

Minutes from Oil and Gas and Energy Transition Strategic Leadership Group on Thursday 3 September 2020

Attendees

Members

- Paul Wheelhouse, Minister for Energy, Connectivity and the Islands
- Kathryn McKee – BP
- Steve Phimister – Shell
- Arne Gurtner – Equinor
- Deirdre Michie – OGUK
- Neil Gordon – Subsea UK
- Mike Smith – NECCUS
- Gordon McGuinness – SDS
- Paul de Leeuw – RGU
- John Pearson – Petrofac
- Richard Knox – EC-OG
- Stuart Payne – OGA
- Terry Savage – GE Group
- Andrew Gardner – INEOS
- Liz Rattray (standing in for George Boyne) – University of Aberdeen
- Melfort Campbell – IMES Group
- Peter Black – EnergySYS
- Myrtle Dawes (standing in for Colette Cohen) – OGTC
- David Wilson – (standing in for Trevor Garlick) – ONE
- Ian Donald – Enpro-subsea
- Jill Glennie – OPITO
- Sir Ian Wood – ONE
- Jake Malloy – RMT
- John Boland – Unite
- Audrey Maciver – HIE
- Jim Savage – Aberdeenshire Council
- Liz Rattray (standing in for George Boyne) – University of Aberdeen
- Craig Shanaghey – Wood
- Andrew McCallum – Aspect Reputation
- Lewis Todd – Scottish Government
- Juliet Cramb-Low – Scottish Government
- Robert Dunn – Scottish Government
- Margo Maciver – Scottish Government

Guests/Observers

- Emily Bourne – BEIS
- Matthew Taylor – BEIS
- Jenny MacDonald – SDS
- Mark Christie – Marine Scotland
- Kirstin Gove – Step Change in Safety
- Rebecca Groundwater – OPITO

- Andrew Jamison – ORE Catapult
- Gwen Folland – Petrofac
- Alan Jones – Pale Blue Dot
- Gunther Newcombe – ORION project
- Mark Abby – CHC Helicopters
- Kevin Taylor – SE
- Sonja MacMillan – SE
- Gavin MacKay – HIE
- David Rennie – SDI
- Gordon Stirling – OCA
- Kim Hendry – Aspect Reputation Management

Facilitator

- Andrew McCallum – Aspect Reputation Management

Secretariat

- Linsey Wilson – Scottish Government

Apologies

- Rosanne Foyer – STUC
- Damien Yeates – SDS
- John MacDonald – OPITO
- Phil Simons – Subsea 7
- George Boyne – University of Aberdeen
- Linda Hanna – SE
- Kirstin Gove – Step Change in Safety
- Colette Cohen - OGTC
- Andy Samuels – OGA
- Anna Kynaston – SNIB
- Andy McDonald – SE
- Steve Dunlop – SE
- Andrew Hogg – Scottish Government

Meeting Minutes

1. Ministerial opening remarks

- The Minister welcomed participants to the sixth meeting of the SLG and gave an overview of the meeting focus: how Government and the wider industry in Scotland better connect with the new opportunities from energy integration both on- and offshore.
- The Minister welcomed a number of new attendees to the meeting, joining to broaden the discussion and ultimately drive forward actions and priorities for the Scottish Government and its agencies.
 - Alan James - Pale Blue Dot
 - Gunther Newcome - ORION project
 - Andrew Jamieson, ORE Catapult and Myrtle Dawes from OGTC
 - Emily Bourne and Matt Taylor from BEIS
- The Minister highlighted the publication of the Scottish Government Programme for Government 2020/21, highlighting how it very much reflects the current situation and the impact COVID-19 has had on Scotland's economy.
- The Minister said Scotland's economic recovery must be a green recovery. Within the programme he reaffirmed the Scottish Government's commitment to both Carbon Capture Utilisation Storage (CCUS) and the Energy Transition Fund.
- The Minister confirmed that the Scottish Government would commission a suite of research projects relating to CCUS policy and seek to develop new carbon utilisation opportunities through a new Carbon Capture and Utilisation Fund.
- The Minister was pleased to note recent widespread industry backing for the NECCUS-led Scotland's Net Zero Roadmap project and would encourage similar backing for the Pale Blue Dot-led upcoming Phase 2 bid for Scotland's Net Zero Infrastructure.
- The Minister welcomed the recent publication by the UK Government of the responses to their consultations on CCUS business models and re-use of oil and gas assets for CCUS and low carbon hydrogen development.
- He said that the Scottish Government continues to urge the UK Government to deliver on the commitments around CCUS Action Plan to enable the development of the first CCUS facility in the UK to be commissioned from the mid-2020s.
- The Minister welcomed OGA's Energy Integration Project, published in June, which clearly demonstrates the significant opportunity of our offshore energy sector and this report also clearly demonstrates that an integrated offshore energy system, including CCUS and use of hydrogen, can help Scotland and the UK meet their net zero targets.
- He said that the sector's skills, expertise and infrastructure and its supply chain will be vital in unlocking the opportunities for the integration of offshore energy systems, a key step on Scotland's own pathway to a greener and fairer economy and society.
- The Minister highlighted Scotland's first energy strategy in December 2017, setting out our vision for the future energy system in Scotland and are intending to refresh our Energy Strategy in 2021 following the publication of the UK Energy White Paper.

