

Scottish Affairs Committee

[Oral evidence: GB Energy and the net zero transition, HC 459](#)

Wednesday 2 July 2025

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Watch the meeting

Members present: Patricia Ferguson (Chair); Dave Doogan; Lillian Jones; Mr Angus MacDonald; Douglas McAllister; Jack Rankin; Elaine Stewart; Kirsteen Sullivan.

Questions 225 - 275

Witnesses

I: Michael Shanks MP, Parliamentary Under-Secretary of State (Minister for Energy), Department for Energy Security and Net Zero; and Michael Brannan, Co-Deputy Director, Offshore Energy Transition and Coal Legacy, Department for Energy Security and Net Zero.

Examination of witnesses

Witnesses: Michael Shanks and Michael Brannan.

Q225 **Chair:** Good afternoon and welcome to the day's second meeting of the Scottish Affairs Committee. We are very pleased to welcome the Minister for Energy, Michael Shanks, and Michael Brannan from the Department. Thank you very much for giving up your time this afternoon.

I will go straight into the first question. Minister, is the Government's approach to the energy transition intended to scale down North Sea oil and gas extraction?

Michael Shanks: Good afternoon. It is a pleasure to be back in front of the Scottish Affairs Committee. I was a member in the last Parliament, so thank you for having me back. We need to look at the question of the transition in the wider context of what has been happening in the North Sea over the past few years and indeed decades; it is a super-mature basin, and a declining basin. We reached peak oil production in 1999 and gas production in 2000.

In that context, it is important to say that what we need to do as a Government—and what we are doing—is build up investment in the energy infrastructure, jobs and opportunities that come next, while managing the existing fields for the lifetime of their operation. Oil and gas has played a critical role in our energy story for the past 60 years. It will continue to play a critical role for decades to come, but it would be irresponsible for us not to recognise that a transition has been under way for a long time.

We now have an opportunity to drive forward investment in the clean energy jobs that come next, but also looking wider at what we can utilise the North Sea for—carbon capture and storage is a good example—to make sure that the next chapter in our energy story is something we can be just as proud of as the last one.

The balance that we want to get right is making sure that the natural decline that is already happening in oil and gas goes at the same pace as the increase in investment we are making into offshore wind, hydrogen, carbon capture and decommissioning work. All of that plays a part in the next chapter of the energy story. That is difficult work, but it is important that we now plan that transition strategically so that we see those jobs, skills and experience staying, particularly in the north-east of Scotland, of course, but across the UK.

Q226 **Chair:** How would you respond to concerns that the Government's approach to the North Sea has accelerated the decline of the industry?

Michael Shanks: First, we have been in government for less than a year. More than 70,000 jobs have gone from oil and gas in the past 10 years. This is not something that suddenly started in July last year. What we have seen is a failure over the last 10 years to grasp the opportunities



of that transition. If I take offshore wind as a good example, we have built some fantastic offshore wind projects in the UK, but with far too few jobs to go along with it. There was an opportunity to drive forward investment in the industry going along with that technology so that we could see a transfer of jobs. That did not happen. There is lots that could have been done.

We now want to drive forward a strategic approach to what the future of the North Sea looks like—that is why we consulted on the future of energy in the North Sea—with a plan for the workforce and for communities so that there is a real and credible pathway to continue in oil and gas while ramping up investment in other energy as well.

I do not accept the premise that it is this Government's decisions. I think we are investing more than any Government have in clean power. We have just confirmed in the spending review significant investment in carbon capture, including in the Acorn project, in hydrogen schemes, and of course more than £1 billion of investment in supply chains and offshore wind. We are increasing the investment in those new jobs, and through the consultation response and through our plan, we now want to manage that transition.

Q227 Chair: Do you think it is necessary to reduce North Sea oil and gas production in order to scale up clean energy?

Michael Shanks: I do not think it is. There is a natural decline happening in oil and gas, and that is just a reality, whatever way we want to look at it. We will need oil and gas for many years to come, and it is an important part of our energy mix, and it will be, but so too is our mission to move towards clean power by 2030.

The truth is that much of the gas that is extracted from the North Sea is exported, so what we are trying to build towards is a stable power system that removes gas from the system. It will still play a strategic back-up role, but the volatility in the global price of gas, whether it comes from the North Sea or anywhere else, is what many of our constituents have been facing with increased bills in the past few years. We need to move in that sprint towards clean power, but oil and gas will still play a part in our energy mix and our economy for a long time to come.

Q228 Chair: On the basis of the premise that oil and gas will continue to play a part in the mix, would the UK economy benefit from prioritising domestic production over imported options?

Michael Shanks: I do not think it makes a material difference, in the sense that we do not own what is extracted from the North Sea. It is owned by private companies that trade on an international commodity market, at an international price that is not set by Britain, for anything that they extract from the North Sea. Although the receipts that come from offshore extraction obviously contribute significantly to the



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Treasury, I do not think it makes a material difference to that long-term trajectory. The truth is that we have been importing significant amounts for so long that our energy mix is a diverse mix of imported LNG and others. I think we have been in this place for many years.

The truth of all this—I suspect I will come back to this point repeatedly—is that for too long we have buried our heads in the sand and said, “This transition is not happening” while thousands of jobs have gone around us. The transition is under way. It is driven not by Government policy but by the geology of the North Sea. We want to grasp the opportunity that comes from that transition to deliver investment in the jobs of the future. That is the critical thing. To begin, you have to accept that the transition is happening and that the Government need to play a key role in driving it forward.

Q229 Mr MacDonald: Minister, it seems to have become accepted that it is all right to buy gas from Norway, but not to use gas from that same field to the benefit of jobs in the north-east. Is that not right? They have a £1.7 trillion petroleum fund and we have nothing, but we are increasingly importing rather than using our own. Am I being simplistic?

