phase as this would help make case and demonstrate compatibility.
- It was agreed that engagement would continue.

Annex D - Equinor Background

Equinor is a Norwegian multinational energy and petrochemicals company with worldwide revenues of £72.8 billion (approx. US$90.9). With nearly 21,126 people employed worldwide in 2021 and approximately 650 employees in the UK.

- Produce on average 2,079 Million barrels of oil equivalent (boe) per day.
- Are a vertically integrated company – i.e. it is active in exploration, production, refining, distribution, petrochemicals and trading. Equinor is present in around 30 countries around the world, operating in North and South America, Africa, Asia, Europe - and Norway.
- Equinor have three British onstream projects; Mariner, Utgard and Barnacle. Mariner production began in 2019, with over £6 Billion of investment supporting an estimated 700 jobs.
- Equinor every year typically supplies 20-22 Billion cubic metres of natural gas to the UK which covers over 25 % of UK gas demand. Their Yorkshire storage facility provides around 11% of the UK's storage capacity.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Recent Developments

- **16th June 2022** – Equinor and Centrica's latest agreement to deliver additional supplies to the UK adds around 1 billion cubic meters (bcm) per year to Equinor's existing, bilateral contract with Centrica and brings the total volume under the contract above 10 bcm per year.
- **23rd March 2023** – Equinor released its latest annual report, announcing it made approx £18.2 billion ($22.7 billion) in post-tax profits in 2022, having paid £36 billion ($45 billion) in corporate taxes globally. Equinor also produce 2 million barrels of oil equivalent per day in 2022, and has reduced emissions by 30% relative to 2015, with the goal of reaching a 50% reduction by 2030.

Equinor's Energy Transition Plan

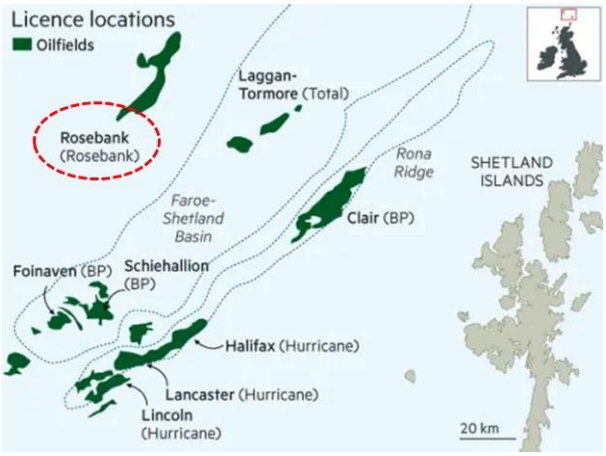
- Equinor commits to: reducing operated greenhouse gas emissions by 50% by 2030, from a 2015 baseline; reducing the net carbon intensity, including emissions from the use of sold products, by 20% by 2030 and 40% by 2035; Allocating more than half of their gross capital expenditure to renewables and low carbon energy by 2030; and deploying renewables, CCS and hydrogen while improved the carbon and methane efficiency of oil and gas production.
- Equinor developed the world's first floating offshore wind farm off the coast of Aberdeen, the 30 MW Hywind Scotland. The windfarm consists of 5 Siemens 6MW turbines, and was fully commissioned in 2017. According to Equinor, the floating wind farm has achieved the highest average capacity factor of all UK offshore windfarms each year since it started production.
- Equinor operate three UK offshore wind farms; Dudgeon and Sheringham Shoal, and Hywind Scotland, off the coast of Peterhead, Scotland.

- Hywind Scotland's five turbines came online in 2017 and with 30 MW capacity they can generate enough electricity to power around 36,000 Scottish homes.
- Dogger Bank will be completed in 2026. The 3.6GW project will be capable of providing around 5 million UK homes with renewable electricity, creating around 200 jobs.
- Equinor where unsuccessful in its bids for the ScotWind leasing round.
- In Aberdeenshire in Scotland, they are collaborating with SSE Thermal to develop Peterhead Carbon Capture Power Station which is expected to start operations by 2027.

Annex E - Rosebank Field

The Rosebank field is located in the Faroe-Shetland Channel, 125 kilometres from the closest UK coast on Shetland. The field is the largest pre-Field In Development (FID) project in the UK.

Production is scheduled to begin in October 2026, and continue until 2051. In total, 299 million barrels of oil and 140 billion cubic feet of gas are estimated to be recovered, amounting to 323 million barrels of oil equivalent (mmboe). Oil production is forecast to peak at 63 thousand barrels per day (kbpd) in 2032, and peak gas production is expected to occur in 2027, at 33 million cubic feet per day (mmcfd). The field is owned by Equinor (80%), who operate the site, and Ithaca Energy (20%).



Key facts

- As is the case with Cambo, Rosebank is located in one of the harshest environments in the UKCS and if sanctioned, will be one of the first UK fields developed in water depth of more than 1,000 metres.
- The Rosebank oilfield is estimated to contain around 323 mmboe that can be extracted over 25 years until 2051.
- Rosebank could contribute on average around 2.4% of total UK production across the lifetime of the field. However, Equinor analysis suggests Rosebank could provide 8% of total UK production at its peak.

1. Economic impact

- Across the lifetime of the field, Rosebank will support significant employment with an average of 450 UK-based full time direct, indirect and induced jobs. Peak UK based employments is expected to occur in Q3 2025, with a total of 1,200 direct, indirect and induced jobs being created as a result of Rosebank production.
- Over the lifetime of the project, Rosebank could generate up to £24.1 billion of gross value add (GVA).
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- Equinor calculate that Rosebank will generate £8.1 billion of direct investment, of which £6.3 billion is likely to be invested in UK-based businesses.

2. Environmental impact

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Annex F – Electrification

Power generation, which typically comes from gas and diesel generators offshore, accounts for around two-thirds of an installation's emissions (NSTA).

- Electrification seeks to replace that generation with clean electricity via renewables, though it is costly and technically challenging.
- NSTA have stated that the goals of the North Sea Transition Deal (NSTD) committing the industry to a 50% cut in emissions by 2030, cannot be met without reducing power-related emissions significantly. **For existing assets, electrification is viewed as the only option to meet those goals.**
- There are various electrification options discussed by industry, with the three most viable options potentially being:
    - power from shore, whereby the O&G installation would be connected directly to the onshore grid via a cable link;
    - power from interconnectors, whereby a direct cable link would be established between the O&G installation and the national grid of another country); and
    - power from offshore wind farms, comprising a direct connection between existing or planned offshore wind farms and O&G installations.
- However, there remain a number of technological, commercial and regulatory approaches still to be resolved on any final solution.

Equinor is yet to decide on the means of electrification for Rosebank, though it has publicly stated that it will invest £80 million on the Knarr floating production, storage and offloading unit (FPSO) electrification ready.

- Using lower-carbon electricity is expected to drastically slash the emissions intensity of the field to 3kg of CO2 per barrel of oil equivalent (boe), well below the UK benchmark of 20kg CO2/ boe in 2020.

Innovation and Targeted Oil and Gas (INTOG) offshore wind leasing round.

We are committed to ensuring secure, reliable and affordable energy supplies within the context of long-term decarbonisation of energy generation.

- The transition to net zero will require rapid decarbonisation across the energy sector including Scotland's long-standing oil and gas industry.
- Innovation and Targeted Oil and Gas decarbonisation (INTOG) offshore wind energy leasing and sectoral marine planning process is unique and a world's first aimed at supporting decarbonisation of oil and gas assets.
- We welcome the Crown Estate Announcement made on the 24 March 2023 of the successful 13 INTOG applicants, which will be offered exclusivity to develop offshore wind in Scotland's seas.
- The area of seabed covered by the IN projects is just over 139km2 and by the TOG projects 1534km 2, and the Exclusivity Agreements will cover projects with a proposed capacity of up to 499MW for IN and 5GW for TOG.
- INTOG projects will help deliver the oil and gas sector's decarbonisation targets in the NSTD.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Annex G – Offshore Wind Top Lines

Scotland's natural resources, which include strong and consistent wind resource, along with our established expertise in oil and gas, skilled offshore workforce, excellent port structure and strong innovation hub, make Scotland one of the best places in the world to develop offshore wind and its supply chain.

- As of December 2022, Scotland has 2.2 GW of operational offshore wind. In the pipeline there is 2.8GW under construction, 1.1GW awaiting construction, and 4.2 GW of projects in planning ahead of the ScotWind and INTOG projects.
- ScotWind reflects very significant market ambition for offshore wind in Scottish waters – almost 28GW across 20 projects, and the INTOG leasing round could add a further 5.5GW of capacity.
- This means that subject to planning and consenting decisions and finding a route to market, we have a current reported potential pipeline (subject to change) of over 38 GW of offshore wind projects.
- When projects which are awaiting construction, under construction or already operational are added to this the total potential capacity reaches over 40GW – the equivalent to produce enough electricity annually to power every home in Scotland for 17 years, or every home in the UK for over a year and a half.
- Our Offshore Wind Policy Statement (2020) set out the Scottish Government's ambition for 8-11 GW of offshore wind in Scotland by 2030. We recognise that this now needs to be reviewed in light of the market ambition expressed in response to the ScotWind leasing round. We are using the draft Energy Strategy and Just Transition Plan (ESJTP) to consult on increasing this ambition. We are also consulting on setting an ambition for 2045.

The Innovation and Targeted Oil and Gas (INTOG) offshore wind leasing round is the next step in realising another world leading opportunity for Scotland's energy transition: helping both decarbonise our existing oil and gas operations while helping our offshore wind sector to expand, innovate and deliver on our ambition to be a renewables powerhouse.

- Crown Estate Scotland announced on 24 March 2023 the 13 projects out of a total of 19 applications that have been offered Exclusivity Agreements in the leasing round.
- The announcement from Crown Estate Scotland not only indicates that INTOG will provide a significant contribution to the public purse but ensure the continuing growth and development of Scotland's offshore expertise and wider supply chain, supporting a true just transition for our energy sector.

The conclusion of the ScotWind offshore wind leasing auction and the clearing process is a huge vote of confidence in Scotland.

- ScotWind is the first devolved leasing round for offshore wind development in Scottish Waters, and the first leasing round in Scotland in a decade. ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally.
- ScotWind reflects very significant market ambition for offshore wind in Scottish waters - almost 28GW across 20 projects, and has delivered over £750m in revenues to the public purse in initial lease option awards.
- In addition, ScotWind will raise several billion pounds more in rental revenues when projects become operational.
- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland. We welcome the commitment of developers to invest an average projection of £1.4 bn in Scotland per project, which equates to more than £28bn across the 20 ScotWind offshore wind projects.
- We are working to realise ambitions for the offshore wind supply chain in Scotland through The Scottish Offshore Wind Energy Council (SOWEC). The Offshore Wind Collaborative Framework Charter, announced in May 2022, will help forge effective partnerships to deliver on supply chain potential.
- Industry, development agencies, and SG have been working together to develop a Strategic Investment Model (SIM) which will facilitate delivery of the commitments agreed in the Collaborative Framework Charter in line with the 2021 Strategic Investment Assessment recommendations.

Annex H - Biographies

Anders Opedal, President and CEO, Equinor – since 2 November 2020

Opedal joined Equinor in 1997. From 2018-2020 he held the position as Executive Vice President Technology, Projects and Drilling. From August to October 2018, he was Executive Vice President for Development, Production Brazil and prior to this Senior Vice President for Development, Production International Brazil. He also held the position as Equinor's Chief Operating Officer. In 2011 he took on the role as Senior Vice President in Technology, Projects and Drilling; where he was responsible for Equinor's NOK 300 billion project portfolio. From 2007-2010 he served as Chief Procurement Officer.

He has held a range of technical, operational and leadership positions in the company and started as a petroleum engineer in the Statfjord operations. Prior to Equinor, Opedal worked for Schlumberger and Baker Hughes.

Education: MBA from Heriot-Watt University and master's degree in Engineering (sivilingeniør) from the Norwegian Institute of Technology (NTH) in Trondheim.

David Cairns, Vice President Political and Public Affairs, Equinor.

After joining the FCO in 1993, David Cairns served in Japan as Second Secretary Commercial and in Geneva as the Head of the World Trade Organisation (WTO) Section. He has also held a number of positions based in London.

From 2015 -2019, David was the UK Ambassador to Sweden. In 2019, David took up his current role as VP President Political and Public Affairs at Equinor.

Marit Berger Rosland

Marit Berger Røsland is a Norwegian politician for the Conservative Party. She served as Norway's Minister of European Affairs from 2017 to 2018, as a member of Solberg's Cabinet.

Marit is a lawyer in Equinor’s legal department and also chair of Norwegian Institute for Human Rights.

In response to item 17) 08/11/2023 Scottish Parliament meeting with Equinor UK Ltd, Humza Yousaf MSP (First Minister), Lobbying Register

1. **Note – FM meeting with Equinor and [Redacted – (Not in Scope)] 8 November 2023**

Meeting between Arne Gürtner (Senior Vice President, Equinor), [Redacted – (Not in Scope)] and the First Minister, 8 November 2023.

- The FM noted the context to the meeting being correspondence received expressing disappointment in the Scottish Government's response to the consenting of the Rosebank field. He set out that this response reflected concerns around the rigour of the UK Government's climate compatibility checkpoint approach in the context of domestic and global climate obligations and lack of clarity around energy security implications when oil is mainly exported.