- The Minister said the refreshed strategy will set out the Scottish Government's short-term priorities along with a roadmap of the key actions we will take on our journey to 2030. To inform its direction, collaboration will take place through this Group and other forums.
- This Strategic Leadership Group and other groups demonstrate the wealth of work underway and we should ensure that this information is disseminated and shared out with these meetings to the wider sector.
- The Minister thanked the OGA and OGUK for the pre-read providing an update on the immediate support workstreams from the Supply Chain Task Force and the OGUK Recovery Group.
- The Minister thanked members for responding to the feedback poll on the direction of the Group and confirmed that key findings and recommendations were provided as pre-read.
- The Minister asked members to ensure that this Group and Government receives the right challenge and focus. The supportive atmosphere is appreciated but we must not avoid any issues if there are challenges for us, stating that Government cannot do this alone. It will take the collective effort of everyone in this Group to drive meaningful action that will sustain the sector for the longer term.
- The Minister reconfirmed the priorities of this group and the Government's remain commitment to delivering on these priorities in collaboration with the sector. These are:
 - Address the immediate challenges of COVID-19
 - Look ahead to restart and recovery
 - Understand the new normal to create a sustainable industry for the future

2. Action Dashboard Updates

The Group reviewed the actions from previous meeting using the Action Dashboard. Updates were provided by those accountable and confirmed that all actions are either completed or on track for completion.

3. Update from OGA

Stuart Payne, Oil & Gas Authority

- Stuart Payne highlighted the award of the 32nd licensing round which constitutes 113 areas over 215 blocks to 65 companies, highlighting real confidence in the North Sea.
- The publication of the OGA's Energy Integration Report which demonstrates how the integration of carbon capture storage, hydrogen, deep water floating wind, tidal and wave power on the UK CS could abate up to 60% of the UK's carbon emissions.
- Beyond its role as an important oil and gas basin, the UKCS remains a critical asset for the UK, supporting the transition to net zero and a deploy test bed for the development of new technologies, expertise and knowledge.
- Stuart thanked colleagues from BEIS, Crown Estate, Crown Estate Scotland and OFGEM for their role in the project and highlighted how the report's findings are being used to shape the development of the North Sea Transition Deal.

4. Update from BEIS

Emily Bourne, BEIS

- Emily Bourne thanked the OGA and its partners for the Energy Integration Report and confirmed that BEIS is considering how it can be used to inform future policy discussions.
- Confirming that the UK Government's review of the future oil and gas exploration and production licensing regime. She said the review is focused on the UK's aim to lead the way on climate change and net zero, therefore, now is the right time to look at future licencing policy.
- The review would consider future licensing scenarios for the UKCS taking account of factors such as supply and demand, climate policy and carbon budgets, emissions and environmental factors and economic and societal impacts and will announce initial findings alongside the energy white paper this autumn.
- Emily underlined the UK Government's intention to engage with stakeholders on the review and would welcome views. She also confirmed that discussions with OGUK and others on the North Sea Transition Deal were ongoing and making good progress.

Matt Taylor, Deputy Director in BEIS

- Matt summarised key highlights from the UK Government's responses to two recent CCUS consultations; Potential Business Models for CCUS and The Re-use of Oil and Gas Infrastructure for CCUS.
- The responses provide the UK Government's view and position on deploying CCUS in the 2020's, how CCUS can help in transitioning to net zero and its position on the business model for industrial CCUS.
- Matt confirmed the UK Government's commitment to the CCUS Infrastructure Fund that the Chancellor announced at the spring budget committing at least £800m to facilitate the delivery of CCUS and at least 2 clusters.
- Transport and storage (T&S) infrastructure will be also developed and that a regulated network model based on experiences from other regulated infrastructure asset classes will be developed.
- Confirming that the UK Government would work with the industry partners to work out and develop the optimal regulatory pathway
- Matt summarised the preferred characteristics of the revenue model required for power CCUS and stating that the aspirational goal is to incentivise power CCUS to operate flexibly.
- Initially, the contracts for industrial CCS would include some upfront capital support from Government and are envisaged in three phases of deployment for that – Industrial CFD with upfront capital in Phase 1, Phase 2 more market-based mechanism and Phase 3 looking to allocate the contracts.

- On Low Carbon Hydrogen Production, Matt drew members' attention to a report by Frontier Economics setting out the UK Government's thoughts on hydrogen business models with a view to identifying a business model for hydrogen in 2021.
- Matt highlighted that alongside that document, the UK Government also published a document on the reuse of oil and gas assets, including the identification of oil and gas infrastructure with reuse potential, how best to facilitate the reuse of oil and gas assets for CCUS projects and outlined there how we may approach the preservation of assets for CCUS reuse.