Michael Shanks: There are two different points in your question. First, we have been importing from Norway for many years. This is not something new. The fields are different. It is important to say that the continental shelf produces different things. If we look at the licensing position, for example, less than 10% of the licences that were granted have resulted in any extraction. It is a mature basin and a declining basin. Norway has been part of our energy mix for some time, and it will continue to be so. It is an important partner in our energy.

Secondly, you raised what Norway has done with its tax receipts from oil over many years. We need to look at this in the round. For many decades, the UK relied on receipts from oil and gas in the North Sea to fund day-to-day public spending and investment. Norway had higher rates of taxation in many of those periods to fund day-to-day spending, so it put the tax receipts from oil into a sovereign wealth fund. That was a decision made by different Governments. We can look back and say we should have done things differently.

It is water under the bridge, to an extent, but we now need to manage the remaining fields in the North Sea. We have said that we will not rescind any licences and that we will continue to manage those fields, but alongside that we will build up the industry that comes next.

Q230 Dave Doogan: Minister, two very quick questions. First, the drawdown in oil and gas is not contingent on the standing up of renewables. We do not need oil and gas to stand down before we can stand up renewables. Would that be your view?

Michael Shanks: Yes, absolutely.

Q231 Dave Doogan: In answer to the Chair, you also said that you did not



think the tension between importing and domestic production made a material difference. You even touched on the receipts to the Exchequer, but over and above that there is the employment that domestic production creates and the taxes and economic outturn of those salaries. They are material financial benefits to both local communities and the UK Exchequer, I would argue. I appreciate that we are not self-sufficient in oil and gas and have not been for some time, so there will be importation of hydrocarbons, but the minimisation of those imports has to have a climate benefit. It is different for gas, which usually comes from Norway, but for oil, which usually comes from some distance away, there has to be an environmental benefit from producing it locally.

Michael Shanks: I might ask Michael to come in on some of that. Your second point around material benefits is important. That is partly why it is so important that we now move forward as quickly as possible on building up investment in the jobs that come next so we do not lose that investment. The reason this is so important to this Committee is because we have such a significant concentration of these jobs in Aberdeen and in the north-east of Scotland, but there is an effect across the UK.

There is a huge opportunity with that skillset, and we know a significant amount of the supply chain can be redeployed to other things. We will have an opportunity here if we ramp up investment in building the other side of the transition. I know you have taken evidence from Paul de Leeuw. I have spoken to him a number of times, and his recent report from RGU emphasises this point: that if we get this right, we have the natural decline in oil and gas and the deliberate incline in investment in other technologies, including carbon capture and storage. That spot in the middle is where we redeploy the workforce, the skills, the vessels, the supply chain and everything else into delivering that. That is where we get the continuing benefits, not just in a short-term industry that has been declining for many years. That is an important point to state.

Michael Brannan: The emissions part, the balance of importing versus domestic production, is a very complicated calculation. The perceived logic is that something produced domestically has lower emissions, particularly with gas, where the comparator is LNG and there is additional processing and shipping. We know that the NSTA, for example, has done a study that suggests that LNG has about four times the associated emissions, with all the processing associated with it. However, when you extrapolate that beyond just the domestic view and look at it globally, the Climate Change Committee has concluded that it is not possible to establish the net impact of domestic UK production on global emissions.

The reason there is not that direct connect is because it is not clear—especially when we have relatively low demand for fossil fuels as part of the global market—that turning down our production would have any demonstrable impact on the overall global production of hydrocarbons. You have gas production, LNG production and gas storage around the world that may continue, regardless of the demand from the UK and



regardless of what the UK continental shelf is producing. Oil markets are incredibly complicated—and we export about 80% of our oil—and the level of production is driven by a number of factors, including what OPEC decides to do. There is a propensity to draw a straight line between, “If you produce more domestically, there are lower emissions,” but when you stand back to the global scale, it is very hard to prove that argument, unfortunately. That is what the Climate Change Committee has said as well.

Q232 Kirsteen Sullivan: Minister, you have said that the Government will publish the outcome of the consultation into the North Sea’s energy future later this year. Are you able to give a better indication of when we can expect that?

Michael Shanks: I am not at this stage, I am afraid. What we deliberately did with the consultation was broaden it out from a series of specific questions to a much broader conversation, and some genuinely open questions to stimulate conversation, about what the future of energy in the North Sea will look like. Core to that are some questions around the licensing position and the role of the NSTA, but there are much broader questions that we are now analysing around where in the North Sea we can invest in different ways. Skills and the workforce is a good example, which had quite broad, open questions. Of course, the result is that we now have quite a significant amount to analyse. We want to do that justice.

We also held a number of roundtables, some of which I was involved in, with trade unions, developers, supply chains and a whole range of stakeholders. All of that evidence we want to feed in. Our aim is to publish it this year, and we will do everything we can to make sure that we meet that deadline.

Q233 Kirsteen Sullivan: What form will the outcome of the consultation take?

Michael Shanks: We will publish a Government response to the consultation, which will summarise the answers. There are some specific things that will require some legislative changes. Some of that is quite technical in nature. The NSTA, for example, is still called the Oil and Gas Authority in legislation, so there will be some tidying-up legislation. Some of it will be more significant. The Government were elected on a manifesto commitment not to issue new licences to explore new fields. How we bring that into legislation will be brought forward as a result of the consultation response.

Secondly, as well as a response to the consultation, we are also working on the plan that comes out of it to give confidence, particularly in communities that have a higher prevalence of oil and gas workers, that we have thought through what the next steps will look like. That will also be about bringing together actions from a series of other plans that the Government have in place. I was in Aberdeen just two weeks ago to do a roundtable to kick off some of that work. There will be a number of things



that come out of that consultation. Some will require legislation, and some will be policy changes.