- The FM also noted a shared recognition of the need for the energy transition to be just and the clear understanding on part of Scottish Government that this could only be realised in partnership with industry. He challenged current attendees, and the oil & gas industry more widely, to set out more detail on what it's contribution to the transition would look like in practice.

- Industry attendees noted that their concerns around the Rosebank response were around consistency and tone. They also set out concerns that both the North Sea oil & gas and offshore wind sectors were currently in states of crisis, meaning that signals at this time were particularly important for investor confidence. In response to the FM's challenge, they expressed the view that the pace of transition away from fossil fuels should be set from the demand side. They also noted that oil & gas produced from the UK Continental Shelf only comprises a small percentage of global production and that many of the companies involved could easily move elsewhere, with associated impacts for supply chain businesses.

- The FM agreed with the points around the importance of investor confidence, the need for fundamental market reform in support of the energy transition and focussing on supply chain companies. He also agreed that reducing demand for fossil fuels was a vital element of transition, but queried whether the evidence was clear that this would be enough to deliver on global climate goals. He set out responding to the climate crisis must be the key overall priority, given the severity and existential nature of the challenge it poses.

- Attendees welcomed the meeting and agreed to maintain open lines of communication.

ENDS

2. **Briefing – 08112023 – First Minister – [Redacted – (Not in Scope)] and Equinor**

BRIEFING FOR THE FIRST MINISTER

Meeting with [Redacted – (Not in scope)] and Equinor

08/11/2023

Key message	• We are committed to a just transition for Scotland's energy sector. • That means simply stopping all future oil & gas activity overnight would be wrong. We have never suggested this should be the case. It could threaten energy security while destroying the very skills we need to transition to the new low-carbon economy. • However, we must also acknowledge the reality and urgent imperative of responding to the global climate crisis. Any further extraction and use of fossil fuels must be consistent with Scotland's climate obligations and Just Transition commitments.
What	Meeting with [Redacted – (Not in Scope)] and Arne Gürtner of Equinor
Why	To discuss the Scottish Government response to Rosebank. [Redacted – (Not in Scope)] wrote to you on 2 October (**Annex F**) following comments made regarding Rosebank. You responded on 3 October and agreed to a meeting to discuss further.
Who	First Minister [Redacted - (Not in Scope)] Arne Gürtner, SVP UK & Ireland offshore Equinor
Where	First Minister's Office, Scottish Parliament
When	Wednesday 8 November 2023, 13:15 – 13:45
Likely themes	Scottish Government position on offshore oil and gas licensing and the impact of this on industry.
Media	N/A
Supporting official	Susie Townend, Interim Deputy Director, Energy Industries [Redacted Regulation 11(2) – (personal data of a third party)]
Attached documents	**Annex A** - Meeting Summary **Annex B** - Lines to Take **Annex C** - Equinor Background **Annex D** – [Redacted-Not in scope] **Annex E** - Biographies **Annex F** - [Redacted -Not in scope]

	Annex G – FM response to [Redacted – (Not in scope)]and Equinor – 3 October **Annex H** – [Redacted -Not in scope]

Annex A – Meeting Summary

Summary and background:

Equinor and [Redacted – (Not in scope)] are the two main companies involved in the Rosebank oil & gas field license. [Redacted – (Not in scope)] wrote to you on 2 October following your comments expressing disappointment at the approval of the field and asked to meet to discuss this further. As Equinor is the key partner in Rosebank, it was proposed that a joint meeting would be beneficial.

Recent Engagements:

10 August 2022: Former FM met with Anders Opedal, Equinor following the publication of the economic analysis for Rosebank.
2 May 2023: You had introductory meeting with Anders Opedal, Arne Gürtner and David Cairns of Equinor.
6 September 2023: Short meeting between Minister for Energy and Environment and Equinor.
[Redacted -Not in Scope]

Sensitivities:

[Redacted Regulation 10(4)(e) – (Internal communications)]

- On 05 November the UKG announced the intention to change offshore oil and gas licensing, with a new Bill in Kings Speech (7 Nov), requiring the NSTA to invite applications for new production licenses on an annual basis. A round will only take place if two "net zero transition" tests are met: 1) The UK must be projected to import more oil and gas from other countries than it produces at home; 2) carbon emissions associated with UK gas production are lower than the equivalent emissions from imported liquefied natural gas.

Annex B: Lines to Take

TOP LINES

We are committed to a just transition for Scotland's energy sector.

- That means simply stopping all & gas production overnight would be wrong. It could threaten energy security while destroying the very skills we need to transition to the new low-carbon economy.
- We also recognise and welcome the contribution the oil & gas sector has made to Scotland's economy and society.
- However, any new extraction of fossil fuels must be consistent with Scotland's climate obligations. It must also ensure a planned and fair transition that leaves no one behind.
- Through our draft Energy Strategy and Just Transition Plan, we have set out a clear pathway to both deliver on global emissions reduction commitments and capitalise on the enormous opportunities offered by becoming a net zero economy.
- With so much at stake, it is vital that we take an evidence-based approach to the energy transition.
- That is why we are calling for a robust and transparent climate compatibility test to be applied to all new oil & gas developments.
- We have recently published analysis of consultation responses on the draft Strategy and Plan and are committed to publishing a final version by next summer.
- Our focus, as outlined in the draft Energy Strategy, is on meeting Scotland's energy security needs, reducing emissions and ensuring a just transition for our oil and gas workforce as North Sea resources decline.

Decisions on oil and gas exploration and licensing remain reserved to the UK Government.

- We have previously called on the UK Government to hold a four nations' discussion to agree the Climate Compatibility Checkpoint process – a call which was ignored.

CHANGES TO UKG OFFSHORE LICENSING PROCESS

We continue to be disappointed by the lack of engagement and consultation by UK Ministers on changes to the oil and gas licensing process.

- Decisions on oil and gas exploration and production remain reserved to the UK Government. However, these decisions have huge implications here in Scotland and also globally.
- Both the new proposals and previous announced arrangements for UK Climate Compatibility Checkpoints lack both transparency and rigour. We are left with no alternative but to conclude the UK Government simply isn't serious on climate.

- We call, again, on the UK Government to hold a four nations discussion to agree a robust approach to Climate Compatibility Checkpoints for the oil and gas sector.
- Instead of licensing ever more fossil fuel extraction, now apparently on an annual basis, the UK Government should be encouraging investment in renewables to support our energy security and supporting a just transition for our energy sector and for Scottish households and businesses.

[Redacted Regulation 10(4)(e) – (Internal communications)]

'WINDFALL' AND INVESTMENT ALLOWANCE TAX ANNOUNCEMENT

The changes announced in June by the UK Government to the Energy Profits Levy (EPL) were brought in with no consultation or engagement with Scottish Ministers, and significantly lack detail on how the Energy Security Investment Mechanism proposal will be implemented.

- Our view at present is that the EPL's investment allowance [which will continue to operate until 2028 or prices fall significantly] doesn't do enough to future-proof energy supplies and promote green energy.
- I would be interested in your own views on what would be the most effective levers to incentivise investment in renewables.

JUST TRANSITION & NORTH SEA JOBS

Independent analysis conducted by EY shows that GVA and employment in oil and gas sector is forecast to decline in line with the North Sea basin decline. However, it also shows the considerable economic opportunity from renewable energy to Scotland's economy.

- We need to harness the skills, talent, and experience located in the North East to support the buildout of low carbon technologies in Scotland. The Scottish Government is absolutely committed to a just transition, and ensuring we take workers with us on our journey to net zero.
- With the right support, the number of low carbon jobs is modelled to rise from 19,000 in 2019 to 77,000 by 2050 as the result of a just energy transition, delivering a net gain in jobs across the energy production sector overall.
- In addition to energy production jobs, we expect significant potential for employment and economic benefits from the wider economy as we move to net zero – throughout transport, heat, and manufacturing sectors.
- Our world leading ScotWind leasing round is a key part of this. We strongly welcome commitments made by the successful developers to invest an average projection of £1.5 billion in Scotland per project, which equates to more than £28 billion across the 20 projects and will help create thousands of new jobs.

- The Scottish government is absolutely committed to a just transition - and we are not waiting - we are already acting, for example, through our ten year £500 million just transition fund, taking workers with us on our journey to net zero and working alongside trade unions.
- I would welcome more detail, including milestones on the pathway to a net-zero emissions economy by 2045, for how your companies are supporting Scotland's just transition.

SUPPLY CHAIN

The Scottish Government is committed to supporting our oil and gas supply chain transition.

- In relation to Rosebank, Ithaca have stated that: "Project management and engineering activities will be performed mainly from Aberdeen and tree systems will be manufactured in Dunfermline".
- The Scottish Government welcomes this. Our oil and gas workers, and their vital skills, will be essential to the transition.
- We also welcome the 50% UK content target agreed with industry in the North Sea Transition Deal.
- The oil and gas sector has a critical role to play in supporting the energy transition. Supporting its diversification into low carbon and renewable energy sectors is key to ensuring capacity is retained and developed in the service of Scotland's energy transition.
- Scotland's oil and gas supply chain already has expertise and experience which can service a low carbon and renewable offshore energy sector at home and abroad.
- On 17 October the First Minister announced up to £500 million investment to leverage private investment in ports, manufacturing and assembly work to support major supply chain opportunities to Scotland.
- The acceleration of our offshore renewables capabilities over the coming decade presents enormous economic opportunities which must be seized in order to secure a just transition for our energy sector and a fairer, greener Scotland for everyone.
- As part of the £500 million Just Transition Fund for North East and Moray, the Scottish Government has awarded the Energy Transition Zone £9.8 million to deliver an Energy Transition Fund and Supply Chain Pathway.

SKILLS

Our oil and gas workers, and their vital skills, will be essential to the transition.

- We need to harness the skills, talent, and experience located in the North East to support and accelerate the buildout of low carbon technologies if Scotland to realise the full benefits of the energy transition.
- Robert Gordon University's most recent report 'Powering Up The Workforce' (2023) shows that Scotland has enormous energy potential – with a workforce 'goldilocks

zone' between 2024 and 2028 when the supply chain capability can be developed so that the transferability of the offshore energy workforce is optimised.

- Previous RGU research (2021) highlighted that a majority of offshore workers could be delivering low carbon energy by 2030 and that more than 90% of the UK's oil and gas workforce have medium to high skills transferability – they are well positioned to work in adjacent energy sectors.
- RGU's Making the Switch report (2022) highlights the potential for the North East region to become a net zero global energy hub that supports existing oil & gas roles into the renewables and low carbon roles of the future.

Our £500m Just Transition Fund is providing financial support to help energy workers reskill and to build confidence in the potential for a just transition.

- As part of this Fund, we are backing a new energy transition skills hub which will train 1000 people in the next 5 years.
- Indeed, the UK Government has refused to even match our £500 million Just Transition Fund, despite the over £400 billion (in today's money) that has flown to the Treasury from North Sea oil since the 1970s.
- Our National Strategy for Economic Transformation sets out our ambition that, by 2032, Scotland will be an international benchmark for how an economy can transform itself, de-carbonise and rebuild natural capital.

Annex C - Equinor Background

Equinor (formerly StatOil) is a Norwegian multinational energy and petrochemicals company with worldwide revenues of £72.8 billion (approx. US$90.9). With 21,936 people employed worldwide in 2022 and more than 650 employees in the UK. The Government of Norway owns 67% of Equinor.

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- Are a vertically integrated company – i.e. it is active in exploration, production, refining, distribution, petrochemicals and trading. Equinor is present in around 30 countries around the world, operating in North and South America, Africa, Asia, Europe - and Norway.
- Equinor have three recently onstream projects in the UKCS: Mariner, Utgard and Barnacle. Mariner production began in 2019, with over $7.7 Billion of investment supporting an estimated 700 jobs.
- Equinor every year typically supplies 20-22 Billion cubic metres of natural gas to the UK which covers 27% of UK gas demand. This supply comes both from Equinor's operations both on the UKCS and the Norwegian Continental Shelf (NCS).

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Recent Developments

- **16th June 2022** – Equinor announced Q3 2023 results showing that it had made a post-tax profit of $2.73 billion. This is down from $6.72 billion in post-tax profits reported from the same quarter last year, but up slightly from the $2.25 billion reported last quarter. Equinor attribute this to the fall in natural gas periods from the highs of last year.
- **30th October 2023** – Equinor announced that it has signed a new five-year long supply agreement with Germany's major energy company RWE.
- **30th October 2023** – The North Sea Transition Authority (NSTA) awarded 27 new hydrocarbon exploration licenses. Equinor has been named as one of the successful bidders (Reuters (2023): UK regulator awards 27 oil, gas exploration licenses).

Equinor role in Rosebank

- Rosebank reached Final Investment Decision in September 2023. Rosebank is owned by Equinor (80%) and [Redacted – (Not in scope)] (20%), after Equinor doubled its share by buying Suncor's UK business, including their 40% stake in Rosebank. Gas from this field will be exported via a new build 85 km pipeline tied into the existing West of Shetland Pipeline System (WoSPS) onwards to the Sullom Voe Terminal (SVT). Over the course of its 25 year lifespan, Rosebank is currently expected by Wood Mackenzie to produce a total of around 324 millions of barrels of oil equivalent (mmboe), which is the combined measure for both

liquids and gas production, comprised of 299 mmboe of oil and 25 mmboe of gas (92.5% oil, 7.5% gas).
- Media reports since Rosebank approval have suggested that Equinor's ownership and the tax allowance structures around UK licensing mean that much of the economic benefit from Rosebank will flow to the Norwegian Government.

