

OFFSHORE ENERGIES UK 2024 INDUSTRY MANIFESTO

UNLEASH OUR POTENTIAL. POWER OUR FUTURE.

Choose a homegrown energy transition

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Foreword

A successful energy transition has the potential to deliver the economic growth the UK needs. Reaching net zero carbon emissions by 2050 will require major changes to every industry, region, and part of our society. This manifesto aims to provide a platform to inform and shape the UK's energy future, and it starts with what we do today.

Today, over 23 million homes rely on gas boilers for heat and hot water. While we have made huge strides in renewables, electricity still only represents around 20% of the UK's total energy consumption. We can choose to get there by making the most of our people, skills, and heritage, or we can choose to increasingly rely on others.

The choices made this year by our politicians will be felt for decades to come. The UK offshore energy sector has built an industry capable of creating a secure, skilled, and sustainable future. To unleash the UK's potential and power our future, we ask those seeking to lead the next UK government to choose a homegrown energy transition.

If we get this right, with an attractive investment environment and a strong industrial economy, UK offshore energy companies could invest £200 billion in homegrown energy production this decade alone. This investment will help realise 50 gigawatts of wind, 10 gigawatts of hydrogen, while scaling at least four carbon capture and storage clusters, whilst also supporting homegrown oil and gas and meeting our decommissioning commitments. As the UK transitions, domestic gas production means our gas prices are lower than the European average, while oil production makes money for the economy and supports jobs. With homegrown energy we rely less on imports, which the UK more stable and secure in an unstable world.

We believe the UK can become a leading green industrial power, offering high quality employment for a skilled workforce driving strong economic growth. The transition is estimated to cost £1.4 trillion, the majority of which will come from private investment. Competition for capital is fierce. To avoid the flight of capital, our people and our supply chains to other countries which are transitioning their economies, companies must see the UK as an attractive country to invest in.

Businesses need competitive and stable policy – this means a competitive fiscal environment that encourages investment and recognises a fair return. To give project developers and supply chain companies greater surety to invest, we must streamline and align regulatory consenting and project approval processes.

But you cannot deliver any of this without our people. There must be recognition that the people and skills in our domestic oil and gas sector have a key role to play. The skills used to produce oil and gas over the past 50 years are the skills we require to unlock the low carbon energies of the future.

The opportunities in the UK energy sector to transform how we power our society are inspiring. We need to attract the next generation. We are in action, working collaboratively to develop a skills passport that will remove barriers and allow people to work in all offshore energies. Our sector is committed to setting the gold standard for diversity and inclusion.

At the same time, we need to ensure that we engage with the public on this journey. A successful energy transition is one that is delivered with people and communities, not done to people and communities. It is one that delivers jobs and wealth by working with our present industries that are a platform for our green future.

Parliaments may thrive on opposition and argument, particularly in an election year, but big engineering projects only succeed through collaboration. The transition to net zero will be the biggest engineering project this country has ever seen. It will fail if we undermine the industries, workforces, and communities whose skills will be vital for building our energy future.

This manifesto seeks to represent the 400 members of OEUK and the 200,000 people who work in the sector – an important document, in an important year which we must work together to bring to life.

Choosing an energy transition which is homegrown instead of wholly imported will grow the economy, support jobs, champion our world class supply chain and deliver reliable supplies of cleaner energy in the UK.

Skilled jobs. Secure energy. A sustainable future, and a sustainable journey too. Let's work together to unleash our potential, and power our future. Let's choose a homegrown energy transition.



David Whitehouse
Chief Executive Officer, OEUK



OEUK is the leading trade body for the UK's integrating offshore energies industry. Our membership includes over 400 organisations with an interest in offshore oil, gas, carbon capture and storage, hydrogen and wind. From operators to the supply chain and across the lifecycle from production to decommissioning, they are safely providing cleaner fuel, power and products to the UK. Working together with our members, we are a driving force supporting the UK in ensuring security of energy supply while helping to meet its net zero ambitions.

We work on behalf of the sector and our members to inform understanding with facts, evidence and data, engage on a range of key issues and support the broader value of this industry in a changing energy landscape.