Q234 Kirsteen Sullivan: I appreciate that you mentioned the manifesto commitment not to give out new exploration licences, but based on some of the consultation responses, is it possible that the Government could consider reversing that position?

Michael Shanks: I cannot go into consultation responses that we have not fully analysed yet, but I will say categorically that the Government are committed to their manifesto commitment of not issuing new licences to explore new fields. What we want to do—and this is why there were detailed questions in the consultation—and how we enact that is a more complex question. There are, of course, examples that we want to look through in detail. There might be fringe cases where it is not a new field, where it might not be an exploration licence, so there may be other questions about licences that we want to look at in detail. That is quite a complex piece of work, and we are working through that at the moment and looking at all the consultation responses we have.

The fundamental position is that we do not think that exploring new fields will produce any significant difference in the transition that is already under way. The evidence, as I said earlier, points to the fact that very few new licences result in extraction. The point of this is that, for us to get maximum value from the North Sea in the future, we need to start managing the basin in a strategic and coherent way. We do not think that licensing is part of that picture. That is the commitment the Government were elected on, and we will enact that.

Q235 Kirsteen Sullivan: I take it from your answer that there may be a bit of latitude, depending on some of the complexities that you say you are looking to explore.

Michael Shanks: I want to be quite careful not to summarise any of the consultation response we will issue, but I want to be clear that when we say no new licences to explore new fields, that will be our position. The exploration of new fields will not happen, but there are, of course, complexities in how licences are currently operating near fieldwork that, for all intents and purposes, you would perhaps consider to be related to a field that is already extracting. There are a series of options there that we openly ask questions about in the consultation. We will analyse all of that, look at the legal position and come to a balanced view in due course.

Q236 Kirsteen Sullivan: Will you keep an open mind about some of those existing licences?

Michael Shanks: Existing licences will remain in place. That is important to state. We are not going to rescind any existing licences. Of course, a lot of licences are returning to the NSTA, but we are not rescinding any licences. Fields that already have a licence can go through the consenting process, which we announced a few weeks ago when I was in Aberdeen,



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the so-called Finch judgment response. That is a process for an already licensed field to get consent to then extract. That is a separate process.

Q237 Dave Doogan: Can you think of another industry with substantial domestic demand and substantial domestic supply capacity where the Government would introduce an externality, such as the role that the Government or their agencies have in licensing, to restrict the domestic ability for supply to meet demand? Is there any other industry where the Government would countenance that type of intervention?

Michael Shanks: Two things are worth saying. First, we have always licensed fields in the North Sea. It is an important part of how we have managed it to date, but as I have said in a number of my other answers, the North Sea is a declining basin. When you talk about an externality, I think the most fundamental one is that the geology of the North Sea means that extraction has been diminishing year upon year upon year and will continue to do so.

The Government have an option: we could either do what the previous Government did, which was to have licensing rounds that did not result in any significant increase in extraction but pretend that they did, therefore not manage the transition, or we accept that the North Sea is declining as a basin and manage the industry and investment that comes next. We have chosen to do the latter.

Q238 Dave Doogan: By that logic, when you are using the age of the basin as a determinant, your manifesto commitment to not issuing further licences, which you have made a point of saying you are going to stand behind, will have no bearing, because you are saying that this is because of the age and maturity of the basin and its ability to continue to produce. If that is the determining factor, what difference does it make how many licences you issue? That is a risk for industry, to research and apply for licences that may not produce. That is industry's risk, but you are putting the Government in the middle of that and saying, "No, we are not going to issue those licences."

Michael Shanks: Our manifesto commitment came about because of our analysis in opposition of what the future of the North Sea looks like. We did not just put something in the manifesto without doing the work and why we are doing it. It was a deliberate decision to do that, based on the knowledge that is publicly available about the nature of the basin. That is why it was a manifesto commitment.

The second thing to say is that we need to manage the future of the North Sea. There is a stewardship role in what we can get out of the North Sea,, and in what we can use it for in the future. Carbon capture is a great example. We can keep issuing licences and doing licensing rounds, going round and round on that, but if it does not materially change the position of jobs or economic output of the North Sea, then I think it is the wrong approach to take.



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Thirdly, we should not separate some of this discussion from the future of the climate. We have taken a view in the consultation that a scientific assessment of the future of the North Sea basin should take account of the environmental impact. The Supreme Court has forced the Government to do that by saying that the previous Government acted unlawfully on two key decisions, so it is incumbent on us to plan for that. I think it is possible to do both. It is possible to say that oil and gas is important and will remain important, but that our long-term future is not in oil and gas. That is relevant for climate leadership, but it is also a stated fact that, one way or another, oil and gas will decline. We want to manage that decline in a way that retains the workforce, skills and investment as much as possible.

Q239 Dave Doogan: How would you say that is going, the transition to green jobs? Bearing in mind you were quite keen to say that certain things did not begin a year ago, when Labour came to power, the transition to green jobs did not begin a year ago, as it was well under way. What has changed in the last year? Has it improved or slowed down, and how confident are you that you will be able to accelerate it in the way you trailed before the election?

Michael Shanks: It is an important question, and I am very happy to say that getting to this point in our renewable power has been a collective effort. In fact, I think the consensus across most of the mainstream political parties has been critical to getting to this point, including the Scottish Government and the previous Government. That consensus has clearly been fracturing in recent months, which I think = is a great shame, but it has been a collective effort.

What I would challenge, though, is that we could have had far more of those jobs in Scotland and the UK had the previous Government been a little less agnostic about industrial policy. If we had taken industrial policy seriously, we could have capitalised on the investment in the industry that goes alongside a lot of these significant offshore projects in particular. They did not do that.