Equinor's Energy Transition Plan
- Equinor commits to: reducing operated greenhouse gas emissions by 50% by 2030, from a 2015 baseline; reducing the net carbon intensity, including emissions from the use of sold products, by 20% by 2030 and 40% by 2035; Allocating more than half of their gross capital expenditure to renewables and low carbon energy by 2030 (from 14% in 2022); and deploying renewables, CCS and hydrogen while improved the carbon and methane efficiency of oil and gas production.

Equinor, Offshore Wind and Low-Carbon Solutions
- Equinor operates three windfarms in the UK: Sheringham Shoal, Dudgeon and Hywind Scotland. Hywind Scotland was the world's first floating offshore wind farm, powering the equivalent to 36,000 homes in the UK.
- The Dogger Bank offshore windfarm is due to be completed in 2026 when it will then power the equivalent of 6 million UK households.
- Equinor currently has 749 MW of installed offshore wind capacity in the UK, and has the ambition to power the equivalent of 7 million UK homes by 2030.
- In Aberdeenshire in Scotland, Equinor is collaborating with SSE Thermal to develop the proposed 910 MW Peterhead Carbon Capture Power Station, which could be operational as early as 2027. This could capture on average 1.5 $MtCO_2$ per year, 5% of the UK Government's 2030 target for CCS.
- Equinor have a 33.3% stake in the Norwegian Northern Lights CCUS project. The first phase of the Northern Lights Development with a storage capacity of 1.5 million tonnes per annum is 80% funded by the Norwegian government and is part of the Longship Project. Carbon capture and storage operations are scheduled to begin in 2024.

Annex D
[Redacted – (Not in scope)]

Annex E - Biographies

[Redacted – (Not in Scope)]

Arne Gürtner, Equinor Senior Vice President UK and Ireland

Based in Equinor's UK operations headquarters in Aberdeen, Arne leads an organization of more than 1000 employees currently supporting Equinor's UK and Ireland upstream activities. These include the Mariner development on the United Continental Shelf, which started production in August 2019 cross UK-Norwegian border developments including the Utgard and Barnacle fields, as well as a partner-operated interest in the Corrib gas field in Ireland.

As well as a board variety of leadership roles across Equinor, including his previous position of VP for Technical Excellence in a global business function, Arne has been leading a large variety of disciplines ranging from environmental, drilling and petroleum technology within research and technology as well as operations on the Norwegian Continental Shelf.

He holds a PhD in marine technology from the Norwegian University of Science and Technology.

Annex F: [Redacted – (Not in scope)]

[Redacted – (Not in scope)]

Annex G: First Minister response to Equinor and [Redacted – (Not in scope)]

3 October 2023

Dear Arne and [Redacted – (Not in scope)],

Since the approval of Rosebank last week, there has been significant media and political interest in the Field and how it will support Scotland and the UK's energy security needs, supporting jobs and continued investment in the energy supply chain.

I have always maintained that Scotland's focus must now be on meeting our energy security needs, reducing emissions and delivering affordable energy supplies, whilst ensuring a just transition for our oil and gas workforce as North Sea resources decline. To achieve that, we need to harness the skills, talent and experience located in the North-East to support the build-out of net zero technologies in Scotland. We are already acting, for example, through our 10-year £500 million Just Transition Fund for the North East and Moray, to enable that transition.

The Scottish Government recognises the role that Scotland, and particularly the North East, can play in ensuring that we continue to be at the forefront of energy transition across the world. That is why we welcome the work conducted by companies operating across the oil and gas sector to diversify into low carbon and renewables.

The role of companies such as Equinor and [Redacted – (Not in Scope)] operating in the oil and gas sector, will be essential in making a just transition possible. We remain committed to a net zero future, and we will use every power at our disposal to support sustainable economic growth and maximise the opportunities of the green economy.

I would be pleased to meet with you both to discuss further. Please liaise with my Private Secretary at FirstMinister@gov.scot who will assist in identifying a mutually convenient date.

Annex H: [Redacted – (Not in scope)]

[Redacted – (Not in scope)]

In response to item 1) 15/03/2022 Video conference with SSE, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Ministerial engagements travel and gifts

CABINET SECRETARY FOR NET ZERO, ENERGY AND TRANSPORT

MEETING WITH SSE RENEWABLES
TUESDAY 15th MARCH 2022 - 14:30 - 15:15

Key Message	You are meeting to discuss a collaborative approach to maximising local content in their projects. You will reiterate SG's expectation SSE Renewables will work collaboratively to coordinate their use of key supply chain assets to minimise the risk of bottle necks in the pipeline, and to maximise their overall economic impact
Who	Paul Cooley - Director of Capital Projects - SSE Renewables Ronnie Bonnar - Chairman - Offshore Renewable Energy Catapult Tomoki Nishino - General Manager - Marubeni SSE Renewables is a renewable energy subsidiary of SSE plc, which develops and operates onshore and offshore wind farms and hydroelectric generation in the United Kingdom and Ireland
What	This is the first offshore wind leasing round in Scotland for a decade and is the first ever since the management of offshore wind rights were devolved to Crown Estate Scotland. The purpose of this meeting is for you to set the tone of Ministers' expectations for these projects, both in terms of how they will interact with our statutory net zero commitments and our supply chain ambitions.
Why	This is a significant milestone in the expansion of offshore wind in Scotland and, moreover, this is the largest commercial floating offshore wind leasing round to date. SSE have secured one floating site in the east of Scotland
Where	Microsoft Teams
When	**Tuesday 15th March 2022** **14:30 - 15:15**
Supporting Officials	[Redacted Regulation 11(2) – (personal data of a third party)] Head of Offshore Wind Policy & Supply Chain [Redacted Regulation 11(2) – (personal data of a third party)] Head of Onshore Electricity Policy [Redacted Regulation 11(2) – (personal data of a third party)] Supply Chain Team [Redacted Regulation 11(2) – (personal data of a third party)] Supply Chain Team
Briefing	**Annex A:** Agenda and Steering Brief for meeting **Annex B:** Background for Agenda Item 2 *(if required)* **Annex C:** Biographies **Annex D:** Offshore Wind FMQ **Annex E:** Green Free Ports FMQ

	Annex F: Supply Chain Development Statement One Pager

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Minister for Business, Trade, Tourism & Enterprise			X		
Minister for Green Skills, Circular Economy and Biodiversity			X		

Director of Marine Scotland
DG Net Zero
Kersti Berge, Director of Energy and Climate Change
Andrew Hogg, Deputy Director for Energy Industries
Mike Palmer, Deputy Director, Marine Planning and Policy
[Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy and Supply Chain Unit
[Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy
[Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy and Supply Chain Unit
[Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy
[Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy and Supply Chain Unit
Comms Net Zero and Rural Affairs
John McFarlane SpAd
Harry Huyton SpAd

MEETING WITH SSE RENEWABLES
TUESDAY 15th MARCH 2022 - 14:30 - 15:15

ANNEX A

Agenda & Discussion Points

1. Welcome & introductions

- You will provide a **5 minute speaking note**, welcoming SSE Renewables setting out your expectations for these projects.

Note – [Redacted Regulation 10(4)(e) – (Internal communications)]

SSE Renewables – N/A

[Redacted Regulation 10(4)(e) – (Internal communications)]

2. Introduction to the project, including key project milestones and supply chain commitments and ambitions

- SSE Renewables will present their plans for the project

3. Discussion

- SSE Renewables may raise concerns with how National Grid ESO is taking forward the Holistic Network Design work in relation to ScotWind.

4. Next steps

Steering Brief

Item 1:	**Welcome & introductions**
Key Message:	A few speaking points have been included in a separate annex to open this meeting. The aim of the discussion is to learn about SSE Renewables ScotWind project in the site E1.

Item 2:	**Introduction to the project, including key project milestones and supply chain commitments and ambitions** (Annex B)
Key Messages:	• Are there any barriers or challenges that Ministers can help provide further support on to help drive forward success in meeting your supply chain commitments? • Which Tier 1 Developers are you in conversation with?
Discussion:	SSE Renewables has one ScotWind option that is in site E1. The project is targeting floating platform.
	Background detail on the project is set out in Annex B

Item 3:	**Discussion**
Key Messages:	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] • [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] How are you going to use [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] Are you committed to utilising the fund in a way that would benefit other ScotWind projects, as well as this one? • *If Raised:* National Grid ESO have been working to account for ScotWind within the Holistic Network Design work. My officials continue to engage with the ESO as this work moves forward.
Discussion:	It would be useful to better understand any progress they have made in their discussions with [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] Within their Supply Chain Development Statement the mentioned a [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]. It would be beneficial if they were considering an approach to collaboration to benefit other ScotWind Projects.
	Background briefing on the project is set out in Annex B

Item 4:	**Next steps** (Annex D)
Key Messages:	Following each of your bilateral discussions with developers, officials in Marine Scotland will seek to engage directly with the projects to outline the steps involved in consenting and licensing. SSE are set to meet Marine Scotland 15 March 2022 at 15:30 pm We are also keen that engagement on the supply chain with the developers continues to take place, so we will seek further discussion as the project develops and approaches various milestones.
Discussion:	• Thank you for that outline today of your project, it was helpful to get into some of the detail of the development itself as well as the supply chain opportunities you are targeting. • As I already mentioned earlier, I know Marine Scotland have been in touch you are meeting with them later today 15 March 2022 at 15:30 pm to discuss the consenting process. • My energy policy officials are also available and would be happy to continue to engage with you and your team as you approach various milestones for your development.

ANNEX B

PROJECT OVERVIEW

Project	
Site Location	Site Location East 1
Lead Developer	Lead Developer SSE Renewables

Indicative project timeline (please indicate the year quarter you are targeting)	
Scoping	Scoping to be submitted for all phases, Q4 2022.
Planning/Consenting	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
CfD	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
FID	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Commence Construction	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Grid Connection	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Commence operations	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Supply chain	
Preferred Port (manufacturing/fabrication)	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] however we have active engagement with all Scottish ports and have recently undertaken a 4-week tour of facilities to increase engagement, understand current capabilities and potential.
Preferred Port (marshalling/installation)	As above.
Preferred Port (O&M)	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Foundation (fixed/floating - concrete or steel)	Floating – steel is currently anticipated; however, this will be confirmed following further technical studies.
Tier 1s	This will be confirmed at a later stage, but we have already engaged with [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Turbine supplier	This will be confirmed at a later stage, but we have active relations with all of the major wind turbine suppliers.
MOUs with suppliers to date	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Details of any supply chain pre-investment	The Project Partners will establish a supply chain fund to support the delivery of the SCDS, to underpin local orders and investments in the Scottish supply chain.

ANNEX C – BIOGRAPHIES

Paul Cooley - Director of Capital Projects - SSE Renewables

Ronnie Bonnar - Chairman - Offshore Renewable Energy Catapult

Tomoki Nishino - President & CEO - Marubeni

Lead Applicant	Project Partners	Location	Technology	Total Capacity
SSE	• Marubeni Corporation • Copenhagen Infrastructure	E1	Floating	2610MW

ANNEX D

OFFSHORE WIND

- **In the PfG, we committed to making offshore wind central to our delivery of net zero targets through further ScotWind offshore wind leasing rounds over this Parliament.**
- The results of ScotWind, the seabed leasing process for offshore wind, managed by Crown Estate Scotland (CES) was announced on Monday 17 January 2022.
- This announcement outlined the winners of the competitive bidding process over areas of seabed where the next offshore wind projects will be located. This is the first devolved leasing round for offshore wind development in Scottish Waters and the first leasing round in Scotland in a decade.
- The new offshore wind plan for Innovation and Targeted Oil and Gas Decarbonisation (INTOG) process was announced by Crown Estate Scotland on 22 February 2022. Developers will apply for the rights to build small scale innovative offshore wind projects of less than 100MW as well as larger projects connected to oil and gas infrastructure to provide electricity and reduce the carbon emissions associated with those sites.

Top lines

OFFSHORE WIND

- Our Offshore Wind Policy Statement sets out the Scottish Government's ambitions for offshore wind in Scotland, including an ambition to achieve 8-11 GW of offshore wind in Scotland by 2030. This recognises that deployment must increase significantly if we are to meet our climate change targets.
- Scottish Ministers have made clear, time and again, that they will use every lever at their disposal to maximise economic returns for the offshore wind sector here in Scotland.

SCOTWIND

- Scotland's seas offer great opportunities for the sustainable development of offshore wind and are an important part of the green recovery and transition to net zero.
- The level of ambition shown by the market recognises the seriousness of Scotland's commitment to achieving our net zero targets and economic growth. I welcome the commitment made by developers to invest at least £1bn per GW in the Scottish Supply chain via ScotWind projects.
- ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally. We already have the world's largest operating commercial floating wind farm and ScotWind now breaks new ground in putting large-scale floating wind technology on the map at GW scale, offering Scotland a first-mover advantage.
- ScotWind will deliver c £700m in return for these initial awards alone which we will use to benefit the people of Scotland, particularly by helping to tackle the climate and biodiversity crises and deliver a low carbon society.