5. Update from OREC

Andrew Jamieson, OREC

- Andrew highlight that OREC is partnership with OGTC on two key activities – the Integrated Energy Vision and the Energy Transition Alliance – both designed to address issues and barriers in collaboration between oil and gas and offshore wind sectors.
- Suggesting that opportunities are not being realised for supply chain growth and that more needs done to grow the indigenous supply chain to be able deliver sustainably and comfortably in the future for maximum economic impact in the UK.
- Oil and gas has its challenges around carbon but has a supply chain with great scale, knowledge, skills, manufacturing and service delivery – and it's clear the two sectors need to work together more closely
- Andrew highlight the creation of the Energy Transition Alliance (ETA) where the OGTC and OREC have got teams working together, taken advice from various external stakeholders and came up with a priority list of activities to drive forward in partnership.
- The projects underway, including sustainable decommissioning and technology transfer between oil and gas and renewables to support, for example, the scale up of floating offshore wind.
- Andrew welcomed the financing announced by the Scottish Government earlier in the summer towards some of these projects and is also working very closely with UK Government towards taking them forward.
- An update was provided on the Integrated Energy Vision (IEV) being undertaken by the Energy Transition Alliance, in partnership with a wide range of stakeholders.
- The IEV would highlight three pathways to help achieve net zero, unlocking strong opportunities for growth across the supply chain, creating alignment, removing barriers and helping to drive investor confidence in the UK offshore energy sector.
- Andrew confirmed the IEV Report which will be published in Q4 2020 and help set out the unique opportunity for the UK to deliver net zero growth.

6. Update from Pale Blue Dot

Alan James, Pale Blue Dot

- Alan updated members on the Scottish Net Zero Infrastructure project being pulled together for Scotland, an Industrial Strategy Challenge Fund programme aimed at boosting UK competitiveness.

- The aims were to accelerate cost effective decarbonisation and start deployment by the mid 2020's supporting clean growth and industrial clusters mission. The objective is to have one low carbon cluster operational by 2030 and one net zero cluster in the UK by 2040.
- The programme has a number of components, with a total fund of £170m split into a number of different areas. The NECCUS Group have submitted a bid for the roadmap component.
- There are six prequalified projects around the UK, including the Scottish project who are now competing for a share of the available funding, with bids due on 7 October.
- The natural gas that flows through the St Fergus Gas Terminal results in more than 50m tonnes of CO₂ emissions once that natural gas is used. With the ACORN CCS Project, we have the opportunity to influence that through hydrogen manufacturing at that point.
- The ACORN CCS project is designed to support redeployment of one of the main gas transmission lines from St Fergus down to the central belt for CO₂ transportation use.
- The project would like to see the development of shipping facilities for the transportation of hydrogen and CO₂ at Peterhead, including the import system at the port and also importantly the design and specification of the ship infrastructure. This would support other industrial regions around the east coast and around our European neighbours and develop and use some of the huge offshore storage resource that Scotland has as an export opportunity.
- This project will also look at how that expansion of sub surface storage resource can be developed and the whole package has to be very tightly tied together with the roadmap activity that NECCUS are already progressing.
- Several additional proposals are under development relating to, for example, the gathering system at Grangemouth and the outreach through shipping and links to Peterhead powerplant and down the east coast to industrial clusters at Teesside, Humberside and even South Wales.
- Pale Blue Dot would continue to take input from partners and colleagues around industry ahead of submission on 7 October.

7. Gunther Newcombe – ORION Project

Gunther Newcombe – ORION Project

- Gunther Newcombe updated the group on the ORION Clean Energy Project centred around the Shetland region where unique potential exists, but with the opportunity to replicate the model in other parts of the country.
- This is a unique opportunity to combine the natural resources of the Shetland region, its existing wind power infrastructure and the skills and knowledge of the oil and gas sector to create an exciting integrated energy project.

- Shetland is already home to the Viking Windfarm has been sanctioned with 450MW of capacity and that two further projects in the final stages of sanctioning adding 250MW of capacity. These developments can support the offshore electrification of the oil and gas industry West of Shetland in the near term.
- There is also an opportunity for the creation of both green and blue hydrogen in the region and the opportunity to use existing oil and gas infrastructure to export hydrogen or hydrogen derivatives and to pursue CCS opportunities.
- There are four initial projects:
 - West of Shetland Electrification
 - East of Shetland Electrification and repurposing of infrastructure for green hydrogen production
 - Blue Hydrogen Plant using either Sullom Voe terminal or Shetland Gas Plant
 - Transformation of current oil and gas terminals for future industries
- Gunther thanked BP, EnQuest, Equinor, Shell, SSE and Total for their role in the steering group formed in July 2020 and highlighted the need for further industry and investor support to progress the concepts.
- This project is seeking both Scottish and UK Government support, confirming that proposals had been submitted to the Scottish Government's Energy Transition Fund for concept and feasibility studies and undertaking pilot projects.

8. Ministerial remarks and introduction to discussion

- The Minister thanked everyone for their helpful updates which set the scene for the discussion section of the meeting.
- He reflected on a few points, welcoming the announcements made regarding the 32nd licensing round and said he hoped to discuss further with Mr Kwarteng.
- The Minister thanked Matt Taylor for his update and encouraged continued pace in the development of regulatory measures and transport and storage models for CCUS.
- He thanked Andrew Jamieson, OREC and welcomed the creation of the Energy Transition Alliance, recognising the unique opportunity for the UKCS to become a leader in floating offshore wind and hydrogen production at scale.
- The Minister underlined The Scottish Government's commitment to prepare a heat decarbonisation statement before Christmas.
- The Minister said he was encouraged by the progress made by Pale Blue Dot and NECCUS and encouraged continued industry engagement across the Scottish cluster.
- He expressed interest in the ORION Clean Energy Project, particularly the opportunity for future employment in the island community in Shetland, which has depended very heavily on the oil and gas industry for decades.
- The Minister commented that the discussion clearly demonstrated Scotland's tremendous potential and highlighted the need for increased pace and support of the adoption of new energy technologies.