OEUK Industry Manifesto

The UK offshore energy sector is essential for the economic and environmental prosperity of our country. Our brilliant, skilled people work tirelessly to produce the energy from off the coast of Britain that powers not just our homes, transport and industry, but the everyday products we need to live well.

We are proud to make a huge contribution. Oil and gas production alone added over £20 billion to the UK economy in 2022/2023. The offshore energy industry provides over 200,000 good, skilled jobs across the length and breadth of the UK. We provide secure and reliable energy to millions.

By choosing a homegrown energy transition, we can protect skills, secure investment and maximise sustainability.

The UK's offshore energy sector has the potential to:

1

Contribute to an energy transition which leaves no individual, community, or sector behind.

2

Secure over 200,000 high value jobs in the UK whilst growing the skilled and diverse workforce of the future.

3

Deliver £200 billion of private investment over the next decade, spurring economic growth and fostering UK technology and innovation across the energy mix.

4

Meet the UK's net zero commitment by 2050 or sooner, decarbonising offshore energy production to power homes and businesses across the breadth of the country.

Collaboration is at the heart of success. To realise this potential, we need all parties to work with us and our people to deliver the following steps:



Choose a homegrown energy transition

Contribute to an energy transition which leaves no individual, community, or sector behind.

A homegrown energy transition has the biggest potential to deliver economic growth. It will strengthen the UK energy supply chain, accelerate the production of domestically produced energy and mean no individual, community or sector is left behind in our journey to net zero.

From Shetland to Southampton and everywhere in between, we must protect the jobs and livelihoods of our skilled people and our communities. With a homegrown energy transition, we can deliver jobs and economic growth which benefit every part of the UK.

- The workforce will be fundamental to achieving a successful and equitable transition.
- Local benefits should be considered in instances of local generation and infrastructure – ensuring transparency in cost across regions of the UK.
- Communities and individuals must be supported to realise job opportunities and minimise job losses from the energy transition.
- Implement at once clear community benefit guidelines for new or upgraded transmission lines.
- As we develop a more localised energy system, we should ensure communities benefit through employment and economic opportunities.

Choose a skilled future

Protect over 200,000 high value jobs in the UK whilst growing the skilled and diverse workforce of the future.

The skills and expertise of our people are driving innovation in cleaner energy production. We need to secure more talented people for our sector through attraction, development, and retention while also enabling jobs currently in the oil and gas sector to be transitioned to support the scale up of low carbon opportunities.

Adopt a centralised framework and infrastructure to transition skills with a localised solution

- UK Government and devolved governments in Scotland, England, Wales, and Northern Ireland, as well as regional government must work together to maximise development, retention, and deployment of skills on a national and regional level.
- Local government and metro mayors to be given the powers and resource needed to deliver local solutions to meet local and regional needs.
- Promote cross-sector collaboration between industry, UK and devolved governments, trades unions, academia and training providers to promote efficient, effective and accessible skills and training opportunities at all levels.
- Support an Energy Skills Passport as a central vehicle for transition, underpinning one workforce that serves the whole of the offshore energy industry in the short term and in the coming decades.
- A single skills co-ordinating body, in each nation, to enable more efficient collaboration between employers, education providers, and sectors on strategic skills requirements.

- Promote flexible pathways to employment, highlighting both apprenticeships and higher education.
- Continue to support and fund higher education institutions across the country to deliver geoscience, engineering and environmental science, allowing the UK to make the most of its natural resources.

Invest in people and skills

- A reformed apprenticeship levy that addresses the skills gap by providing the flexibility needed to meet employers' needs in all nations.
- Companies investing in the energy transition in the UK should be aware of skills funding opportunities available and be able to access those when needed.
- Ensure the highest standards of workforce health, safety, and environment, honed in the oil and gas sector, are championed in the new offshore energies.
- Promote returner opportunities across all sectors of the economy, capitalising on existing skills and experience.
- Support industry partnerships with national, regional, and local government to drive diversity, equity and inclusion across the whole energy sector.
- Enable the adoption of digital technologies whilst supporting the workforce.
- Engage existing and future workforce and trade unions and give them agency over their transition by creating long term skills demand forecasts which support career and job planning.