Since coming into government, we have tried to do three things. First, the role of catalytic public investment is key. We set up the National Wealth Fund, which has invested significant sums of money in projects, including many right across Scotland, to create jobs. Great British Energy, which of course is headquartered in Aberdeen, with an £8.3 billion budget to invest, not just as an investment arm, but to be the energy specialist on behalf of the Government to help crowd in private investment. Crucially, and I just use this as an example, that has already delivered almost £2 billion of investment into the supply chains.

There was some catalytic investment from Great British Energy, matched by the Crown Estate, matched by private business. If we look at something like the clean industry bonus, it is an example of the Government saying that, in the year we have been in power, we care where things are built, we care where jobs are created, and if we are



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going to build these important projects, jobs and investment should come with it. The results of the clean industry bonus have demonstrated that it works. We have doubled its budget because of the demand.

There is some significant investment coming through, and the jobs will follow. I am not going to sit here and say that, in a year, we have turned all of this around. Of course we have not, but we have laid the foundations, and tens of thousands of jobs will come from some of those decisions.

Q240 Dave Doogan: You say you have laid the foundations, and that might be true in policy and, to a certain extent, budgetary terms. How disappointed are you that the budget for GB Energy was slashed from £28 billion a year to £8.5 billion over five years, and what impact will that have on job creation in the green sector?

Michael Shanks: The Labour party made a commitment that we would fully fund Great British Energy with £8.3 billion, and that has happened. I know not everyone in this Committee supported the creation of Great British Energy, but I think it is an incredibly important part of how we build investment in the future. It is also about saying that, if we have the right skills in a company that is publicly owned and that the public have a stake in, we can drive forward innovation. If we take floating offshore wind, for example, we have the second biggest pipeline in the world, and we have a real opportunity to be a world leader in that technology. That requires us to think differently about how we deliver supply chains, innovation and the jobs that come with it. Great British Energy will help do that.

I am incredibly proud to have set up a publicly owned energy company. I think in time we will look back on this and think that it was an important moment, not just for Aberdeen but for the country, as they have a stake in their energy future. Of course, £8.3 billion is the start. We want this to be the start of something that grows much bigger, but things have to start somewhere, and we have started that.

Q241 Dave Doogan: It remains to be seen how important GB Energy will be for Aberdeen, because of course there is not any meaningful employment from GB Energy in Aberdeen to date.

Finally, can you explain to the Committee what GB Energy will facilitate through its incorporation as a wholly owned Government energy company—I use those terms advisedly—that DESNZ could not have facilitated through CfD mechanisms?

Michael Shanks: First, on Aberdeen, Great British Energy had to pass through Parliament, and it did that a few months ago. We cannot just click our fingers and set things up. There is a process; it takes time. We have done that remarkably quickly, and it is now ramping up its employment in Aberdeen. We have a board that is fully in place and meets in Aberdeen, and we have a workforce that will be increasing, but



of course these things start somewhere. We are recruiting into the key jobs that Great British Energy has to do. It will grow over time, but we never said that GBE itself would employ all those people; we said it would be the investor that delivers thousands of jobs. I think there is huge opportunity for Aberdeen from the work that Great British Energy will bring.

Secondly, Great British Energy will be the expert body on behalf of the Government that drives forward investments and takes equity stakes in projects. Its role is distinct from the National Wealth Fund, which is the Government's policy bank, for want of a better word. It will act as an active developer in new technologies and other technologies, taking a stake in projects, but also helping to get them over the line. It will help in supply chains where, as I say, we have real opportunity to keep skills and a workforce in Aberdeen and other places, delivering on many of these things. We have missed those opportunities to date. In time, it will take a much more active role in generating electricity through some of these projects as well.

We wanted to own and operate projects on behalf of the people of this country—

Q242 **Dave Doogan:** And generate?

Michael Shanks: It will own projects that will generate electricity, yes. It will, by default, be a generator. It is an exciting opportunity. It has to start somewhere. I take issue with this idea, particularly from people who did not support it at all, that we should not do it because it is too small at the moment. People opposed its existence to begin with. It is an important tool, and it has to start somewhere. Many of our projects in this country are built by fantastic state-owned companies in the rest of Europe. This is normal in other countries, and it is right that we have it in the UK as well.

Dave Doogan: I would urge caution in comparing it to Equinor.

Chair: I am about to take a supplementary from Angus MacDonald, but I will just say that we are halfway through our time and we have a lot of questions to get through. If you could be brief, Angus, that would be helpful.

Q243 **Mr MacDonald:** Minister, can you let us know the net amount we spend a year importing oil and gas, and can you also confirm that you believe that the west of Shetland fields are not financially viable?

Michael Shanks: I do not have specific field information before me, I am afraid, but I can write to you on that specific question.

Q244 **Mr MacDonald:** I understand, but you said earlier that you do not think they are viable, and then you moved on to say that we have an environmental issue. I am just asking about the viability. I do not know how much we are spending on importing oil and gas, but I think it is



about £60 billion.

Secondly, as a country, we are not in a good position financially. Spending that money is a pretty bold thing to do if we have substantial amounts of oil and gas yet to explore viably, but you have far more information than I do.

Michael Shanks: The fundamental is that it does not come out of the ground in the North Sea and into Britain for free. It is paid for, as an internationally traded commodity. Whether it comes out west of Shetland or somewhere else in the world and is shipped here, it is traded on the international market. We do not have a nationalised industry. The companies that extract it will sell it for whatever profit they can. That is their business, and so they should. There is not a distinction there.

Just to be clear on existing fields, companies and developers that have a licence for an existing field will be perfectly entitled to continue to extract from that field, subject to the consenting process they have to go through. We are not rescinding licences to existing fields, but the exploration of frontier fields is what we are bringing to an end, with no new licences. As I say, all the evidence we have suggests that will not significantly change the overall trajectory of the North Sea in any event.

Q245 **Elaine Stewart:** How do you respond to the concerns that the energy profits levy is accelerating the decline of the North Sea oil and gas sector?