- In addition, ScotWind will deliver several billion pounds more in public benefit via the investment of rental revenues once all the projects become operational.
- The announcement of these awards heralds aadn exciting era of economic development underpinned by balanced and effective regulation at a scale seldom seen before in Scotland's history.
- The projects given the green light by CES today would, if approved, deliver far in excess of our current planning assumption of 10GW of offshore wind. The planning, consenting and funding processes that lie ahead - together with the need to fully consider the views of stakeholders about impact - means that it is not possible to know now exactly what scale of development will be permitted ultimately.
- ScotWind also promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery the length and breadth of the country.
- Each application was required to include a Supply Chain Development Statement setting out its supply chain goals and committing developers to meet those goals through the various stages of their projects. This provides us with an excellent tool to ensure that, working with the sector, Scottish communities reap the maximum possible economic benefits from ScotWind projects.

We welcome the public commitment made by the winning bidders to invest at least £1bn per gigawatt of capacity in the Scottish economy.

- This this investment will be transformational in delivering the wider supply chain benefits to help power Scotland's green recovery the length and breadth of the country.
- The scale and ambition of ScotWind projects will create a large volume of sustained demand that will mark a step change in developing Scotland's supply chain and capability in manufacturing.
- We are determined to realise the significant opportunities for Scottish businesses. Collaboration will be key and we will be working closely with the successful projects and wider supply chain to maximise the benefits for the people of Scotland from the use of our significant offshore wind resources.
- We will also work closely with the Scottish Offshore Wind Energy Council to implement the recommendations in the Strategic Investment Assessment starting with a Collaborative Framework to bring together industry, the supply chain and the public sector to build Scotland's offshore wind manufacturing capabilities and get Scottish businesses ready to win offshore work.
- Recent successes in the offshore wind supply chain such as the new wind tower manufacturing facility at the Port of Nigg show the opportunity resulting from the energy transition and the substantial potential to deliver high value green jobs and generate sustainable economic growth.

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

- Applicants to the ScotWind leasing round were required to include a Supply Chain Development Statement setting out its supply chain goals and committing developers to meet those goals throughout the lifetime of their projects.

- Failure to deliver the commitments laid out in the final SCDS can trigger remedies ranging from financial penalties to an inability to progress to seabed lease.
- The introduction of Supply Chain Development Statements demonstrates how serious the Scottish Government is about holding developers to account if they do not honour their supply chain commitments.
- We fully expect developers and Original Equipment Manufacturers (OEMs) to be engaging with the domestic supply chain from the outset to ensure that those commitments come to fruition.
- We have also been calling for, and welcome, the additional conditionality required by the UK Government for supply chain commitments in Contracts for Difference (CfD) rounds.

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

- Scotland has a great legacy of offshore engineering skills and ScotWind will be an opportunity to build on that legacy for a clean energy future, including the potential to diversify our existing industries and generate thousands of new jobs.
- We will drive forward offshore wind skills development – working with stakeholders to focus on the opportunities for diversification and skills transfer from our oil and gas sector, in line with our commitment to a Just Transition.
- We will also continue to make every effort to ensure that our indigenous supply chain can maximise the benefit from developing Scotland's significant offshore wind potential and the opportunities for innovation that will unlock this.

INNOVATION AND TARGETED OIL AND GAS DECARBONISATION

- By replacing traditional energy sources with offshore wind generation these plans will support the decarbonisation of oil and gas infrastructure, facilitate decommissioning and grow our offshore wind sector.
- We will be engaging with communities, environmental interests and marine industries as we develop these plans so we can ensure they support and accelerate a rapid transition for the oil and gas industry.

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

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

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

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

We know that transmission charging remains a barrier, and a particular disadvantage, for projects located in Scotland or Scottish waters.

- Scottish generators clearly face higher transmission network costs as a result of their location and distance from main GB demand centres.
- The Scottish Government has long argued that Ofgem needs to be given an explicit remit to help achieve net zero – something that the UK Government has finally acknowledged in its recent Energy White Paper.

It is vital that National Grid ESO continues to work to take account of ScotWind and engage fully with stakeholders as the Holistic Network Design process moves forward.

- We understand that the HND will account for 17 GW of offshore wind, 10.7 of that being ScotWind projects.
- We have been clear with National Gird ESO that developers not accounted for in the first HND need to be given certainty on their position as soon as possible.

ANNEX E

Green Freeports FMQ

20 Feb: The National reported an opinion piece stating the Scottish Greens would have '*nothing to do'* with Freeport plans. The piece criticised the plans stating it would lead to the transfer of jobs into a new area, rather than creating new ones.

16 Feb: The Herald reports Alba deputy leader, Kenny MacAskill, has told the SNP and Greens to '*stop squabbling'* over the UKG's Freeport proposals and focus on taking leadership of a strategy. He is quoted as saying SG leadership could open the door for new freight and passenger routes from Scottish ports, ending reliance on Scottish goods needing to be sent to Heathrow and Dover to be shipped overseas.

16 Feb: P&J article reports that 9 SNP trade union group activists have hit out at plans to build two freeports in Scotland after Kate Forbes confirmed the £52 million agreement. The party's TUG union has joined the Scottish Greens in speaking out against the controversial deal which they will be raising at the SNP'S National Executive Committee.

15 Feb: The Herald reports SNP activists have challenged the party's leadership over plans for two green freeports '*under Boris Johnson's levelling up agenda*.' The article states the SNP Trade Union Group said the decision to work with the UKG risked '*undermining devolution'* and '*opening a lawless'* backdoor into the Scottish economy' and passed a motion of concern over the plans at the SNP union conference. The article details how the Scottish Greens have also attacked their SNP partners over the plans and criticised them for '*working with the Tories'*.

14 Feb: BBC News reports the UK and Scottish Governments have agreed to establish two green freeports in Scotland. Article states Scottish Greens criticised the plans as '*greenwashing'* and described it as a '*corporate giveaway'*, signifying the first major split from the SNP since their power-sharing deal began last year. It details how the UKG and SG were unable to agree plans to establish the freeports but Scottish Ministers have now agreed a joint approach.

Top Lines

- We have negotiated hard to ensure that establishment of two Green Freeports in Scotland will create new, well-paid jobs, deliver a just transition to net zero and support economic transformation based on fairness.
- Reflecting our net zero ambitions, we adapted the UK's Freeport model to meet the needs of the Scottish economy.
- Applicants will need to show both governments, as equal partners, how they will contribute towards reaching net-zero by 2045, through submitting robust decarbonisation plans.
- All details will be set out in a finalised joint applicant prospectus to be published next month – with winning bids announced over the summer.
- Once operational, the Scottish Government will be monitoring the performance of green freeports very carefully to ensure that the highest standards in practice are pursued and maintained.

Fair work and net zero are central tenets of Scotland's future economy.

- Green freeports will aim create internationally competitive clusters of excellence in new green technologies and industries, bring major benefits to Scottish businesses and our wider economy.

- We have always been clear that any adapted freeports model implemented in Scotland must make a strong contribution to a green and fair recovery, including a firm commitment to creating new fair work opportunities and net-zero principles.
- The Scottish Government's Fair Work First approach which features payment of the real living wage, will be clearly referenced in the joint bidding prospectus.
- Applicants seeking to be designated as a green freeport in Scotland will of course know about the centrality of Fair Work First in the Scottish policy context and seek to reflect that in developing their bids.

PREVIOUS TALKS

After productive dialogue with HM Treasury, we were ready to launch a joint applicant prospectus for green ports in March 2021– but continued delay from Westminster has put our ports at a disadvantage.

- With clear industry support for our own green port proposal, we had hoped we could work together to find a fair and sustainable way forward.
- We were clear that it was crucial Scotland received a fair funding allocation to help establish green ports – up to £25m per green port – the same as that available to freeports in England.
- The Secretary of State for Scotland indicated in September that the UK Government would not: promise fair funding for green ports in Scotland compared to that on offer to freeports in England; give assurances about equal decision-making; nor accept our proposals for higher labour or environmental standards in their model.
- So while we wanted to work with the UK Government, we could not sign up to a UK freeport policy that didn't include fair funding; an equal say on decision making; or a strong commitment to fair work and net zero. The new agreement reached does provide fair funding; equal voice for both governments; and clarity for applicants on how their commitment to net zero and fair work will be scrutinised by the Scottish Government.

ANNEX E

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

In response to item 2) 16/03/2022 Video conference with SSE, John McFarlane (Special Adviser), Lobbying Register

- Regulation 10(4)(a) – (Information not held)

In response to item 3) 18/03/2022 Inveralmond House, Perth, meeting with SSE, John Swinney MSP (Cabinet Secretary for Finance and the Economy Cabinet Secretary for Covid Recovery Deputy First Minister), Lobbying Register

- Regulation 10(4)(a) – (Information not held)

In response to item 5) 03/05/2022 Video conference with SSE, Nicola Sturgeon MSP (First Minister), Ministerial engagements travel and gifts

BRIEFING FOR THE FIRST MINISTER

MEETING WITH ALISTAIR PHILLIPS-DAVIES, CEO, SSE

3 May 2022

Key message	• The ScotWind announcement is a tremendous vote of confidence in Scotland. The level of ambition shown by the market recognises the seriousness of Scotland's commitment to achieving net zero targets along with economic growth. • We welcome the commitment made by developers to invest £1bn per GW in the Scottish Supply chain via ScotWind projects. ScotWind is the springboard for realising these goals but anchor projects such as Berwick are also critical to pre-ScotWind supply chain development. • We're keen to continue to build on our previous engagement and take forward actions to realise this significant supply chain opportunity.
What	A meeting with Alistair Phillips-Davies, CEO of SSE. SSE's 4.1GW Berwick Bank site, will act as a catalyst for investment in Scotland of potentially a blade facility in [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Why	We are actively seeking opportunities to both capture 'first mover' advantage from ScotWind and set out our attractiveness to supply chain companies which in turn will add significant economic value to the Scottish supply chain.
Who	Alistair Phillips-Davies, CEO, SSE Stephen Wheeler, Managing Director, SSE Alexandra Malone, Director of Corporate Affairs Office
Where	Teams meeting:
When	12.15-12.45
Supporting official	**Andy Hogg,** Deputy Director, Energy Industries, ☎ [Redacted Regulation 11(2) – (personal data of a third party)] [Redacted Regulation 11(2) – (personal data of a third party)] Head of Offshore Renewable Energy & Supply Chain ☎ **[**

	[Redacted Regulation 11(2) – (personal data of a third party)]
Attached documents	**Annex A:** Agenda, Summary **Annex B:** Background Note - Offshore Wind & CfD AR4 **Annex C:** Background Note - Berwick Bank **Annex D:** Biographies **Annex E:** Letter from Alistair Phillips-Davies dated 29th March 2022

Annex A

Agenda

- Introductions
- Current Status Update from SSE on Berwick Bank, including:
    - Timescales
    - Issues

Discussions with [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- Update on the proposed Offshore Wind Tower Facility at Nigg
- Next steps / Actions

Aims for the Discussion

- Establish if it is still SSE's intention to submit Berwick Bank's planning application in July 2022 or due to proposed changes possibly September 2022.

Establish when SSE will [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- Are SSE willing to give an indication of who is currently favoured.

Encourage both [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- and [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- to continue to work with Scottish Government officials and our enterprise agencies to provide the detailed information we need to enable us to construct a support offer package.
- Encourage SSE to continue to have an active dialogue with Marine Scotland in advance of submitting their planning application.

Summary

Following publication of SSE Renewables' Requests for Information on economic benefits to support their 4.1 GW Berwick Bank offshore wind farm [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- At this stage, they are still developing their technical options and thinking but have given an indication that such a facility may bring 750-1000 direct jobs and a further 1,500 indirect jobs for the wider supply chain.

Following your recent meetings with [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- Scottish Government and enterprise agency officials continues on their proposals with on what public sector support may be available.

- SSE have indicated that they will submit their planning application to Marine Scotland in July 2022 but this may slip to September. SSE have indicated they hope to receive a determination 9 months thereafter.

Berwick Bank Consent

- MS-LOT have stated that the potential risks identified through "scoping" will probably have implications for the determination timeline. Further information is can be found at **Annex C**
- UKG will announce on the Energy Security paper in April, including reportedly increased ambitions for renewables deployment. Currently Marine Scotland are reviewing how this might improve our ability to accelerate our consenting processes.

Offshore Wind Tower Facility, Nigg

- Nigg Offshore Wind (NOW) has been brought forward by Global Energy Group (GEG), a Scottish headquartered energy services company, along with Bilbao based, offshore wind tower manufacturing specialist, [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)], to build a state-of-the-art offshore wind tubular rolling facility at Port of Nigg. NOW will be a 450-meter-long, 38,000 m^2 factory, capable of rolling steel plate to supply towers which will weight in excess of 1,000 tonnes each and other products, to the UK offshore fixed and floating wind industry in the UK and abroad.
- This facility will be the first to be built in the UK to this specification and is inclusive of rolling machinery robotics and a new blast and paint shop at a cost of [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] The new factory is an enabler to firmly establish the Port of Nigg as a strategic offshore wind hub which includes the consolidation of the Port's existing marshalling and staging work for turbine components and foundations (the marshalling and staging work already employs over 120+ people).
- The expectation for the factory at Nigg was that their initial output once operational would be to provide 81 towers for the Dogger Bank Offshore Wind Farm. The developer for the project is SSE with GE Renewables appointed as Tier 1 tower supplier. In turn, HWG have a contract to provide towers with the agreement that 81 of these come from Nigg instead of the [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Green Freeports

<u>Lines to take:</u>

- The Green Freeport prospectus was published on Friday (25th March), so I hope the information contained with that document along with your meeting of officials leading on the topic last week (also on Friday 25th March) addressed your questions. I can arrange for them to meet with you again if you would like to discuss the matter further. In addition I will ensure the Minister for Business, Trade, Tourism & Enterprise who is leading on this work is aware of the opportunity.