Choose a secure future

Deliver £200 billion of private investment over the next decade, spurring economic growth and fostering UK technology and innovation across the energy mix.

We need secure supplies of energy to grow our economy. Producing our own energy means more secure supplies for UK homes and businesses. With homegrown energy we rely less on imports, which makes the UK stronger and more secure in an unstable world. It also makes us reliant on imports of energy produced with greater emissions. Our offshore wind capacity is second only to China's, yet today electricity represents only a third of our final energy use. During this journey we will continue to need oil and gas. For as long as we need it, we should produce it ourselves. Oil production makes money for the economy and supports jobs. Domestic gas production means our gas prices are lower than the European average.

Position the UK as an irresistible investment environment for energy production

- Ensure the UK tax regime is internationally competitive to attract and retain businesses in the UK for the long term and excludes one-off targeted taxes for one-off events.
- UK tax regime must have long term predictability; full expensing of capital should be maintained with long term certainty on allowances which are designed to ensure a competitive regime.
- Investment mechanisms, such as allowances or credits, should be considered in more detail to deliver vital investment in net zero technologies and infrastructure for long life assets.
- Play to the UK's financial strengths – ensuring our world class financial hubs ensure access to capital throughout the transition for both green and transitional activity.
- Ensure throughout the transition companies across the UK have access to finance, considering the role of public funded investment vehicles have investment priorities aligned with broader energy, infrastructure, and people policy.
- Create meaningful engagement and dialogue between governments, industry, and the workforce.

Delivering a self-sustaining low carbon energy sector at scale and pace will rely on targeted market based mechanisms which maximise the impact of ongoing public subsidy

- Price support mechanisms, such as contracts for difference have a crucial role to play in scaling offshore wind, CCS, and hydrogen, but should be gradually displaced by market led mechanisms.
- Such commercial mechanisms should be designed to promote domestic capabilities whilst seeking to underpin a market which is competitive for the long term.
- To maximise UK carbon capture and storage opportunities, non-pipeline transportation options must be supported whilst delivering a framework to maximise our storage potential to make the UK a CO₂ storage destination, servicing the whole of Europe and beyond.
- Support the scale up of the hydrogen market in the UK to include storage, and permitting the blending of hydrogen into the national gas grid.
- Link UK and EU Emissions Trading Schemes to deliver carbon price parity and improve liquidity.
- Ensure that carbon border adjustment mechanisms maximise the opportunity of the transition including domestic activity.
- The long term objective should be to grow low carbon sectors at pace in a revenue-neutral way for HMT that sees subsidies diminish and delivers enduring economic value.

Investment in homegrown oil and gas will underpin a successful energy transition

- Continue offering of oil and gas production licences to attract investment in domestic oil and gas, including regular offshore production licence rounds that focus on infrastructure-led exploration and development of previously identified resources. All new licensing to be transparently shown to be in accord with the climate compatibility checkpoint.
- To crowd in investment, the oil and gas ring-fenced fiscal regime should deliver predictability and offer a fair risk/reward balance between industry and governments and also maintain an appropriate balance of capital investment allowances.
- The Energy Profits Levy should be removed before 2028 to unlock this investment.

Technology and innovation at the heart of the sector

- Experience of developing the North Sea shows the benefits of prioritising UK led research and development where public R&D spend is seen to crowd in private sector capital and support R&D activity across the whole of the UK.
- Champion UK led public and private R&D to progress late-stage technology development and support proven, readily transferrable, oil and gas technology to be adapted to meet the needs of new energy production. We need an R&D regime which helps push UK investment to the top of the OECD, unlocking the full potential of the UK economy; industry will underpin this by ensuring it delivers 30% or greater locally sourced technology.
- Specialist hubs in R&D with energy expertise such as the Net Zero Technology Centre, ORE Catapult and the Net Zero Industry Innovation Centre should continue to benefit from targeted investment to foster growth.

Choose a sustainable future

Meet the UK's net zero commitment by 2050 or sooner, decarbonising offshore energy production to power homes and businesses across the breadth of the UK.