Michael Shanks: I will start my answer by saying that tax policy is a matter for the Chancellor, and it is important for me to put that on the record.

It is important to put the EPL into the context of what it was designed to do by the previous Government. When we were in opposition, we supported the principle that if an industry makes a significant excess profit through no investment or development of its own, but through international factors that drive up prices, there should be an additional tax on that windfall. That principle is important.

Alongside the future of energy consultation, the Treasury launched a consultation on what the future revenue mechanisms should look like for oil and gas. Again, that was quite an open consultation about designing a future system. It will respond to that consultation in due course, and it is not for me to speak for it, but the EPL will come to an end in 2030 and this future regime will be put in place.

Q246 **Elaine Stewart:** Would you say that the energy profits levy was designed to incentivise the decline of North Sea oil and gas?

Michael Shanks: I genuinely do not think it was. Of course it was introduced by the previous Government, but we supported the principle of a windfall tax, particularly at that moment in time, given consumers'



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bills were increasing so significantly. I do not think that was the premise of it.

A range of factors come into play in why businesses make the decisions they make. Tax is always a concern to all businesses, and I understand that, even if I might not always agree with it. The EPL is something we have heard a lot about. We listen to views from the industry. James Murray, the Exchequer Secretary, has also spent a lot of time in Aberdeen listening to industry. That shaped the Budget response in terms of the changes that the Chancellor made to allowances, and it has shaped the consultation response and what the future of the EPL looks like as well. The Treasury will say more about that in due course.

Q247 Elaine Stewart: Harbour Energy recently said that 250 redundancies were as a direct consequence of this. How would you characterise that?

Michael Shanks: I think it is for Harbour Energy to take account of its decision, but I would reiterate the point that I think there are a number of factors at play here. There are long-term decisions that companies make around the future of where they see their business in the North Sea. They are looking at the same data that we are looking at. Tax is always an issue that is raised. I am not deaf to that, I understand that, but I would say there is a multitude of factors that go into making these decisions. It is for individual businesses to make the choices they make.

Q248 Chair: It would seem that the Prime Minister and the Chancellor have signalled their support for new oil and gas projects, particularly at Rosebank and Jackdaw. Are you confident that the Energy Secretary will approve those applications?

Michael Shanks: I am not going to make any comment on those applications. What we have announced is a process, where we came into Government with the decision that had been made by the previous Government. The Supreme Court's ruling in that judgment was that it had to take account of the scope 3 emissions, the end-use emissions. We quickly put in place a consultation to respond on that. We said we would have a response out by the spring, and we published that response. That is all about giving certainty to industry about the process.

Those developers, if they so wish, can now resubmit their applications for environmental impact assessment. It will take account of the scope 3 emissions that we have to take account of, the environmental factors, but balanced against a whole series of other factors, including our energy security and economic issues. It will come to a view on those applications. It would be wrong for me or anyone else to give any view on that process.

Q249 Chair: Are you expecting to have new applications from developers for those two fields?



Michael Shanks: I have had no correspondence with any of the developers. I would say it is very likely, but that is not from any direct insight I have. It is just an assumption.

Q250 **Elaine Stewart:** How will the Government weigh the environmental impact of burning fossil fuels against the economic benefits of projects when considering the applications?

Michael Shanks: It is important to say—and I know this might sound like I cannot give a direct answer—each application will be decided on a case-by-case basis. The problem with trying to suggest that there is a scoring system on which I can give you a clear answer is that it misses the individual nuances of applications and how they will fit within a whole bucket of options. Michael might want to come in, as he has worked a lot on this, but there has always been a balancing in these decisions.

What we have done is clarify that process to take account of the end-use emissions, which we had to do as a result of the Supreme Court judgment, but balance that environmental impact against other factors. It will be on a case-by-case basis. I am afraid it is difficult for me to give any more certainty on that point at this stage.

Michael Brannan: I would reiterate what the Minister said. It is important that we do not go beyond the contents of the publicly published guidance, and that is for the good of the applications if they do come forward. I think it is important that we do not give a sense that there is a set metric or scoring system that is applied that the companies can look at.

In many ways, this is a similar system to what you see in other consenting processes, major energy infrastructure consenting processes, where if the environmental aspects are considered to be significant, then there is an opportunity to balance them against wider factors. The Secretary of State will make his decision on the basis of that. After the Secretary of State has made his decision, it will be passed back to the NSTA for the final consenting decision, and its role within the consenting process stays as it was before.

Q251 **Elaine Stewart:** How would you respond to the concerns that consent to new oil and gas fields is incompatible with the UK's climate commitments?

Michael Shanks: I think this goes to the heart of the balance we will have to make. It also goes to what we said in the consultation on the future of energy in the North Sea, where that climate leadership point, a science-led approach, is important and will be taken into account. The Supreme Court has expanded the scope to the end use of those hydrocarbons, so that will be taken into account as well.

Part of this is that we want to manage the North Sea for the good of the workforce that is there now, for the good of investment in the future and the jobs and opportunities that come with it. It is also about



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demonstrating leadership in this to the rest of the world, and I think that matters. There are examples of where we did not get transitions right because we did not grapple with it and plan it properly. This is an opportunity for us to do it differently. Right across the world, at different paces, we are all on this transition. It is unstoppable. There is an opportunity here for us to show some leadership in the role that climate will play, balanced against our energy security and other economic factors.

Q252 Jack Rankin: I am aware that, as skills planning is devolved, the question is how, with the anticipated transition plan, the UK Government will engage with the Scottish Government to make sure it is all linked together effectively.

Michael Shanks: It is an important question. The starting point is to say that we have reset the relationship with the Scottish Government on a practical level. We are obviously always going to have political disagreements, but we want the same outcomes on certain day-to-day things. In fact, energy policy is broadly one where we agree on many of the same outcomes. It is in our interests to work together. Particularly if we look at the example you raise of skills, it is essential that we work together because it is devolved. We want the same outcomes for workforces across the country.