- He urged continued effort and co-operation from the group, highlighted the important role of the SLG and underlined the commitment of The Scottish Government.
- The Minister noted that the UKCS has the potential to deliver 60% emissions abatement and said that we need to follow the right path and create the best conditions to ensure this potential becomes a reality.
- To this end, he said he looked forward to the publication of the OGTC's Technology Landscaping Study, part funded by The Scottish Government, and the Integrated Energy Vision, which together will provide industry and Government with further intelligence to support and accelerate the development of an integrated energy system.
- The Minister then introduced the next part of the meeting, prompting discussion with three initial questions:
 - What are the next steps that Scottish Government should take, within our devolved responsibility, to support industry in the delivery of energy integration and the report recommendations?
 - How should these be prioritised?
 - And from the OGA's report – are there any gaps in the recommendations that need to be addressed?

Arne Gurtner, Equinor

- Pleased to hear about the various initiatives and good work going on in the energy transition space, and that is where Equinor is delivering a wide range of activities. The energy transition needs to be solved with competence and collaboration.
- Equinor very much supports the OGA Energy Integration report; it shows what is technically feasible but also looks deeper into policy issues and challenges. We need to find sustainable mechanisms for continued investment into low carbon solutions.
- Stated that Equinor would support the establishment of a sustainable support mechanism which encourages application of new technology and investment for delivering emissions reduction. This should be a priority and target going forward to encourage investment.

John Pearson, Petrofac

- Very positive about the medium and long term. See genuine opportunity in the transition to net zero and see an energy in operators and supply chain in getting after this as both the right thing to do and something that is commercially viable in the medium term.
- The most concerning thing is making sure that we have all right competencies maintained through to end 2021. Hopefully things will pick up after that and the reality and volume of some of the net zero projects will come through then to help the supply chain.
- We're trying to direct the supply chain and exports taskforce towards maintaining the health of the supply chain in the lull period before the work picks up again through net zero. Genuinely positive about the medium-term opportunity for both own company and for Scotland in the net zero future.

- Many of the things we are trying to do is to create new net zero future cross traditional interfaces. We need to collaborate across sources of finance, developers, people with traditional technology skills and people with new and emerging technology.

Deirdre Michie, OGUK

- OGUK would like to see a reinforcement of the role of oil and gas in the Scottish Government's refreshed energy strategy.
- Roadmap 2035 will be celebrated a year on next week. There are lot of activities ongoing and Roadmap 2035 provides a clear path forward bringing together maximising economic recovery and net zero. They are fully integrated and intertwined.
- There has been a lot of progress in a short space of time, there is a lot happening which is great, but we have to be co-ordinated and we have to joined up to take the workforce with us on what we're trying to achieve.

Sir Ian Wood, ONE

- Noted that in his view there is a recognition that there is not yet a strong enough supply chain in offshore wind, and that we have the basis yet for really strong supply chain to support hydrogen and carbon capture.
- There is a real need for new investment, in Scotland, the UK and internationally. We are going to have to get in better shape for the ScotWind programme in 2-3 years' time and that will require significant growth.

Myrtle Dawes, OGTC

- Raised a number of questions on the role of technology but asked the Group is it competitive in terms of delivering affordable energy - this is part of OGTC's ongoing focus and how can cost can be reduced.
- Questioning the support that s provided to start-ups? And recognising that there is an issue of technology with new companies is key to anchoring more of the wealth here in the UK.
- OGTC are working with OREC, however, there should not be an underestimation of the various cultural differences between different part of the energy sector and learning to work together effectively.

Mike Smith, NECCUS

- Noted that there is a requirement for the supply chain to identify the existing skills and technologies that it already has, as the vast majority of these skills and experience already exist and can be directly repositioned into new industries.
- One particular exercise that is ongoing – Minister Kwarteng through the CCUS Council, is currently working with the EIC who have a large supply chain database and using that to engage with the supply chain to understand where skills can be directly applied to CCUS and hydrogen.

Ministerial remarks

- The Minister confirmed the Scottish Government has this week announced its response to the recommendations of the Logan Review on support for technology start-ups. This will involve setting up a network of 5 technology hubs which will be called Techscalers.
- The Minister accepted there are some challenges in terms of supply chain for offshore wind and in areas such as hydrogen and CCUS. Very mindful of the ScotWind leasing round and noted the UK Government are keen to boost the supply chain content.
- The Minister was delighted to hear of the interest in Energy Transition Zone in Aberdeen and keen to pick up on that to see what can be done to help.
- The Minister accepted the need to try and reinforce the messaging around Roadmap 2035 and want to reassure that any energy strategy refresh will be keen to emphasise the role for oil and gas, regardless of which decarbonisation strategy is taken.
- The Minister agreed with comments about the immediate challenges facing the industry. He confirmed that the Scottish Government continued to press for the extension of the furlough scheme for sectors like oil and gas, tourism and hospitality.

Matt Taylor, BEIS

- Echoed the earlier points made by Mike Smith's and the work undertaken by the CCUS Council and EIC and encouraged everyone to get engaged in the piece of work.