Background

- Joint SG/UKG applicant prospectus was published on 25 March 2022
- Window for questions/clarifications for bidders up to 29 April 2022
- Bids to be invited by 20 June 2022,
- Applications will be assessed jointly by SG and UKG against four key objectives
    - Regeneration and job creation
    - Net zero/decarbonisation
    - Increasing trade and investment
    - Promoting innovation
- Bids must score a High on regeneration and job creation and at least a Medium on net zero to be shortlisted
- SG and UK Ministers will decide jointly on two winners, scheduled for late July 2022
- All bidders will be asked to set out strategies to embed fair work practices, referencing Fair Work First. SG has made clear that it will only support bids which show a clear commitment to Fair Work, including payment of the Real Living Wage

Officials were due to brief [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] on 25 March 2022

Annex B

How the Offshore Wind Market Operates

The project **developer** will typically procure the design, supply and installation of turbines from the turbine OEM and one or more Tier 1 equipment and installation contractors. In other cases, some developers choose to multi-contract, using in-house or contracted-in expertise to manage up to 100 direct contracts.

Contracts for manufacture and construction are often signed two years before construction although in some cases, large supply contracts are sourced earlier via strategic framework agreements sometimes making it difficult for new entrants to get an opportunity.

Tier 1 – Prime contractors - This top level of the supply chain typically supply Turbines, blades, towers, gearboxes, wind turbine generators (WTGs), control systems, transformers, foundations, substations (offshore and onshore) and Export and Array Cables.

Tier 2 – Principal suppliers - Typically supply the components for projects such as machine parts, flanges, fixings, bearings, castings, forgings and rolled steel.

Tier 3 – Specialist suppliers - Typically provides smaller components, technologies and products to Tier 1 suppliers.

Operations and maintenance

The operations and maintenance of offshore wind farms offers an opportunity for both high-value employment, and the domestic supply chain. This includes offshore installation and maintenance vessels, equipment and facilities.

To secure the long-term strategic benefits to Scotland – that is, a high volume of highly skilled jobs – a focus on not just growing but also supporting the development of a sustainable local supply chain is required.

The scale of offshore wind project deployment expected in Scotland (and RUK) is sufficiently large that it could attract specialist facilities from Tier 1 contractors, like those being sought by Vestas in Scotland, and these are more likely than not to be taken up by existing players in markets for towers, cabling etc.

As we have seen recently with offshore wind related projects in Scotland, the underlying viability and commerciality of projects is heavily impacted by onward contract options. This is in part a result of the Contract for Difference (CfD) process – operated by UKG. The bidding rounds for a CfD is expected to be announced in June 2022.

It is not known which bids will succeed which in turns means that those developers who are bidding, cannot commit to contracts with Tier One of the supply and they then too cannot commit to those in the lower tiers. All of this means that without firm line of sight on a project pipeline, the supply chain are reluctant to take on the significant financial and legal risks of committing to development of say a manufacturing facility for offshore wind components.

Annex C

Berwick Bank Offshore Wind Farm

Berwick Bank is currently scoped at 4.1GW and we are pleased to see the ambition to build what could be largest offshore wind farm in the world, here in Scottish waters.

Consenting Timelines

The table below provides anticipated timelines for an application from the Company which fully follows the scoping opinion, and compares this with potential timelines taking into account the risks identified below.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Potential risks to determination timeline

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Mitigation of Risk

Officials continue to engage with the Company following the issue of the scoping opinion to provide further clarity and guidance. Officials met with senior management from the Company on 02 March 2022 to highlight potential consenting risk and encourage the Company to consider their consenting strategy in light of the scoping opinion as well as concerns raised by stakeholders. The recent announcement by UKG that Contracts for Difference rounds will now take place on an annual basis may help the Company to manage its timelines for securing a consent in a way which aligns with the requirements of the scoping opinion.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Officials continue to encourage and facilitate engagement between the fishing sector and the Company.

Annex D

Biographies

	Alistair Phillips-Davies, Chief Executive, SSE Alistair joined SSE in 1997, and possesses a detailed knowledge of the operations of each business area having held a number of senior roles throughout the Company. Prior to joining the Board in 2002 as Energy Supply Director, Alistair was Director of Corporate Finance and Business Development. In 2010, he became Generation and Supply Director, before Deputy Chief Executive in 2012, then Chief Executive in 2013.
	Stephen Wheeler, Managing Director, SSE He was previously Managing Director of SSE Ireland, and prior to this, General Manager (Ireland) of SSE Renewables. He was part of the successful management team that grew the Airtricity renewable energy platform before SSE acquired it in 2008. Before joining Airtricity, he spent over 10 years working with ABB and Siemens internationally, specialising in the development and construction of generation assets. Stephen is a graduate of Electrical Engineering at University College Dublin, with an MBA from the UCD Michael Smurfit Graduate Business School, and a past Chairman of Wind Energy Ireland (WEI).
	Alexandra Malone, Director of Corporate Affairs Alexandra Malone is Director of Corporate Affairs for SSE Renewables. She has responsibility for policy development, stakeholder engagement, community and government relations, communications and brand across all the jurisdictions in which the business operates. Previously she held several senior positions in Corporate Affairs and worked in SSE's Energy Portfolio Management business. Prior to joining SSE in 2012, Alexandra worked for the Government of Canada focussing on energy and climate policy. She holds a BSc from McGill University and a Master's in Resource Management from Dalhousie University.

In response to item 9) 09/06/2022 Meeting with SSE at SSE Perth HQ, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Lobbying Register

What	The Cabinet Secretary for Net Zero Energy and Transport has been invited to visit SSE Perth HQ
Where	SSE HQ, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ
When	**Thursday - 9 June 2022 09:00 -10:15**
Key Message(s)	• We continue to believe that the significant growth in renewables, storage, hydrogen and carbon capture provides the best pathway to net zero by 2045, and will deliver the decarbonisation we need to see across industry, heat and transport. • The Scottish Government has led the way in supporting world-leading hydrogen demonstration projects and has committed to investing £100 million in the hydrogen sector in Scotland from 2021 - 2026 to achieve our hydrogen production ambition of 5GW of renewable and low-carbon hydrogen by 2030 and 25GW by 2045. • This year's Programme for Government references the opportunity from ScotWind – it will raise just under £700 million in revenue for Scotland and will bring billions of pounds of investment into the Scottish supply chain and economy. • **Our focus for ScotWind now switches to supply chain opportunities, and to the consenting regime** - ensuring that this works as effectively as possible as we process applications from developers and determine what can be consented in light of environmental and other impacts.
Why	Following Mr Matheson's recent visit to Sloy Hydro Power Station, there were discussions regarding a potential visit in early June. The Cabinet Secretary has been invited to visit SSE HQ in Perth where he will be given a brief presentation on SSE investment plans and updated on key projects including Berwick Bank. This will be followed by an office tour, including the new office space, Renewable Operations Centres (Hydro and Wind), and Network Control Room.
Speech details	N/A
Greeting Party	Jamie Maxton, Head of External Relations, SSE will meet Mr Matheson, on arrival [Redacted Regulation 11(2) – (personal data of a third party)]
Supporting official	[Redacted Regulation 11(2) – (personal data of a third party)] Whole Systems and Technical Policy Unit [Redacted Regulation 11(2) – (personal data of a third party)]

Briefing contents	Briefing is included as follows: **Annex A:** Bios and Programme **Annex B:** Offshore Wind Top Lines **Annex C:** Onshore Wind Top Lines **Annex D:** Hydrogen Top Lines **Annex E:** Energy Top Lines **Annex F:** Background Berwick Bank and Nigg **Annex G:** Sensitivities relating to Russia	Page Numbers 2-3 4 5 6 7-9 10-11 12

Annex A

Bios and Programme

Gregor Alexander, Finance Director

Gregor is a Chartered Accountant. He joined SSE in 1990 and since this time has worked in various finance roles within the Company, including Treasury and Tax, prior to joining the Board as Finance Director in 2002.
During his career Gregor has been instrumental in a number of the major transactions and investments which define the Group. His extensive and long-standing knowledge of financial markets and experience of shareholder views, has supported the development of SSE's financial strategy, and purpose to create value for shareholders and society.

Stephen Wheeler, Managing Director, SSE Renewables

Stephen Wheeler is Managing Director of SSE Renewables, part of the FTSE-listed SSE plc, leading the transition to a net zero future in the UK, Ire and internationally through the world-class development, construction, financing and operation of renewable energy assets. Stephen is also Country Lead for SSE plc in Ireland, which includes the country's second largest energy supplier, SSE Airtricity.

Previously Managing Director of SSE Thermal where he was focused on decarbonising SSE's flexible generation, energy-from-waste and energy storage portfolio. Prior to this, Stephen was Managing Director of SSE Ireland, responsible for SSE plc's overall strategy, commercial performance, operations and business development in Ireland and Northern Ireland across renewables, thermal and retail. Before joining SSE, he played a central role in the development and growth of Airtricity (2004 to 2008) and was part of the team that completed the sale of its European business to SSE in 2008 for c€1.1bn.

Prior to Airtricity, he spent over 10 years working with ABB and Siemens internationally, specialising in the development and construction of thermal generation assets. A graduate of Electrical Engineering at University College Dublin, with an MBA from the UCD Michael Smurfit Graduate Business School, and a past Chairman of the Irish Wind Energy Association (IWEA).

Clair Dunk, Facilities Manager

Clair has worked for SSE now for 15 years. Her current post is Perth Campus Facilities Manager as part of the wider Property & FM Team looking after the main non-operational sites throughout the UK & Ireland. She has a team of 7, and principally we look after the safety, statutory compliance and maintenance and upgrade of the property and site.

Her team also provides day to day support and service to the Executive and Group Services Teams, as well as the main SSE Business Units based here, including Networks (Distribution and Transmission), Renewables (Wind & Hydro), Thermal Development and

Energy Portfolio Management. The main operational control rooms are located on the site, and these run 24/7, 365 days of the year, and are critical to the key businesses operations.

Programme

Time:
09.00am – 10.15am

Location:
SSE HQ, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ

Itinerary:

- **09.00am –** Arrive at reception Jamie Maxton will meet Mr Matheson on arrival
- **09.05am – 09.30am –** Brief presentation in Link Building Boardroom to discuss SSE investment plans and update on key projects, including Berwick Bank
- **09.30am – 10.10am –** Office tour led by Clair Dunk, Facilities Manager, covering new office space, Renewable Operations Centres (hydro & wind) and Network Control Room.
- **10.15am** – Depart.

Further visit information:

- Please reverse park on arrival.
- Tea and coffee will be served during the meeting in the boardroom.
- No PPE is required for this visit.
- Due to its operational status, and in common with all our staff, we ask that guests take a Lateral Flow Test before visiting the Renewables Control Centre. Face coverings, however, are not required.

Annex B

Offshore Wind/Supply Chain

- Each ScotWind application was required to include a Supply Chain Development Statement (SCDS) setting out its supply chain goals and committing developers to meet those goals through the various stages of their projects.
- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland. We welcome the commitment of developers to invest an average projection of £1.5 bn in Scotland per project, which equates to over £25bn across the 17 ScotWind projects.
- **The Scottish Offshore Wind Energy Council (SOWEC) is working to implement the five key recommendations in the Strategic Infrastructure Assessment (SIA), starting with the creation of a Scottish Floating Offshore Wind Port Cluster**.
- SOWEC has been identified by both industry and government as the key vehicle for taking forward the strategic supply chain opportunities from ScotWind.
- SOWEC published its Offshore Wind Collaborative Framework Charter on 11 May. 24 developers have signed up to the Charter, which includes all active developers in Scotland and encompasses all 17 ScotWind projects.
- The Charter builds on the SIA recommendations, with developers agreeing to work together to build a pipeline of supply chain work greater than the sum of its individual parts, and to deliver on the potential that offshore wind presents in the coming years.
- Mr Mckee is linking in with all the working groups to establish and overview of ongoing work, and SG is also recruiting for three PMO roles to support SOWEC and the working groups.
- **We are working with SOWEC, ETZ and enterprise agencies to deliver the Offshore Wind Supply Chain Summit**, scheduled to take place in Aberdeen on 22 August, hosted by ETZ.
- 70% of ScotWind developments are taking place within a 100 nautical mile radius of Aberdeen and the region is home to the biggest concentration of energy supply chain companies in the UK, and to 75% of the world's subsea engineering capability.
- The focus will be on supply chain opportunities from all offshore wind projects – not just ScotWind.
- Key themes will likely focus around:
    - coordination between developers to even out supply chain requirements, growing our indigenous supply chain and attracting new inward investment where there are gaps, and
    - ensuring our port infrastructure is utilised in an optimal and collaborative manner.
- Questions will be issued to developers and Supply Chain companies in advance of the Summit to ask what they would like to cover.

Annex C

Onshore Wind

- We do not believe that Scotland can achieve our 2030 decarbonisation targets without a substantial increase in onshore wind deployment.
- Onshore wind is a cheap and reliable source of electricity generation; with Scotland's resource and commitment seeing us lead the way in onshore wind deployment and support across the UK.
- Support for maximising onshore wind deployment does not come at any cost, and the planning system exists to ensure that development sites are optimised and offer net benefit wherever possible.
- The Scottish Government support the extension and replacement of existing sites with new and taller turbines, based on an appropriate, case by case assessment.