Part of what we have done—and we can touch on this in relation to the joint work we have been doing on skills at Grangemouth—is launch the Office for Clean Energy Jobs, which is about trying to concentrate investment, and also try to work out the right skills training schemes for the workforces of the future. We have announced some areas that will pilot that approach, of which Aberdeen is one. That will be a pilot for the work to develop the skills and workforce of the future, but it is also about how we can work with the Scottish Government to deliver where there are those different responsibilities for things.

A key part of this transition is to try to capture the enormous skills and experience that we already have in the oil and gas industry. I think it is upwards of 80% or 90%—I cannot remember from the Robert Gordon University study—which shows that these jobs have direct transferability into the renewable sector, but only with a bit of support. We want to work out exactly what the level of support should be so that those workers can transition into the energy jobs of the future.

Q253 Jack Rankin: You promised a workforce strategy with your new clean energy sector plan. Do you know when that might be published?

Michael Shanks: I do not have an exact time, but it will follow. The sector plan was part of the industrial strategy. A series of actions will come from that. The workforce plan is an incredibly important part of it. It is partly what the Office for Clean Energy Jobs will be doing. The purpose of that is to bring together both the opportunities we have at the moment—how do we redeploy workers who might be looking for jobs in



the clean energy sector?—and developing the skills of people who are looking for a job in the energy industry but maybe do not know where to get started.

One of the interesting things about the year I have had the privilege of having this job has been meeting apprentices at the various places I visit. There is a real shift at the moment. In Aberdeen, for example, I visit companies where apprentices are currently working in the oil and gas industry, but they know that their career will move into renewables at some point, and they are already in a training scheme that allows them to do both. If you are an offshore welder, you are an offshore welder, whether you are on oil and gas projects or renewables projects. That transition is still too complex. Some of the passporting that we have introduced to help that transition is important, but there is much more to do.

Q254 Lillian Jones: The Climate Change Committee's chief executive told us that there has been a failure of communication to oil and gas workers about the forthcoming transition. What is the Government's communication strategy to ensure that workers understand the implications of transition? How will you know that this strategy is working?

Michael Shanks: It is an important question. One of the topics discussed at a roundtable I recently had in Aberdeen was not about how the Government communicates their plan, but how we have workers and communities at the heart of shaping that plan. I think it is important to start from that point.

The Government have a critical role here, and I want us to drive this forward much more than Governments have in the past, but it cannot be something that is done to communities. We want workers in a whole range of different jobs—not just the people who often find their way into Ministers' offices, but the people doing these jobs on the frontline, the apprentices who are the workers of the future, and the communities that are affected by this—to help shape it.

When I talk about the plan that we want to pull together, some of it will be technical actions that come from the consultation, but I think a lot of it will be about how we work with a sense of place in the north-east of Scotland in particular, as well as in the north-east of England, and with workers in oil and gas across the rest of the country to help put them in a place where they can shape some of this with the Government driving it forward. One of the key messages I often hear at these meetings is that people feel there has not been a plan and that we are moving into this transition without any strategy behind it. I think that has been a failing of the last 10 years, where the transition has picked up pace. We now want to move quickly to put that in place.

Q255 Lillian Jones: What are the Government doing to ensure that clean energy jobs are adequately visible and accessible to oil and gas workers?



Michael Shanks: It is a good question. Some work has been done with the industry bodies looking at how we share more of those opportunities publicly. It is a challenge. We discussed this at a recent meeting of the Offshore Wind Industry Council, of which I am the vice-chair. For obvious reasons—and I understand why—newspapers are always full of announcements about job losses. They are very rarely full of announcements about job creation, and we have created thousands of jobs. When I say “we”, I mean industry has created thousands of jobs in renewables. They often do not make the headlines.

I think there is a piece of work for us to do around sharing the good news and the opportunities that come from this. I was at Aberdeen University a couple of weeks ago, and one of the points made was that we need to make sure that young people can grow up wanting to work in Aberdeen in the energy sector of the future. That is about building confidence in what is going to come next, but I think it is also about sharing a lot more of the reality of the different types of jobs and skills that are being created. It is also about sharing the different conditions that a lot of these jobs have compared with offshore oil and gas, where there are some quite difficult living arrangements that the next generation of jobs might not match. That creates opportunity for a lot of workers. We have a lot more to do on that advertising piece.

Q256 **Lillian Jones:** How would you describe the balance between supporting the transition of existing oil and gas workers and attracting new entrants to the energy sector?

Michael Shanks: I think this gets to the heart of everything I have been saying so far. We have to do both. This is not an either/or. We need to retain the skilled workforce that we have in the north-east.

I visited a maintenance and decommissioning business a couple of weeks ago. It has a huge potential order book of decommissioning work that would keep vessels and skills in Aberdeen, but we need to drive it forward so that work comes forward now. There is a real role to build up the jobs and retain the skills there, because we will need them for what comes next. I think there is also a real opportunity to encourage the next generation of workers into the new energies of the future. While there will be a lot of crossover in terms of skills, there will also be a lot of opportunities for different skillsets. Across the board, industry and Government have a job to do to sell the positive vision of what the future of energy looks like and the jobs that can come with it.

Q257 **Douglas McAllister:** I wish to ask about the Government’s awareness of the Grangemouth refinery closure, whether they could have intervened earlier, and whether Project Willow could have launched a considerable time sooner. When were the UK Government first informed of the owner’s plan to close the refinery, and for that matter, when were the Scottish Government first informed to your knowledge?