Craig Shanaghey, Wood

- Encouraged to see and hear progress on developments being made, a number of which Wood are actively engaged in. Would like to highlight and recognise the role the current infrastructure plays in energy transition.
- Noted that we need to determine a clearer path to utilise the current supply chain but give opportunities to new and emerging parts of the supply chain.
- There are exciting opportunities but consistent with the comments made, how do we collectively invest to turn the potential into actual as that is crucial in the short term?

Terry Savage, GE Group

- A lot of people don't understand what opportunities exist, so we need to articulate these. We need to ensure we equip people with the right tools – articulating the real detail, at pace is crucial. There are opportunities, but the immediate future is critical for survival.

Andrew Jamieson, OREC

- We all share the same ambition for change and growth and what net zero can mean for Scotland. How do we turn it into translatable steps, across the oil and gas industry and the wind industry? How can we bring together a work plan prioritising the key things?
- Looking ahead the ultimate problem is investor confidence. To improve it we need to keep showing progress on determined actions and communicating proactively.

Craig Shanaghey, Wood

- There is a lot of talk about supply chain being part of the solution, but in a lot of developments supply chain is engaged too late to influence the outcome. I would encourage much greater participation earlier in projects.

Stuart Payne, OGA

- Noted that firstly, we need to understand the skills we need and what we already have. Secondly, we need to have investible projects that can deliver in the immediate term. The North Sea Transition Deal focuses on accelerating hydrogen and CCUS projects.
- The Deal also focuses on how to engage the supply chain right from the beginning and make sure we do everything possible to anchor the capability in the UK.

Deirdre Michie, OGUK

- The North Sea Transition Deal is about jobs, about the economy, about the green recovery and what opportunity is there for the supply chain, recognising that the operators and the investors are key to making the deal an effective one and bring benefits across the piece.

John Pearson, Petrofac

- All of our aspirations and policies will only come real through commercial activity. We have a strong model for conventional projects; we now need to overlay energy transition activity in order to have a sustainable supply chain in the UK.

Jake Molloy, RMT

- The trade unions have spent the last few weeks speaking to various supply chain companies about the idea of creating a framework agreement called Offshore Energy Services Agreement, to replace the existing Offshore Contractors Partnership Agreement and create flexible working arrangements to protect workers and the supply chain.
- Losing our competitiveness has been a key theme. The workforce needs to see some assurance and protection that enables them to compete in the decommissioning and renewables sectors.

Arne Gurtner, Equinor

- Investment into the transition and technologies is not directly linked to oil price but what is very clear is we cannot invest massively into NPV negative projects, so how do we enable energy integration projects in the short term?

John Pearson, Petrofac

- We need to ramp up the messaging, there is a huge appetite to hear the reality of the energy transition opportunity, which is potentially what will make us all investible over the next five years. Collectively we need to make sure there is not too large a gap between aspiration and reality.

Deirdre Michie, OGUK

- We have to continue to be seen to be an investible oil and gas sector. We must be open for business in a net zero context. We have to progress together in a very joined up way and show that the existing oil and gas industry and the net zero energy future are inextricably linked and not mutually exclusive.

Richard Knox, EC-OG

- Investors have different criteria and views on what makes a project investible. We need to be careful around dialogue when pitching to invest a new project, it needs to be a well thought out on approach.
- In the short term, we need to work on products and build on the existing capability we have in Scotland and the UK, or we won't be positioned well to make use of those opportunities. We need to articulate our strengths and anticipate demand.

Sir Ian Wood, ONE

- I don't think we have ever had a significant focus on our energy transition supply chain. We should think about a combined concentrated effort on how we can significantly strengthen and grow our energy transition supply chain.
- The market is growing incrementally. The ScotWind opportunity is three or four years away and hydrogen is new so this needs to be done in a way where we recognise there are a lot of new skills and new technology which is transferable from oil and gas.

Audrey MacIver, HIE

- In terms of wider North Sea proposition development and the messaging around that, we continue to work with partners to create a compelling story for the investment community.
- The green investment portfolio being led by Scottish Government and DIT will be launched next week and within that we expect to see propositions for floating wind and similar work is underway for hydrogen.
- More work is needed to create a broad spectrum of external messaging and examples of tangible project, together with constant dialogue with industry.
- In terms of supply chain and the energy transition, a lot of work is going into that with partners around offshore wind growth partnership, export support type activity for offshore wind and there is an opportunity to expand that to be a potential energy transition export support to start to work in a more detailed way with SMEs with our business base on the understanding of where they fit in that energy transition and where the opportunities may be.

9. Ministerial closing remarks

- The Minister thanked everyone for their time and contributions this morning and encouraged continued work to build investor confidence.