Draft OnWPS Consultation

- The Onshore Wind Policy Statement consultation was launched on 28 October 2021, which includes our ambition that an **additional 8-12 GW** of onshore wind be installed **by 2030**.
- The consultation considered other key themes such as barriers to deployment, positive environmental impacts, community benefits and shared ownership, circular economy and supply chain opportunities.
- The consultation closed on 31 January 2022, and a full policy statement is expected to be published later this year with consultation analysis also to be published in due course.

Annex D

Hydrogen

- Scotland has many of the key natural resources and components necessary to grow a strong **hydrogen economy**, supporting jobs and GVA growth, and developing new industrial opportunities on a significant scale.
- The development of a hydrogen economy with a **strong export focus** is a substantial economic opportunity for Scotland.
- The Scottish Government has led the way in supporting **world-leading hydrogen demonstration projects** and is now committing to invest **£100 million** in the hydrogen sector in Scotland over the next five years.
- Scotland's vast offshore wind resources, skilled technicians and engineers, highly specialised technical companies, and an experienced offshore workforce will be able to assist in bringing forward large scale green hydrogen production.
- The development of a hydrogen economy with a strong export focus is a substantial economic opportunity for Scotland. With our pipeline of 40GWs of renewables going forward, our close proximity to Germany and existing strong relationships we are very well positioned to act as a partner nation for the large scale production and export and we are actively seeking opportunities to collaborate internationally.
- Our draft Hydrogen Action Plan – published Nov 2021 – sets out a strategic approach to support development of the hydrogen economy in Scotland. Following its publication, a 10 week consultation was conducted and feedback gathered during this will inform our final Hydrogen Action Plan, which will be published later in this year.

Annex E

Energy

Renewable Energy

- Renewable generation capacity continues to grow at pace as other forms of generation such as nuclear and gas power plants are expected to close.
- We continue to believe that the significant growth in renewables, storage, hydrogen and carbon capture provides the best pathway to net zero by 2045, and will deliver the decarbonisation we need to see across industry, heat and transport.
- Scotland has some of the most extensive renewable generation capabilities in Europe but investments in these areas are being held back by unfair network charges, which are focussed on the location of generation
- Ofgem's own analysis suggests that by 2040 Scottish renewable & low carbon generators will be the only ones to pay a wider TNUoS charge, with all others including gas generators elsewhere in GB being paid credits.
- A new approach is needed here, rather than small modifications to methodologies. This approach should reward developers who are investing in renewable generation, rather than penalise them for taking forward projects in the best locations.
- **Onshore Wind** – the draft onshore wind policy statement consultation is now closed and official are considering the responses received and the drafting of a final policy statement. This final statement will be published before the end of 2022 and will reinforce the support SG has for onshore, and the crucial role it will play in our 2030 net zero ambitions.

Carbon Capture Utilisation and Storage (CCUS)

- The Scottish Government is supportive of CCUS, an industrial scale decarbonisation system with the potential to make a very positive impact on achieving Scotland's emissions targets. The advice from the Climate Change Committee describes CCUS as a "necessity, not an option" to achieve net zero emissions.
- Scottish Government economic scenario analysis shows CCUS would have a positive impact on the Scottish economy. In 2045, Scottish GDP could be 1.3-2.3% (£3.8Bn-£6.7Bn) higher in scenarios with CCUS, than without.
- It is clear that CCUS will play an important role in helping us to reach net-zero emissions. Advice from the Climate Change Committee describes CCUS as a "necessity, not an option" to achieve net-zero emissions.
- Scotland remains the best placed and most cost-effective nation in Europe to deploy CCUS due to our unrivalled access to vast CO2 storage potential in the North Sea and opportunities to repurpose existing oil and gas infrastructure for CO2 transport and storage. This presents us with an economic opportunity in future to be at the centre of a European hub for the importation and storage of CO2 from Europe.
- CCUS with the highest possible capture rates could be a crucial technology for industrial decarbonisation and our energy transition, creating options and providing industry with the flexibility to transition their products and services to net-zero.

- We believe that the Scottish Cluster's Acorn CCS project is uniquely placed to be the least cost and most deliverable opportunity to deploy a full chain CCS project in the UK. By deploying CCUS, hydrogen and direct air capture technologies in Scotland, the Scottish Cluster could support an average of 15,100 jobs between 2022-2050, with a peak of 20,600 jobs in 2031.
- The UK Government's decision not to give the Scottish Cluster clear and definitive Track 1 status in its CCUS cluster sequencing process is illogical and could endanger both Scottish and UK-wide net-zero targets, and a just transition.
- We are working constructively with the UK Government to ensure the Scottish Cluster has the certainty it needs to continue its development. To this end, we have continued to advocate for the cluster in our engagement, and have offered £80 million from our Emerging Energy Technologies Fund to accelerate its deployment.
- We remain committed to supporting the continued growth and development of the Scottish Cluster and the development of CCUS in Scotland to ensure that Scotland reaches its net zero goals by 2045.

<u>Heat Pumps</u>

- In order to meet our statutory emissions reduction targets, installation rates of zero emission heating systems need to grow quickly.
- Installation rates for low and zero emission heating systems, such as heat pumps, will need to peak at over 200,000 homes per year in the late 2020's.
- This compares to current installation rates of around 3000 low and zero emission heating systems per year and an estimated 120,000 annual fossil fuel boiler replacements in Scotland.
- We have been working with the heat pump industry to explore the potential for Heat Pump Sector Deal for Scotland and the group published its final report last December. We will respond to the group's recommendations alongside our Supply Chain Delivery Plan later this year

<u>Skills and Supply Chain</u>

- The pace of the Heat in Buildings transition requires a substantial growth in supply chains, particularly in the availability of skilled heating and energy efficiency installers.
- It is vital that the supply chain is equipped with the necessary skills and qualifications to provide a high quality service to consumers. We estimate that an additional 16,400 jobs will be supported across the economy in 2030 as a result of investment in the deployment of zero emissions heat.
- We have a strong foundation on which to build, with the heat and energy efficiency sectors in Scotland generating an annual turnover of £2 billion and supporting around 12,500 full-time equivalent jobs
- Unlocking investment in the supply chain must start with clear demand for its products and services. Our investment of at least £1.8 billion, as outlined in the Strategy, will strengthen demand and support an increase in jobs and skilled workers.
- We will work with industry to co-produce a new 'Heat in Buildings Supply Chain Delivery Plan' later in 2022, specifically focussed on strengthening the broad supply chains needed to deliver at the pace and scale we need.

Energy Strategy/Just Transition Plan

- Our commitment to refreshing the 2017 energy strategy and our commitment to publishing a just transition plan for the sector, represent two sides of the same challenge.
- We cannot underestimate how big the challenge of energy transition is. Making sure that no one is left behind and that the costs and benefits are shared fairly for all of Scotland is something we have not done before, but will be crucial to our success.
- The Energy Strategy & Just Transition Plan will explore the difficult choices that we, as a country, will have to make. We want people to engage widely with the ESJTP, so that we can hear from all voices, as we come together towards consensus. This goes beyond that of the usual consultation process and will allow Scottish Government to make decisions that reflect the best outcome for all of Scotland

Whole System Approach

- It is critical that we take a whole system approach to the development of our energy system.
- Decisions taken in one part of the energy system interact with other parts. As we transition to Scotland's future energy system, these interactions will grow both in number and scale.
- It is crucial that we look at the bigger picture and ensure that all sectors of our energy system work together. Taking a whole systems approach allows us to find joint opportunities to enable our energy system as a whole to support Scotland, and everyone who lives and works here.
- Decisions on important parts of the energy system, such as our electricity and gas networks, are reserved. To ensure that we get the right outcomes in these reserved areas we must clearly lay out what we expect of the UK government.

Annex F

Background to Berwick Bank and Nigg

Berwick Bank

- Berwick bank is an SSE owned offshore wind farm project, currently scoped at 4.1GW to build what could be largest offshore wind farm in the world in Scottish waters.
  [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

SSE's 4.1GW Berwick Bank site, which will act as a catalyst for investment in Scotland of potentially [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
SSE will make their decision in May 2022 on whether to [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
We are actively seeking opportunities to both capture 'first mover' advantage from ScotWind and set out our attractiveness to supply chain companies which in turn will add significant economic value to the Scottish supply chain. [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- The size offers the possibility of clustering and spin outs e.g. resin manufacturing/components etc.
  - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
  - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
  - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
  - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Nigg

- Nigg Offshore Wind (NOW) has been brought forward by Global Energy Group (GEG), a Scottish headquartered energy services company, along with Bilbao based, offshore wind tower manufacturing specialist, [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] to build a state-of-the-art offshore wind tubular rolling facility at Port of Nigg. NOW will be a 450-meter-long, 38,000 m^2 factory, capable of rolling steel plate to supply towers which will weight in excess of 1,000 tonnes each and other products, to the UK offshore fixed and floating wind industry in the UK and abroad.
- This facility was to be the first to be built in the UK to this specification with inclusive rolling machinery robotics and a new blast and paint shop at a cost of [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] The new factory is an enabler to firmly establish the Port of Nigg as a strategic offshore wind hub which includes the consolidation of the Port's existing marshalling and staging work for turbine components and foundations (the marshalling and staging work already employs over 120+ people).

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Annex G

[Redacted Regulation 10(4)(e) – (Internal communications)]

[Redacted Regulation 10(4)(e) – (Internal communications)]

In response to item 10) 14/06/2022 Video conference with SSE, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Ministerial engagements travel and gifts

- Regulation 10(4)(a) – (Information not held)

In response to item 13) 15/08/2022 Phone call with SSE, Richard Lochhead MSP (Minister for Just Transition Employment and Fair Work), Ministerial diaries

- Regulation 10(4)(a) – (Information not held)

In response to 14) 07/09/2022 Video conference with SSE, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Lobbying Register, Ministerial engagements travel and gifts

MEETING WITH THE MANAGING DIRECTOR OF SSEN
7th September 2022 , 11:15 – 12:00

Key Message	• The energy landscape has changed significantly since ED2 plans were submitted, with high electricity prices continuing to force more and more customers into fuel poverty. • It is essential that any investment that is funded by the customer is well justified and leads to better outcomes for those bill payers. • Ofgem's approach has been taken to ensure consumers do not speculatively fund work that may not be required, implementing uncertainty mechanisms to unlock necessary additional funds. • It is important to reach the right balance between baseline allowances and uncertainty mechanisms for the best outcome for both consumers and DNOs.
Who	Chris Burchell, Managing Director of SSEN
What	A meeting to discuss Ofgem's Draft Determinations on SSEN's business plan
Why	SSEN wrote to you to ask for a meeting to discuss their concerns with Ofgem's proposals
Where	Microsoft Teams meeting
When	*7 September 2022* *11:15-12:00*
Supporting Officials	[Redacted Regulation 11(2) – (personal data of a third party)] [Redacted Regulation 11(2) – (personal data of a third party)]
Alternative contact	
Briefing	**Annex A:** Agenda and Steering Brief for meeting **Annex B:** Background for Agenda item 2 – Ofgem's Draft Determinations on ED2 Business Plans **Annex C**: Background for Agenda item 2 – Reduction in Baseline Funding **Annex D**: Background for Agenda Item 2 – Impact of Draft Determination on Scottish Islands **Annex E:** Background for Agenda item 3 – Support for Vulnerable Consumers **Annex F:** Biography for Chris Burchell

MEETING WITH THE MANAGING DIRECTOR OF SSEN

ANNEX A

Agenda & Discussion Points

1. **Introductions**
2. **Ofgem's Draft Determinations on ED2 Business Plans**
3. **Support for Vulnerable Consumers**

Item 1:	**Introductions**
Key Message:	*In the midst of the current cost of living crisis, ongoing price increases continue to push increasing number of households into fuel poverty.* *It is imperative that costs to consumers are minimised while still delivering net zero targets.* *The DNOs and Ofgem will need to find the right balance between baseline allowances and uncertainty mechanisms to ensure consumers are protected both in the short term and throughout the transition to net-zero.*

Item 3:	**Ofgem's Draft Determinations on ED2 Business Plans** (Annexes B,C and D)
Key Messages:	• The Scottish Government has welcomed SSEN's approach to align its baseline allowance proposals with delivery of Scotland's statutory climate change targets. • However, the energy landscape has changed dramatically since the DNOs submitted their business plans. • The DNOs must work with Ofgem to reach a balance, minimising cost to consumers while delivering on important projects to meet net-zero targets. • Given the higher risk of fuel poverty on Scottish Islands, it is essential that SSEN are able to deliver vital connections and invest in island resilience.
Discussion:	• What does SSEN consider to be a fair outcome for ED2 that will minimise consumer costs while delivering on net zero ambitions? • Ofgem has noted some challenges with investment proposals not meeting required evidence thresholds. Are you now

	providing this evidence, to reach a better outcome in final determinations? • If it is not possible to change baseline funding, are there improvements to the Uncertainty Mechanisms that could help mitigate your concerns?
	Background briefing for this item is set out in Annexes B, C and D

Item 2:	**Support for Vulnerable Consumers** (Annex E)
Key Messages:	• Protection for vulnerable consumers is critical to ensure they are supported as much as possible, especially during power outages. • Ofgem has approved SSEN's proposal to provide vouchers for battery packs for all newly registered priority services customers and most medically vulnerable customers without access to alternative backup generation.
Discussion:	• What will provision of battery packs mean for the protection of vulnerable consumers? • How has Ofgem's proposal for resilience impacted plans for improving performance for worst served customers?
	Background briefing for this item is set out in Annex E

Annex B

Ofgem's Draft Determinations on ED2 Business Plans

- Ofgem published its Draft Determinations for GB's electricity distribution networks on 29 June 2022. This is followed by an 8-week consultation period.
- Final determinations will be made by December 2022.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- SSEN has seen the most significant reduction to its baseline allowances and has raised a number of concerns with officials particularly in relation to
  - Reduction in baseline funding (Annex C)
  - Island communities (Annex D)

Annex C

Reduction in Baseline Funding

- Ofgem has made a change to the accounting methodology for ED2 which will see the cost of distribution network assets recovered over a longer period of 40 years. This combined with several other efficiencies translates to a reduction in annual consumer bills.