Michael Shanks: There is an element of the question that I cannot answer. The previous Government's correspondence is not open to a new Government, so I am not able to access the previous Government's papers. I will say that, on day one or week one of the job, both the Secretary of State and I were engaged in conversations about the future of Grangemouth, and in quick succession we had a number of meetings with Petroineos and the Scottish Government to immediately grasp the situation.

I think it is public knowledge that, 10 years ago, we knew Grangemouth was in a precarious place, and two years ago it was fairly public that it was likely to close. This was not news, but it was clear on coming into government that there had not been any plan put in place by the previous Government. My understanding from the Scottish Government is that there had not been any communication between the two Governments on this issue up to that point either. We very quickly changed that position.

Project Willow was an important part of that. It was important for us to say that we saw a future for Grangemouth. It is a hugely investable opportunity. Grangemouth is a fantastic site for a whole set of reasons, and we wanted to drive that forward. We put investment into it, alongside the Scottish Government, who we understand were willing to fund it previously but did not find a partner in the UK Government at the time. We drove that forward, and the work started very quickly.

Of course, the Prime Minister announced £200 million from the National Wealth Fund—an unprecedented ringfenced commitment from the National Wealth Fund—before a proposition was on the table. That was a real statement from the Prime Minister that Grangemouth is not some sort of charity case, but an investable industrial opportunity that we want to see taken forward. The £200 million from the National Wealth Fund is about crowding in more investment to deliver a sustainable and viable industry on the site long into the future.

Q258 **Douglas McAllister:** Do you feel that Project Willow could have launched sooner? If so, who do you think is responsible for that lack of progress before you took office?

Michael Shanks: As I say, I do not know what conversations, if any, took place before we took office, but I do not see any impediment to Project Willow having started before we came to power. I think it probably could have. It took time to do. I think if the work had started before we came into government, we might have had the conclusions at a point where we could have driven the process forward in parallel with the refinery, rather than the refinery closing and now getting to this point. That is deeply regrettable. I have been very open about that, and we all wish we had been in a place to do more five years ago, when this could have had a real impact.



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We still think there is a positive future for Grangemouth. We have had 84 propositions come forward. I have met a few of those directly, because we want to demonstrate that the Government are rolling up our sleeves to get these things done. We are not just looking for business to do their thing, Government want to drive it. There are some credible options, and I hope we will soon have much more to say.

Q259 Dave Doogan: Grangemouth stopped refining after the election. Labour was in power when Grangemouth stopped refining. Although Petroineos did not go bust, we have a refinery in England, in Lindsey, that has gone bust and the Secretary of State is moving at pace to look for ways to continue its refining. It is an unhelpful contrast that, if a refinery gets into difficulty in England, the UK Government step in to try to keep it operational, but where a refinery fails in Scotland, a transition plan is put in place to try to find a repurposed future. I hope Project Willow succeeds, but it is a jarring contrast, is it not?

Michael Shanks: I do not think it is, and I think it is quite wrong to make the comparison. The Government have stepped in to fund the official receiver to do its work as part of the insolvency process. That is not where we were with Grangemouth, so I think that is quite an inaccurate characterisation. We had to do that, because if we had not, the refinery would simply have closed overnight, which would have been a serious health and safety risk. You cannot simply leave a refinery without staff, which is what would have happened if, when the insolvency court made its decision on Sunday night, the Government had not stepped in to provide the funding for the official receiver. That is a normal state of affairs in this case, and they are very different situations.

What we are seeking to do with the Prax Lindsey refinery is find a buyer as quickly as possible. If a buyer is not interested in that site, we will enter some difficult conversations that are, in fact, very similar to Grangemouth, about what the site could be used for and any regrettable redundancies that come from that. I do not think we are in a different place at all.

The Project Willow work is equally useful for other refineries, so there are opportunities. We have refineries across the UK that have already diversified into other parts of the business. That is the future we see for refineries in this country. This one got into great difficulty in hugely frustrating and disappointing circumstances for the business, which acted incredibly irresponsibly. There is now an investigation into the directors of that business to get to the bottom of what they have done.

Dave Doogan: I hope you find a buyer.

Q260 Kirsteen Sullivan: Minister, you said a few moments ago that Grangemouth is an investable opportunity. With that in mind, what assessment, if any, did the Government make of the viability of bringing Grangemouth into public ownership?



Michael Shanks: I think it is fair to say that we did not take any option off the table. We looked at a whole series of options, but the Government are not in the business of nationalising failing businesses. That is difficult to say, but it is the reality. A business that is losing tens of millions of pounds cannot be nationalised, with the public facing the cost. We are in the same position with both the Prax Lindsey refinery and Grangemouth.

We looked look at every possible option, including whether people were interested in looking at the refinery in different ways. We worked with Petroineos, and we challenged Petroineos. It was key in delivering some of the Project Willow work. We moved every possible option forward to do what we could, but the truth is that we were far too far down the line with the Grangemouth process to change the outcome. As regrettable as that is—it genuinely is, and I have met the workers on a number of occasions, so I know how significant the impact is on them and their families—there was a certain inevitability about the outcome by the point at which we came into Government. What we wanted to do was, as quickly as possible, put in place a package of support for the workers, a skills training programme with funding from the UK Government and the Scottish Government and delivered by Forth Valley College, but also there is £200 million to invest in the future of the site.

Q261 **Kirsteen Sullivan:** Would the Government consider taking an ownership stake in any of the future industries at the site?

Michael Shanks: It is not something we are looking at now. The National Wealth Fund operates on the basis that it makes investments as part of crowding in private investment. The National Wealth Fund will have a role in whichever investors come forward to take advantage of that £200 million. The exact nature of that role is for the negotiations that will take place between the National Wealth Fund and any projects. The whole purpose of it—and I think this is an important value in having the National Wealth Fund take that role—it that what we do not want is to hand a grant to a company that might not invest in a viable long-term future for Grangemouth.