- He highlighted the well-established routes for dialogue on supply chain opportunities and challenges, and encouraged closer collaboration with SOWEC, the SLG and the Renewable Energy Strategic Leadership Group.
- The Minister emphasised that ScotWind is a live opportunity and is generating a lot of interest. He confirmed that leases awarded by Crown Estates Scotland would be accompanied by supply chain development agreements, unlocking new opportunities.
- The Minister recognised the ongoing challenge in helping business adapt to the current environment and seize opportunities. He said the Scottish Government is taking steps to provide support, including funding the Energy Transition Zone.
- He said, on decommissioning, the majority of contract value is still won by the UKCS supply chain, particularly in areas such like well plug and abandonment. The removal of topsides and recycling is not as successful, but the Scottish Government continues to back the development of a deep-water port which could cascading decommissioning work across other yards in Scotland.
- The Minister highlighted the Scottish Government's £25m support for a Transition Training Fund, which is economy wide and hopes to support 10,000 individuals to transition from sectors like oil and gas to wider energy sector. He also highlighted the Government's wider investment £100m Green Jobs Fund which is available to support individuals to transition.
- The Minister thanked members for participating in the poll following the previous meeting and noted that members had supported the creation of a short-life Supply Chain Working Group
- He said that one of the options being considering is to develop a proposal for such a group to develop a plan to champion and enhance both the engagement and role of SMEs.
- The Minister said this aligned with the Scottish Government's response to the recommendations of the Advisory Group on Economic Recovery, recognising the important role that SMEs play in the Scottish energy sector and the SLG Secretariat will report back to the group in due course.
- The Minister concluded by thanking speakers and members for their contributions and confirmed the intention is to hold the next meeting on Thursday 8 October. Members agreed the meeting would be every two months thereafter.

10. Clearance of minutes from previous meeting

- Attendees were invited to note the minutes from the previous meeting and make comments. No comments were made and as such the minutes from the previous meeting were approved.

Chat Room messages

[09:18 2020/09/03] Andrew:
Good morning everyone
Welcome to the Oil & Gas and Energy Transition Strategic Leadership Group.
The meeting will begin promptly at 0930. Please put your mics on mute in the meantime.

[09:19 2020/09/03] Andrew:
Hopefully a sunny morning where you are!

[09:23 2020/09/03] Andrew:
Just a quick reminder to put your mic on mute please.

[09:44 2020/09/03] Peter Black:
The action dashboard is extremely useful, and addresses some of the concerns raised in the survey.

[09:46 2020/09/03] Wheelhouse P (Paul), MSP:
That's useful to know, Peter. Thanks for feedback.

[09:50 2020/09/03] Andrew:
Coming to Matt Taylor next...

[09:51 2020/09/03] Emily Bourne:
Andrew - conscious of time but happy to give quick update on today's licensing announcement if helpful

[09:51 2020/09/03] Andrew:
Thanks Emily... will come to you first and then Matt

[09:52 2020/09/03] Dunn R (Robert):
Just to let you know Deidre is having problems coming into the meeting

[09:53 2020/09/03] dmichie:
In now - sincere apologies !

[09:53 2020/09/03] Wheelhouse P (Paul), MSP:
Thanks, Stuart - that was very helpful.

[09:55 2020/09/03] dmichie:
Thanks EMily - we welcome this review and look forward to working on this with BEIS

[09:56 2020/09/03] Wheelhouse P (Paul), MSP:
Thanks, Emily - thank you for the update on the review. Look forward to chatting to Mr Kwarteng later.

[09:58 2020/09/03] Andrew:
Coming to Andrew J next... on the Integrated Energy Vision scenarios and Energy Transition Alliance

[10:01 2020/09/03] Mike Smith NECCUS:
Matt, thanks for highlighting the recent CCUS consultation feedback report.
Yesterday, the NECCUS membership (40 organisations focused on industrial decarbonisation) held a Chatham House session to share feedback on this report, and I'm in discussion with some of your colleagues on holding a meeting with BEIS to share high level feedback. Very keen to continue to support BEIS with developing CCUS business models.

[10:03 2020/09/03] dmichie:

This is also really helpful for the North Sea Transition Deal and we are working with Matt and his colleagues to see how we align that work.

[10:03 2020/09/03] Wheelhouse P (Paul), MSP:

That was very useful, Matt - got across very helpful details in a short slot. Much appreciated.

[10:04 2020/09/03] Terry Savage:

The OGA's comment on take up for the latest licensing round is very encouraging for the future. However the real concern is to do all we can collectively to generate activity for the supply chain now. I fear that the real implications of Cvoid/furlough cessation will not be truly realised until the end of the year, early next. So there is real danger of losing many companies that will not be here by the time the 'new' projects materialise. Terry

[10:05 2020/09/03] Wheelhouse P (Paul), MSP:

Agree, Terry. We obviously continue to make case for extending CJRS beyond October, as in Germany and France, but in fairness that is not something Matt and Emily can be expected to comment on.

[10:08 2020/09/03] Andrew:

Coming to Alan James next... on Scotland's Net Zero Infrastructure Project

[10:10 2020/09/03] dmichie:

Great to hear Andrew reinforce the role of oil and gas in a net zero context and how key the scale and experience and skills and commitment is and will be

[10:12 2020/09/03] Andrew:

Again, please post your questions here... as ever there's a lot to discuss today... real opportunity for a joined up discussion.

[10:17 2020/09/03] Andrew:

Coming to Gunther next..

[10:18 2020/09/03] Mike Smith NECCUS:

Thanks Alan. I would strongly encourage SLG members consider supporting the Scottish Cluster infrastructure project. NECCUS with the Roadmap project will help shape the pathways to Net Zero for industry BUT all large industrial emitters we work with highlight the fundamental importance of progress on developing the infrastructure they would tie-into. Without this infrastructure industrial decarbonisation cannot happen.

[10:22 2020/09/03] Wheelhouse P (Paul), MSP:

I would wholeheartedly endorse what Mike says here - that engagement and support is vital now.