- The RIIO framework provides DNOs with allowed revenues, or baseline allowances, which is the minimum that the DNOs can recover from customers in two separate license areas covering North of Scotland (SSEN) and South of Scotland (SPEN).

- The DNOs are required to use these allowances to deliver their business activities, or agreed outputs, which include operations and maintenance, providing new connections and new network investments where there are high levels of certainty.

- A package of in-period 'uncertainty mechanisms' will also enable the DNOs to dial investment up or down to reflect changing requirements on the grid. For example, by providing additional funds to allow the DNOs to respond to higher-than-expected demand for heat pump or EV connections.

- Ofgem has used National Grid's System Transformation scenario to inform its estimates of electricity demand and baseline funding for the RIIO ED2 period. This is a relatively conservative Future Energy Scenario with much lower uptake of Heat Pumps and EV's than DNOs have included in their draft business plans.

- Ofgem has taken this approach to ensure that consumers do not speculatively fund work that may not be required, relying on uncertainty mechanisms to unlock additional funds where necessary.

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Impact of cuts

- The DNOs worked very closely with the Scottish Government on the development of the business plans for RIIO-ED2. This was done in order to ensure the business plans supported Scottish Government net-zero ambitions and, indeed, the projected growth of additional demand in areas such as electric vehicles and zero emissions domestic heating.

- Both DNOs have, for example, reflected the Scottish Governments target for more than 1 million homes and 50,000 non-domestic buildings to be running on low or zero carbon heating systems by 2030 in their own scenarios. The plans therefore reflected cost efficiencies that could be achieved through anticipatory investment to ensure the networks can meet the expected demand increase.

- [Redacted Regulation 10(4)(e) – (Internal communications)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Annex D

Impact of Draft Determination on Scottish Islands.

- Ofgem has made two key decision that will impact SSEN's plans to support customers on Scottish Islands.
    - Reducing its baseline allowance for subsea cable investment by 26%
    - Rejection of a specific island specific 'fix on fail' uncertainty mechanism which would allow SSEN to respond to unexpected outages on subsea cables.

    - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Concerns with the Network Asset Risk Methodology (NARM)

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- NARM is an agreed methodology used by all DNOs to calculate the risk and likelihood of failure of assets on the distribution network. These scores are calculated for each asset and Ofgem will increase baseline allowances where the NARM score signals a high enough level of risk.

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Investing in Islands Resilience

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Impact of subsea cable failure

- The significant impact of sub-sea cable outages on local communities was recently highlighted with the failure of the Skye – Harris circuit which took 318 days to repair.

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Annex E

Support for vulnerable customers

Impact of ED2 cuts on customer bills

- Ofgem's cuts to baseline allowances will lead to higher than expected bill reductions for households in North and South Scotland.

- SSEN expects consumer bills to be reduced by £26.10 per annum for households in North Scotland.
- SPEN expects consumer bills to be reduced by £19 per annum for households in South Scotland.

- Both SPEN and SSEN have indicated that that this level of bill reduction will be short-lived as some of the cuts can be recovered through uncertainty mechanisms.

Improving Resilience

- The DNOs experienced some of the most challenging conditions for their networks in a generation over winter 2021/2022. Widespread devastation caused by Storm Arwen led to disruption to almost 1 million customers including a small but significant proportion experiencing a disruption of up to 11 days. Storms Malik and Corrie subsequently resulted in over 450 High Voltage network faults, disconnecting 120,000 homes in the North of Scotland alone.

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- An addition Ofgem has approved a Consumer Value Proposition that will enable SSEN to provide Personal Resilience Plans (PRPs) for all new registrations on the priority services register – a system designed by Ofgem to help vulnerable energy customers.

- PRP's will also be proactively offered to their most vulnerable customers (more than 44,000), tailored in each case with clear actionable support and, in certain situations, provision of personal battery storage.

Consistency across Scottish DNOs

- It is important to note that Ofgem has rejected similar proposals made by SPEN to protect vulnerable consumers.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Annex F

- [Redacted Regulation 11(2) – (personal data of a third party)]

In response to item 15) 14/09/2022 Video conference with SSE, John McFarlane (Special Adviser) and Harry Huyton (Special Adviser), Lobbying Register

- Regulation 10(4)(a) – (Information not held)

In response to item 15) 28/09/2022 Video conference with SSE, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Ministerial engagements travel and gifts

Cabinet Secretary for Net Zero, Energy and Transport

MEETING WITH STEPHEN WHEELER, MANAGING DIRECTOR OF SSE RENEWABLES
28 SEPTEMBER, 10.15 – 11.00

Key Message	We recognise the importance of Berwick Bank as an anchor opportunity to a tier one developer to secure first mover advantage for supply chain development in advance of ScotWind.
Who	**Stephen Wheeler** - Managing Director, SSE Renewables **Jamie Maxton** – Head of External Relations (Scotland), SSE Renewables
What	Meeting to receive update on Berwick Bank, Coire Glas, cost of living and REMA, and discuss allegations against SSE Renewables regarding stipulation of no employment of British crew on Seagreen O&M vessel Edda Brint.
Why	You were scheduled to meet with Stephen Wheeler on 13 September to visit Seagreen offshore wind farm, however, the visit was cancelled following the sad news about Her Majesty. SSE Renewables requested a short meeting with you to discuss matters they had intended to raise on the visit.
Where	MS Teams
When	Wednesday 28 September 10.15 – 11.00
Supporting Officials	[Redacted Regulation 11(2) – (personal data of a third party)] : *Offshore Wind Policy Adviser* Mobile: [Redacted Regulation 11(2) – (personal data of a third party)]
Alternative contact	[Redacted Regulation 11(2) – (personal data of a third party)] *Offshore Wind Policy Manager* Mobile: [Redacted Regulation 11(2) – (personal data of a third party)]
Briefing	**Annex A:** Agenda and Steering Brief for meeting **Annex B:** Berwick Bank / SSE Offshore Wind Projects **Annex C:** Coire Glas **Annex D:** Cost of Living and REMA **Annex E:** Edda Brint and Fair Work

ANNEX A

Agenda & Discussion Points

1. Welcome & introductions

2. Update on Berwick Bank

3. Coire Glas

4. Cost of Living update & wider market reform

5. Edda Brint

6. Summary

Sensitivities:

The Innovation and Targeted Oil and Gas (INTOG) offshore wind leasing process is now open, avoid discussions on bids.

Line to take if raised:
Crown Estate Scotland has now opened the INTOG seabed lease application process, and the round is expected to conclude by autumn 2023. It is not appropriate for Scottish Ministers to discuss bids until the leasing round has concluded.

Item 1:	**Welcome and Introductions**
Key Message:	• I regret that I was not able to join you on a site visit to Seagreen, I am looking forward to a rescheduled visit. • Keen to hear from you today on the topics you had intended to cover at the site visit, and hear your perspective on the alleged stipulation that only two British crew should be employed on the Edda Brint vessel to save on costs.

Item 2:	**Berwick Bank Update**
Key Messages:	• We recognise the importance of Berwick Bank as an anchor opportunity to a tier one developer to secure first mover advantage for supply chain development in advance of ScotWind. It is my understanding you have now received initial offers from [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] • How is that evaluation going and do you a firm date to select your preferred turbine supplier?
Discussion:	**Iterative Plan Review**

	• Through our iterative plan review (IPR) process we will consider the impacts of the new potential generation figure of 27.6GW for ScotWind. As the Berwick Bank development was part of the earlier Round 3 leasing award from 2008, it will be included as part of the baseline in our assessments of effects for the IPR. • The next steps for the IPR process will be to complete a compatibility assessment to identify which aspects of the environmental and socio-econonic assessments are impacted by the new information, followed by re-assessment of these impacts. • Marine Scotland will also assess the combined cumulative impacts from ScotWind and the Innovation and Targeted Oil and Gas (INTOG) leasing round. We have the opportunity to combine the two work streams and create one plan for offshore wind energy in Scotland, in this way ScotWind assessments will account of INTOG and vice -versa and Scottish Ministers will have a better understanding of the overall strategic picture for offshore wind. • The combined draft plan for offshore wind energy and associated supporting assessments will go out for a public consultation, planned for Spring/Summer 2023. • There are recognised barriers to the future consenting and construction of offshore wind in Scotland and the UK. These are identified in the Sectoral Marine Plan for Offshore Wind Energy 2020 and the Scottish Government is committed to addressing these through marine planning and dedicated research.
	Background briefing for this item is set out in Annex B

Item 4:	**Coire Glas**
Key Messages:	• It is critical that the appropriate market and regulatory arrangements are put in place by National Grid Electricity System Operator, Ofgem and UK Government to support pumped storage hydro.
Discussion:	• We believe that the case for reviewing incentives for Pumped storage Hydro (PSH), which has always been strong, is now greater than ever. As we continue to decarbonise our energy system, as well as our demand for energy linked to transport and heat, greater storage – PSH, as well as other forms – across the network will be essential to help balance fluctuations in demand and ensure system stability. • At present, there is no market mechanism available to secure investment in PSH, with some large projects in Scotland

	awaiting that signal. It is critical that UK Government considers mechanisms to enable the development of PSH. • Finding the means to unlock these huge investments would be absolutely key in keeping up with our respective commitments to deliver a green economic recovery from the Covid-19 crisis- a point that we have raised with BEIS in our response to their call for evidence on barriers to the deployment of large-scale and long-duration electricity storage.
	Background briefing for this item is set out in Annex C

Item 4:	**Cost of living & market reform**
Key Messages:	• We await further detail of the UK Prime Minister's announcement that "Renewable and nuclear generators will move onto Contracts for Difference to end the situation where electricity prices are set by the marginal price of gas." as part of a package of reform to address the cost of energy crisis.
Discussion:	**Review of Electricity Market Arrangements in the UK (REMA)** • In the longer term, the UK Government's Review of Electricity Market Arrangements presents an opportunity to reflect on the structure of the market and consider what we can do to ensure it serves the best interests of consumers and deliver net zero. • I am deeply concerned about the suggestion of moving towards the Locational Marginal Pricing (LMP) model - It is vital that we deliver net zero at lowest cost to the consumer but it is not clear how penalising developers for taking forward projects in the best locations will achieve that.
	Background briefing for this item is set out in Annex D

Item 3:	**Edda Brint employment stipulation**
Key Messages:	• I understand that Fiona Hyslop MSP contacted you directly regarding the alleged stipulation that no British crew should be employed on Edda Brint, and you have responded, denying these allegations. • I would be keen to understand more about this situation from your perspective and about your relationship with Edda Wind. Are you taking any further actions to investigate these allegations?

Discussion:	• While employment law remains reserved to the UK Government, we will use our Fair Work policy to promote fairer work practices across the labour market in Scotland. • We are committed to using all the levers that are available, for example, through our public spend, as well as promotion through every relevant policy agenda to make Fair Work the norm. • The new national Living Hours Accreditation Scheme recognises that the number and frequency of work hours are critical to tackling in-work poverty. We welcome SSE's accreditation under this scheme in 2021. • Fair Work is a key driver for achieving sustainable and inclusive economic growth and a wellbeing economy and is at the heart of our economic recovery and renewal. The Scottish Government's ambition – shared by the Fair Work Convention – is for Scotland to be a Fair Work Nation by 2025. • Fair Work is central to the 10-year National Strategy for Economic Transformation, which builds on the COVID Recovery Strategy and will support progress towards net zero, help restore the natural environment, stimulate innovation and create jobs. • We have concluded a public consultation on the action needed for Scotland to become a leading Fair Work nation by 2025. • We will publish a refreshed Fair Work Action Plan this year, incorporating the views from our public consultation, and focusing on minority ethnic and disabled people's employment and the gender pay gap.
	Background briefing for this item is set out in Annex E

Item 5:	**Summary**
Discussion:	Thanks for the updates today, please do stay in touch with my officials as projects progress.