Our industry includes those companies that are expanding into renewables, while the homegrown expertise of our people is driving ever cleaner energy production. We're leading the investment to develop all the renewable energy technologies we need to hit net zero. We're a world leader in offshore wind, doubling our capacity in the past five years. Our oil and gas sector has cut its production emissions by 24% since 2018.

An independent statutory body with the powers and resource to oversee the delivery of UK energy objectives and binding net zero commitments

- Consensus and long term planning is required to deliver secure and affordable energy which creates highly skilled jobs while achieving our climate goals.
- This body would provide oversight to integrate industrial strategy, net zero delivery, and economic growth, retaining the UK's climate leadership position.

An industrial strategy, for the length and breadth of the UK, which leverages our world class supply chain

- Establish appropriate and clear signposts to net zero for industry which provide indicators for investors in all offshore energy and manufacturing activities, allowing the market to respond efficiently.

- Deliver an integrated, long term industrial strategy which recognises the strengths of the UK's energy supply chain and makes the most of existing capabilities, supported by existing and future industrial heartlands.
 - Attracting anticipatory investment to make the most of the scale of opportunities presented by the energy transition.
 - Working with industries to expand the domestic capability and capacity including locally sourced technology targets. This sector is committed to delivering 50% or greater local content across the energy landscape.
 - As part of the industrial strategy, we need a unified export strategy that reflects the UK's capabilities and long term industrial aspirations.
- There are many companies in the existing energy economy that we can leverage the capabilities of for the benefit of the UK – there must be a continued focus on growing UK companies from SMEs to large plcs.
- Establish an overarching industry supply chain champion who would integrate government and industry initiatives to build a competitive energy supply chain that maximises opportunity across wind, hydrogen, and CCS.

- Remain committed to the UK being a decommissioning centre of excellence to ensure we can maximise the spend in the UK in the short term and export these capabilities internationally over the medium term.
- Promote collaborative commercial behaviours across all sectors of the energy economy, prioritising established good practice such as the existing OEUK Supply Chain Principles.

Prioritise investment in strategic infrastructure

- Develop a strategic approach to meet the UK's infrastructure requirements, including upgrading ports, transmission systems, interconnectors, storage, rail networks, grids, and other facilitating infrastructure.
- Central to the longer-term planning of the energy transition clusters, policy must deliver national and local infrastructure such as rail networks, roads, digital connectivity, and housing stock.
- Targeted investment in improving energy network capacity, with a focus on reducing the time taken for a new grid connection from 15 years to seven years by prioritising projects that are ready to go.
- Commit to rapid delivery of the key findings of the Winser Review Report to accelerate the deployment of the electricity transmission infrastructure.
- Continue momentum offered by opportunities such as Project Union to enable a national hydrogen infrastructure, repurposing existing where possible and increasing connectivity across the whole of the UK.
- Support the development of UK gas storage, which can also be repurposed as future hydrogen storage sites. This will help ensure continuity of supplies and help protect consumers from gas market price volatility.

- Support ports' competitiveness by making the UK's terrestrial and marine planning system fit for purpose and supportive of an ambitious and optimistic sector.
- Accelerate planning processes for ports including developing partnership between industry, ports, and government.
- Scale up regulatory and consenting capacity across the UK so that ports and infrastructure owners have certainty around timelines and likely outcomes from licensing and consenting processes.
- Government should continue to recognise the effective stewardship of UK infrastructure to deliver energy security and net zero.

Embedding robust and effective energy regulation and oversight

- To increase grid capacity and remove barriers, the Future System Operator should be given delegated powers and resource to deliver Transmission Acceleration and Connections Action Plans to agreed timelines.
- Embed a shared set of objectives across all regulators in line with UK energy policy, avoiding barriers to an integrated approach to energy.
- Ensure any new policy relating to the marine environment, including allocation of highly protected marine areas, considers the existing stringent regulatory regime and energy security priorities.
- As the UK continues to decommission legacy oil and gas assets, regulatory and treaty decisions should be made in a timely manner with full consideration of impacts to the UK such as those under OSPAR 98/3.
- Give port masterplans a greater role in the wider planning system, such as linking them with local plans.



We work on behalf of the sector and our members across the UK to inform understanding with facts, evidence and data, engage on a range of key issues and support the broader value of this industry in a changing energy landscape.

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