[10:22 2020/09/03] Andrew:

Coming to Mr Wheelhouse next for reflections on those updates... and to set the frame for this morning's discussion.

[10:23 2020/09/03] dmichie:

its really good to see all this activity and positive action - we need to ensure we are all joined up and as supportively as positive as well as ensuring we dont lose sight of Terry's point that it needs to be done at pace in support of the supply chain and we mustnt lose sight of the recovery efforts that the oil and gas sector HAs to say focused on as well!

[10:27 2020/09/03] Arne Gurtner:

thanks for all the good presentations of ongoing projects/initiatives. very much support the ongoing efforts in the energy transition space. Need to move at pace and also address some of the barriers to success.

[10:27 2020/09/03] Matt Taylor, BEIS:

Thank you minister, I'd also like to just add how much the BEIS team appreciates the engagement with SG, PBD and NECCUS on CCUS activity.

[10:29 2020/09/03] Arne Gurtner:

We are pleased to see the progress of the newly approved electricity interconnector between the Scottish mainland and the Shetland Islands. Important to note the wider benefits of such an interconnector for potential electrification of UKCS. #workingit

[10:33 2020/09/03] Andrew:

Going to come to John Pearson next...

[10:34 2020/09/03] Wheelhouse P (Paul), MSP:

Thanks, Matt - we have good momentum and we will play our part in making this happen in collaboration with you.

[10:36 2020/09/03] Andrew:

Going to come to Ian Donald from Enpro next...

[10:37 2020/09/03] dmichie:

Andrew can I make a verbal comment too please!

[10:38 2020/09/03] Andrew:

Of course, Deirdre... will bring you following Ian...

[10:39 2020/09/03] Sir Ian Wood:

Andrew, I'd like to make a comment please Sir Ian

[10:40 2020/09/03] Andrew:

Yes, Sir Ian... will bring you in next...

[10:43 2020/09/03] Andrew:

Andrew J... can I bring you in next on the offshore wind supply chain point pls?

[10:43 2020/09/03] Melfort Campbell:

Can i comment

[10:44 2020/09/03] Myrtle Dawes:
Andrew J has left the call

[10:44 2020/09/03] Andrew:
Of course, Melfort... we'll come to you next

[10:46 2020/09/03] Andrew:
Thanks Myrtle... can I bring you in next please on technology opps / barriers?

[10:48 2020/09/03] Mike Smith NECCUS:
Can I follow up on some of Sir Ian's points please re; supply chain diversification

[10:48 2020/09/03] Andrew:
Of course, Mike... you're up next...

[10:50 2020/09/03] Wheelhouse P (Paul), MSP:
can i come in briefly?

[10:50 2020/09/03] Andrew:
Of course, Minister. Next up...

[10:52 2020/09/03] Matt Taylor, BEIS:
Minister would I be able to come in on Mike's point.

[10:53 2020/09/03] Andrew:
Of course, Matt. Up next...

[10:53 2020/09/03] Melfort Campbell:
i don't have the typing ability to list the initiatives that are relevant to a company looking to invest in diversification, but they include non energy sectors that require capabilities and products identical or similar. we need a dialogue from the angle of those that need to invest in diversification

[10:53 2020/09/03] Mike Smith NECCUS:
Energy Industries Council - supporting Minister Kwarteng's CCUS Council to understand supply chain skills and experience which could be applied to CCUS. Key contact is neil.golding@the-eic.com

[10:53 2020/09/03] Andrew:
Thanks Melfort... perhaps we can circulate in the meeting notes.

[10:55 2020/09/03] Terry Savage:
I do believe there is a real appetite for companies and individuals to embrace transition and the opportunities that it may present and relevant to their own skill set. However the one thing I do hear is a lack of real knowledge on what the detail of those potential opportunities are. I realise there is a lot of information out there, but capturing that into a digestible form, would be extremely helpful. So in your question on what this group could do, maybe more granular detail would definitely be high on the industry 'wish list' This would really help the 'at pace' need to invest in the now, medium & future.
Terry

[10:55 2020/09/03] Andrew:
Following Matt... I'd like to come to Craig S from Wood please...

Thanks Terry... would like to come in?

[10:56 2020/09/03] Terry Savage:
Happy to.

[11:00 2020/09/03] andrew jamieson:
I guess my key question is how can we bring all these good ambitions together and how can we accelerate them? Reform, ranging from industry behaviour change to appropriate due diligence in both private and public sector can often be slow.

[11:00 2020/09/03] Wheelhouse P (Paul), MSP:
sorry didn't reference Melfort's points around investible projects. As just one, our 33 ferries and those of other operators in Scotland all need to be decarbonised over this period. hydrogen could be an option, as well as LNG for some vessels, but Ammonia has been touted, too. Aviation needs an alternative fuel and all of Scotland's railways need decarbonised by 2035 via electrification and hydrogen fuel cells..

[11:01 2020/09/03] SHANAGHEY, Craig:
Andrew, can I come in for one last point

[11:01 2020/09/03] jake molloy:
Supply chain issues at the heart of everything yet as long as low cost solutions from overseas are offered and accepted by corporate bodies our supply chain will suffer. Isn't it time we protected our supply chain in the same way as other regions in the world do with robust regulation around domestic content?