ANNEX B

SSE Offshore Wind Projects Background

Berwick Bank

- Berwick Bank is part of Firth of Forth lease area, awarded by The Crown Estate in Round 3 in 2008.
- Berwick Bank is an SSE owned offshore wind farm project, currently scoped at 4.1GW to build what could be the largest offshore wind farm in the world in Scottish waters. Applications for section 36 consent and marine licences are expected in December 2022.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- Berwick Bank is likely to be the first offshore wind farm in Scottish waters to submit a derogations case (for consideration under the Habitats Regulations) with their application, due to predicted impacts on European protected sites in relation to certain seabird species.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- SSE have made clear their expectation that the preferred supplier locate a blade manufacturing facility in Scotland but as indicated above, Berwick Bank is uniquely placed with its scale to offer this opportunity over ScotWind sites. Currently, there are no competing projects from the rest of the UK south of the border. Were a similar scaled project to emerge in the rest of the UK, Scotland would lose the first mover advantage it currently has the opportunity to exploit.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- First Minister has met with [Redacted – (Not in scope)]
- She has been clear in previous discussions that Scottish Ministers are not able to discuss active projects.
- Officials have been continuing to meet with SSE in regards to their supply chain plans around Berwick Bank in particular their preferred OEM bidder.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Seagreen

- The Seagreen offshore wind farm is a joint project between SSE Renewables (49%) and Total Energies (51%). Consents for the Seagreen Alpha and Bravo wind farms were granted in 2014.
- Located off the Angus coast, it will be the largest offshore wind farm in Scotland once completed. It is also the deepest fixed foundation offshore wind farm in the world.
- Seagreen generated first power in August 2022. It will have 114 turbines and will add 1.1 gigawatts of offshore wind capacity when fully operational (expected Q2 2023), with a connection to the grid via new substation at Tealing near Dundee.

- The wind turbine jackets were assembled at Nigg. SSE estimates that Seagreen has supported 141 peak construction jobs at Nigg, and will support 80 direct full-time role at its O&M base on Montrose.
- Seagreen Wind Energy Limited has been consented permission to install 150 offshore wind turbines. The remaining 36 turbines have not yet been constructed – these will require connection to Cockenzie in East Lothian, for which a separate marine licence has been granted (known as Seagreen 1A). A variation to the s.36 consents is currently under determination, to allow the remaining 36 turbines to be larger.
- **[**Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

ScotWind – E1 (Ossian)

- The lease option agreement for the site, which is approximately 100km off the Angus coast, was awarded in January 2022. The partnership comprises SSER, Marubeni Corporation and Copenhagen Infrastructure Partners.
- The lease area has average water depths of 72m, making the site suitable for the deployment of approximately 145 floating offshore wind turbines to deliver up to 2.6GW of installed capacity – enough to be capable of powering almost 4.3 million Scottish homes and offsetting around 5 million tonnes of harmful carbon emissions each year.
- An application for the project is expected towards the end of 2023. If consent is granted, construction is expected to commence in 2027.
- All the ScotWind Projects are fully aware that the final projects' size and generating capacity will be shaped by our planning assumptions and the consenting process, or by any adjustment to them made in light of new evidence and technology.
- Projects from ScotWind would be expected to submit consent applications, to Marine Scotland, in 2023/24 and we would expect to see construction from 2027 onwards.
- SSE Renewables announced in August that the project would take its name from the Poems of Ossian, a historic series of books which depict the epic quests and adventures of a third-century Scottish leader across rolling seas.

Beatrice

- The Beatrice Offshore wind farm was consented in 2014. Construction commenced in 2017 and the project was fully operational in 2019.
- The Beatrice offshore wind farm comprises 84 wind turbine generators with a capacity of 588MW, and is located in the Moray Firth. The operation and maintenance base is located in Wick.
- Post consent monitoring at the wind farm site is ongoing, providing valuable information on the impacts of offshore wind on the environment.

INTOG

- Through the INTOG leasing round we are providing opportunities for innovation in wind energy to power the new growth sectors of hydrogen production, carbon capture and storage and floating wind and facilitating decarbonisation of our oil and gas production.
- We welcomed the launch of the INTOG leasing round by Crown Estate Scotland, for applications on the 10th August. This will close in mid-November. It is not appropriate for Scottish Ministers to discuss bids until the leasing round has concluded
- At present, we are working with stakeholders on the INTOG steering group to develop the scoping and methodologies for the assessments to consider the potential impacts of INTOG on the marine environment and other marine sectors. Once the leasing application window has closed, we will progress the plan-level assessments and required consultation with an aim to have a final plan adopted by end 2023.
- Only INTOG projects which form part of the adopted final plan will progress through to option agreement, the next phase in the leasing process.

ANNEX C

Coire Glas

- The Coire Glas project is a proposed large-scale hydro pumped storage scheme at Loch Lochy in the Great Glen. It will have a potential capacity of up to 1500MW and would more than double Great Britain's existing electricity storage capacity.
- It would be the first pumped storage hydro built in 30 years.
- In October 2020 the Scottish government gave revised consent for the project, with a clause to start construction no later than 7 years from the date of consent. (revised consent was to increase the capacity from 600MW to 1500MW).

Barriers to investment in Pumped Storage Hydro

- At present, there is no market mechanism available to secure investment in PSH, with some large projects in Scotland awaiting that signal. It is critical that UK Government considers mechanisms to enable the development of PSH.
- In 2021 Paul Wheelhouse wrote to the Secretary of State for Business, Energy and Industrial Strategy, Kwasi Kwarteng on this matter in the hope that the UKG can commit to a fresh and meaningful review of options for securing new PSH investments and capacity.
- Moreover, finding the means to unlock these huge investments would be absolutely key in keeping up with our respective commitments to deliver a green economic recovery from the Covid-19 crisis.
- Not only will their development spur great investment and employment, but it can be expected that, with sufficient care and maintenance, they would be able to endure for over a century, providing a huge boost to the rural economies of both the Highlands and Southern Scotland.
- In September 2021 BEIS sought evidence on barriers to the deployment of large-scale and long-duration electricity storage, and on different approaches for supporting the deployment of these technologies. In our response we reiterated all of the above points.

ANNEX D

Cost of living

Review of Electricity Market Arrangements in the UK (REMA)

- GB electricity market arrangements govern the way that electricity is traded, setting incentives to encourage innovation and minimise overall system costs
- The existing market framework was designed for a different time and UK Government is increasingly concerned that this could act as a barrier to Net Zero and lead to higher overall costs for GB consumers,
- BEIS's Review of Electricity Market Arrangements (REMA) was announced as part of the British Energy Security Strategy on the 4 July.
- REMA will consider a broad suite of reforms to tackle a range of structural issues in the electricity markets. This looks beyond high prices and includes issues with dispatch arrangements and incentives for low carbon flexibility
- Overall REMA represents a significant and far reaching programme of work that will review the structure of the GB wholesale market, the role of subsidy mechanisms (e.g CfD and Capacity Market), incentives for flexibility and demand side response and certain aspects of electricity security (capacity and operabilit

Locational Marginal Pricing (LMP)

- Some stakeholders including National Grid ESO and Ofgem have published strong statements of support for Locational Marginal Pricing (LMP) model for the GB Wholesale electricity market, as a preferred outcome from REMA
- The price signals received through an LMP model would be analogous to those provided through TNUoS charges and will be designed to incentivise generators to locate close to demand and for demand to locate in areas of high generation.
- We expect that this will create a significant disadvantage for generators located in Scotland and that it would not align with Scottish Governments net zero targets
- The LMP model would also create a significant risk for ScotWind developers, particularly those that have not yet been included in National Grid's Holistic Network Design as part of the Offshore Transmission Network Review for Offshore Wind
- While we are concerned with the risks created for generation, it is important to acknowledge that the same model may have corresponding benefits for consumers

Wholesale market intervention to address cost of energy

- The most recent package of support announced by UK Prime Minister Liz Truss on 8 September was focussed on retail market intervention.
- However, the PM also announced that "Renewable and nuclear generators will move onto Contracts for Difference to end the situation where electricity prices are set by the marginal price of gas." This would effectively set an agreed price at which those generators could sell their electricity.

- No further detail has been published in respect to these measures.
- Both the contract price and contract length will have a significant bearing on whether this proposal represents good value for money for GB consumers.

Consumer Support Plan Details

1. BEIS have announced an **Energy Bill Relief Scheme** in addition to the Energy Price Guarantee, which will provide support for non-domestic consumers across the UK in the form of a supported wholesale price. BEIS have advised that the scheme will apply to fixed contracts agreed on or after 1 April 2022, as well as to variable and flexible tariffs and contracts. The scheme will initially run for six months from 1 October 2022 to 31 March 2023, with the first reduced bills being those received in November 2023. The UKG will publish a review into the operation of the scheme in three months to inform decisions on future support after March 2023. The discount will be automatically applied to bills. BEIS do not appear to have provided an overall cost for the non-domestic scheme, and we understand this is owing to the cost being determined by the wholesale market price between October and April, when the support expires.

Support for Businesses

2. Key points to note in relation to support for business within the announcement are:
    - Non-domestic customers on existing fixed price contracts will be eligible for support as long as the contract was agreed on or after 1 April 2022. This is provided that the wholesale element of the price the customer is paying is above the Government Supported Price, their per unit energy costs will automatically be reduced by the relevant p/kWh for the duration of the Scheme.
    - Customers entering new fixed price contracts after 1 October will receive support on the same basis.
    - The UK Government will set a Supported Wholesale Price – expected to be £211 per MWh for electricity and £75 per MWh for gas, which is less than half the wholesale prices anticipated this winter.
    - Those on default, deemed or variable tariffs will receive a per-unit discount on energy costs, up to a maximum of the difference between the Supported Wholesale Price and the average expected wholesale price over the period of the Scheme.
    - The amount of this Maximum Discount is likely to be around £405/MWh for electricity and £115/MWh for gas, subject to wholesale market developments.
    - Non-domestic customers on default or variable tariffs will therefore pay reduced bills, but these can still change over time and may still be subject to price increases.
    - BEIS has advised it is working with suppliers to ensure all their customers in England, Scotland and Wales are given the opportunity to switch to a fixed contract/tariff for the duration of the scheme if they wish, underpinned by the Government's Energy Bill Relief Scheme support.

- For businesses on flexible purchase contracts, typically some of the largest energy-using businesses, the level of reduction offered will be calculated by suppliers according to the specifics of that company's contract and will also be subject to the Maximum Discount.
- Equivalent support will also be provided for non-domestic consumers who use heating oil or alternative fuels instead of gas and further detail on this will be announced shortly.
- BEIS will publish a review of the scheme in three months to inform decisions on future support after March 2023. The review will focus in particular on identifying the most vulnerable non-domestic customers and how the Government will continue assisting them with energy costs.

ANNEX E

Edda Brint employment stipulation background

- Edda Brint is a service operation vessel (SOV) purpose-built for Vestas wind turbine technicians for the Seagreen project, with capacity for up to 60 people. It has been chartered for Seagreen O&M until 2037.
- You previously responded to correspondence from Fiona Hyslop MSP (22 June 2022) in relation to claims that SSE Renewables have deliberately chosen not to use British crew members on their vessel Edda Brint with the exception of the Captain and Chief Engineer in order to save on employment costs. Ms Hyslop has responded asking that you raise this in your discussions with SSE Renewables.
- Two letters were also sent to other Ministers in May 2022 by two employees of Edda Wind / Seagreen – one to the First Minister and one to Jenny Gilruth MSP - outlining the same concerns. Both employees have asked to remain anonymous.
- Ms Hyslop followed up with a letter to you (19 August 2022), expressing further concerns about this issue and reputational risk if this issue were to be made public, asking for information in relation to the employment of British crew members on SSE vessels, and the outcome of discussions with SSE Renewables.
- Ms Hyslop also wrote about this issue to SSE directly. SSE have responded with a letter to Ms Hyslop (07 September 22) to categorically deny that they have stipulated that they do not want British crew on the vessel, and that they have stipulated in supply contracts that suppliers must maximise the use of UK skills, services and content.

Fair Work First

- Fair Work First criteria have been applied to some £4bn worth of public sector funding since 2019.
- We have expanded Fair Work First criteria to support flexible working and oppose fire and rehire practice.
- In line with the Bute House Agreement, we will introduce a requirement on public sector grants recipients to pay at least the real Living Wage to all employees and to provide appropriate channels for effective workers' voice, such as trade union recognition.
- Through our Fair Work First policy we are leveraging employers' commitment to fair work by applying Fair Work criteria to public sector grants, other funding and contracts where it's relevant and proportionate to do so Employers are being asked to commit to:
    - appropriate channels for effective voice, such as trade union recognition.
    - Investment in workforce development.
    - no inappropriate use of zero hours contracts.
    - action to tackle the gender pay gap and create a more diverse and inclusive workplace.
    - payment of the real Living Wage.
    - Offer flexible and family friendly working to all workers from day one of employment.

    - Oppose the use of fire and rehire practices
- To support the adoption of the Fair Work First criteria, on 24 September 2021, we published updated Fair Work First guidance, which provides good practice examples to guide employers' approaches and, importantly, explains the benefits of Fair Work for workers and organisations.
- On 10 September, the Cabinet Secretary for Finance and Economy wrote jointly with portfolio Cabinet Secretaries to public sector leaders, including in the police, NHS, local government and public bodies, to advise of these new criteria and reaffirm our commitment that the public sector should show leadership in adopting Fair Work practices.

Living Wage

- The number of accredited Living Wage employers is up from 14 in 2014 to 2700 in 2022 with 55,000 workers getting a pay uplift to at least the real Living Wage.
- The Scottish Government welcomes the new Real Living Wage rate of £10.90 per hour and £11.95 for London, announced by the Minister for Just Transition, Employment and Fair work, on 22 September 2022 which applies to all employees aged 18 and above.
- It applies to newly accredited employers from 22 September 2022, and all existing accredited employers from 15 May 2023.
- Scotland remains the best performing of all four UK countries with the highest proportion of employees paid the real Living Wage or more (85.6%). Ahead of England 82.8%, Wales 82.1% and NI 78.7% and the UK 82.9%.