Dear Chancellor,

I am writing on behalf of Offshore Energies UK (OEUK) to request an urgent meeting with you on the future of the Energy Profits Levy (EPL) and the need for an accelerated implementation of the Oil and Gas Revenue Levy (OGRL).

When your predecessor met industry representatives six months ago, Rachel Reeves committed to bringing forward your government's permanent windfall tax, what is now the OGRL, as soon as circumstances allowed. That commitment was warmly welcomed by industry as an important recognition that the current fiscal regime is constraining investment, impacting jobs, eroding tax revenues necessary for economic redistribution, and bringing forward the decline of domestic production.

Six months on, we are asking you to take that commitment forward and work with industry on the implementation of the OGRL in early 2027. Leaving the implementation of the OGRL until 2030 is too late and will mean the UK loses out on billions of pounds of additional investment, as well as putting at risk important infrastructure because of declining production volumes. We will give further detail on this in our Budget Representation to the Treasury later this month.

Operators stand ready to expand investment in the North Sea. However, these are internationally mobile businesses making long-term investment decisions in a highly competitive global market. The current EPL, which takes the headline tax rate on the sector to 78 per cent irrespective of prevailing market conditions, is making it increasingly difficult to secure capital for North Sea projects.

That is why a commitment to bring forward the Treasury's OGRL from 2030 to 2027 would be a 'win-win' for Britain's economy and our North Sea workforce.

- It protects windfall taxation from North Sea oil and gas production when prices are high (currently the trigger is $90 per barrel of oil & 90p per them of gas) and promotes investment conditions for when prices are lower.

- It represents consensus between Treasury and the offshore sector that in a time of increasing cost pressures on households and industries, it is important to recognise the socio-economic advantages of prioritising homegrown energy over more costly and carbon emitting imports.

- It is not an argument against windfall levels of taxation during periods of high prices; the Treasury's proposals offer a proportionate and durable tax regime that responds appropriately to market conditions rather than treating ordinary commercial North Sea returns as a windfall.

The case for acting quickly is compelling. North Sea oil and gas production is down 7.2 per cent and 8.5 per cent respectively year-on-year, according to the latest government figures. A stable fiscal regime, alongside regulatory support for North Sea developments, including Rosebank and Jackdaw, would also boost British and European energy security, at a time of ongoing geopolitical turmoil in the Middle East.

Investment in the UK offshore energy sector can help support your government's reindustrialisation aspirations, sustain good energy and manufacturing jobs, and boost supply-chain firms in communities across the country. It would also help maintain the industrial capacity and resilience needed to deliver offshore wind, carbon capture and storage, hydrogen and the other technologies on which the energy transition will depend.

Recent geopolitical events have again demonstrated that energy security and industrial resilience are inseparable. Countries that retain the capacity to produce, build and manufacture have greater control over their economic future. Those that allow that capacity to decline become more dependent on decisions made elsewhere. In an increasingly volatile and uncertain world, with the threats to our national interest and security increasingly clear, where things are made who makes them matters

Our sector was heartened to read your recent commitment to British resources, British jobs, and British security. Through the continued development and not the phase-out of the North Sea, our people and production can continue to contribute to and strengthen all points of this framework. What is needed from government are policies to help restore fiscal and regulatory confidence for delivery. Bringing forward the Treasury's OGRL can help achieve this.

We would therefore welcome an urgent meeting with you and your officials to agree a timetable and practical route to deliver on the commitment to implement the OGRL from early 2027. Operator and supply-chain representatives would be pleased to attend at the earliest opportunity and provide further detail on the offshore and onshore investments that a timely decision could unlock.

Yours sincerely,

David Whitehouse
Chief Executive
Offshore Energies UK

On behalf of OEUK's operator members