[11:01 2020/09/03] Andrew:
Sure Craig

[11:02 2020/09/03] Gunther Newcombe:
Minister, I believe that the use of hydrogen and hydrogen derivatives for marine fuels is a critical area for review and work. Port Greening initiative could help in this area.

[11:03 2020/09/03] John Pearson:
May I add a comment pls

[11:03 2020/09/03] Wheelhouse P (Paul), MSP:
Agree, Gunther. Real opportunity.

[11:03 2020/09/03] Andrew:
Of course, John... following Craig

[11:04 2020/09/03] Andrew:
Jake... would like to come on the back of your comment?

[11:04 2020/09/03] jake molloy:
Yes

[11:05 2020/09/03] Andrew:
Great. Will bring you in following John P...
Steve and Kathryn... it would be great to hear from Shell and BP...

Can I bring you in please?

[11:06 2020/09/03] Arne Gurtner:
may I offer a comments please

[11:06 2020/09/03] Andrew:
Of course, Arne...
1. John P
2. Jake
3. Arne

[11:08 2020/09/03] Gordon Stirling:
It has been good to hear that we have made real progress in moving the conversation on energy transition from one of 'possibility' on to one of 'opportunity'. We now need to shift to conversation of action to realise these opportunities. This next phase may also benefit from convergence of support initiatives

[11:09 2020/09/03] Andrew:
Richard Knox... you're effectively an 'energy transition' company... you're doing it... can you comment?

[11:10 2020/09/03] andrew jamieson:
Colleagues, I'm afraid I have another appointment so will say cheerio. Feel free to make contact with me or OGTC on anything further, very happy to help.

[11:10 2020/09/03] Richard Knox:
Happy to come in Andrew

[11:11 2020/09/03] Andrew:
Thanks Richard... just thinking this is already a real opportunity for you guys...

[11:15 2020/09/03] dmichie:
yes please

[11:15 2020/09/03] Andrew:
Thanks Deirdre

[11:15 2020/09/03] Stuart Payne (Oil & Gas Authority):
Andrew - yes we do but (as in other investor work done by many of us) it needs to be grounded in real data, real examples

[11:15 2020/09/03] Richard Knox:
Andrew Investors come in many forms with different drivers which can conflict between the those in the supply chain and those developing projects

[11:16 2020/09/03] Andrew:
Thanks Stuart and Richard... up next Richard

[11:16 2020/09/03] Sir Ian Wood:
Andrew, another quick comment from me please, Sir Ian

[11:16 2020/09/03] Arne Gurtner:
very good point Deirdre! #supported

[11:17 2020/09/03] Andrew:
Of course, Sir Ian... up next
And perhaps then from David Rennie and / or Audrey on this investment proposition discussion...

[11:19 2020/09/03] John Pearson:
Strongly support Deirdre's comment. For most of us, our investment proposition is a function of current and future business, hence gas (& oil) is a key message during the transition. JP

[11:20 2020/09/03] Audrey Maclver:
Happy to come in Andrew

[11:21 2020/09/03] Andrew:
Thanks, Audrey... you might also be able to address Sir Ian's point... the energy transition supply chain

[11:22 2020/09/03] dmichie:
Apologies - I need to leave the meeting now. Thank you.

[11:23 2020/09/03] Andrew:
Going to come back to Mr Wheelhouse next... for his closing remarks on what's been an incredibly wide ranging discussion...

[11:24 2020/09/03] sian:
I agree with Sir Ian's point and this was a focus taken by the OGA supply chain recovery team for energy integration, with some clear recommendations. These are now under consideration in the North Sea Transition Plan

[11:24 2020/09/03] Gordon Stirling:
Let's not forget that a 'Just Transition' needs to apply to investors too.

[11:24 2020/09/03] Gunther Newcombe:
Thanks for time and listening today to present ORION. More info or support for ORION? Contact newksga@gmail.com and/or myrtle.dawes@theogtc.com

[11:24 2020/09/03] Melfort Campbell:
Sir Ian's point on a dialogue with the ET supply chain is vital, and it needs to go beyond energy, with GUH being an example of sectors of real interest and potential to that SC but not in energy.

[11:25 2020/09/03] Dunn R (Robert):
Just a small point - can we agree the minutes from the August meeting?

[11:25 2020/09/03] Andrew:
Of course, Robert.
I'll double check as we close the meeting.

[11:27 2020/09/03] Peter Black:

It's incredibly challenging for SMEs to understand what is going on, and where they might focus for future business. The fees for some membership organisations are not an insignificant challenge if one is trying to decide where to spend time and money. I really feel there's an obligation on and challenge for larger players in the supply chain and in operators to inform and encourage the huge number of smaller companies that are delivering innovation and opportunity. This is particularly true in developing an approach to transition.

[11:32 2020/09/03] Melfort Campbell:
October and December is good

[11:32 2020/09/03] John Pearson:
Support Oct and Dec

[11:32 2020/09/03] Terry Savage:
Likewise

[11:33 2020/09/03] Andrew:
Thank you, everyone, for an excellent discussion today. Minutes and actions will follow. Have a good day!

[11:33 2020/09/03] Melfort Campbell:
Good meeting

[11:33 2020/09/03] Mike Smith NECCUS:
Thank you all

[11:33 2020/09/03] Wheelhouse P (Paul), MSP:
Thank you everyone - great discussion.

[11:33 2020/09/03] Gavin MacKay:
Thank you!