We want the National Wealth Fund to drive forward inward investment that means there is a real commitment to whatever projects are built on that site. We want a long-term viable future for that workforce, not another up and down like we had with Grangemouth over the past decade.

Q262 **Kirsteen Sullivan:** Just in case we run out of time, I would like to ask you this. You will be aware that Unite representatives have appeared before this Committee and spoke about their transition plan to create 35,000 jobs. The Committee has requested to see that plan. We asked when they were present at the Committee, and we subsequently wrote to them to request that plan, but we have not received it. Have you seen and considered any of that plan, and are you in a position to share any of the detail of that plan with this Committee today?



Michael Shanks: I think I need to be quite careful about my answer, because Unite has shared the report with the Secretary of State on a very specific basis. I do not think it has been shared more widely in Government at Unite's express request, despite other Ministers asking to see it. I understand that other MPs have also asked to see it, but it has not been shared, so on that basis I cannot share any more information from it.

What I would say is that, obviously, we looked at it very seriously, as we looked at any proposal that came forward for the Grangemouth site. We are not in the business of turning away any ideas for the site. The analysis is that we do not think the comparisons made in that report bore a resemblance to Grangemouth, but I would need to leave it to Unite to decide whether to share more details with you, I am afraid.

Kirsteen Sullivan: I appreciate that, thank you.

Q263 **Mr MacDonald:** Are you worried about PetroChina potentially dominating the supply of aviation fuel?

Michael Shanks: I have not made any analysis of PetroChina's role in the future of aviation fuel. It was part of the joint venture at Grangemouth. We have engaged with it on the basis of whether it wants to continue to invest in the site. We are ambitious for the future of sustainable aviation fuel, which is why we have a Bill on that question at the moment. A range of developers will come forward, I am sure, but I have not done any specific assessment of the role of PetroChina.

Q264 **Kirsteen Sullivan:** What is the Government's view on whether Ineos employees should receive an 18-month redundancy package, matching the terms of the Petroineos refinery workers? That subject has previously been before this Committee.

Michael Shanks: My view is the same for any business: companies should offer the best possible terms and conditions they can, especially at a moment of redundancy. Where you have workers who have worked hard in a business, delivering economic benefit on behalf of the company, they should have the best possible terms and conditions at that point. It is not for Government to dictate to businesses, but it is for us to encourage them.

Clearly everyone who worked at the Grangemouth refinery site was entitled to the 18-month redundancy package from the joint venture. The wider site is not immediately in my role as Energy Minister. I know the Department for Business and Trade has been looking at this. There are some similarities here to what is now happening at the Prax Lindsey refinery, where—and I said this in my statement to the House—we would call on the owners to do the right thing and put their hands in their pockets to fund a proper redundancy package for those workers, should that be necessary.

Q265 **Kirsteen Sullivan:** Do you not see a potential unfairness with those



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employees being offered less, even though their jobs have been directly impacted by the closure of the refinery?

Michael Shanks: There is a challenge in any event where we draw a line. I understand the concerns, and they have been raised with me directly as well. There has been an impact on the contractors who worked at the Grangemouth site but were not employed by Petroineos. There will, of course, be wider cascading impacts of the Grangemouth refinery's closure on local businesses in the surrounding area. All of that is deeply disappointing. You are not going to hear me say anything else, but there is a challenge: at what point do you draw the line in saying that a job loss was a direct result of the refinery's closure? That is a difficult balancing act, but it is one that I would say the Government do not have a direct role in defining.

We have a role in influencing, and we did that. Unite had a very important role in influencing the agreement that it got, and I pay tribute to its shop stewards for the work they did. Beyond that, the Government cannot set redundancy pay for private businesses.

Q266 **Kirsteen Sullivan:** What do you say to Grangemouth workers who may have to relocate to find new employment?

Michael Shanks: I would reiterate the message that I have said throughout, which is that this is hugely disappointing. I do not for a second underestimate the impact that redundancy has on workers and families, or the stress that goes with that. What we have tried to do is put in place—as quickly as possible, and as large as possible—a scheme to provide training and support for workers, based on what they want. They went through a proper skills-mapping exercise for what training they would like to access a future job. We are now delivering on that training at significant public expenditure, and it is right that we do. We would support workers in any other way we can as well.

What we are hoping to do with Project Willow is build infrastructure on the Grangemouth site that keeps those workers in the Grangemouth area. That is one of the most important things, but the workers also have extremely valuable skills, and I am sure they will find work elsewhere. I know a lot of local businesses, from Scottish Power to the dockyards at Rosyth, have already taken on a number of those workers, and we will continue to encourage that.

Q267 **Kirsteen Sullivan:** I am sure you are aware that Unite has called for a job protection policy that would guarantee refinery workers an interview at any relevant future industry at the site. What is your view on that?

Michael Shanks: I would be willing to look at how we can encourage that. I do not think it is something we could insist on. The main aim that we have in the coming months is to get the viable projects that have come forward over the line, and to do the due diligence that is absolutely necessary to see what funding is required. Some of the projects require development funding in place, where they need the CapEx. We want to



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do all of that as quickly as possible. I want to try to make the process as straightforward as possible for businesses, because ultimately creating hundreds of jobs on that site should be our absolute priority. I think it is a useful suggestion.

I would also say that we have workforce issues in certain parts of the country, and it would be in the interest of any of these projects coming forward to Hoover up the skills that are already in that local area for the betterment of their own projects.

Q268 Chair: Are there any Project Willow policy recommendations that are priority areas for the cross-Government taskforces?

Michael Shanks: Yes, we have two taskforces within Government at the moment. One is looking at exactly that point around regulatory or policy changes that are necessary. We have taken forward all the points raised in the Project Willow report, and we are looking at what is possible. We are specifically looking at what might be necessary to deliver the projects that have come forward, rather than just looking at change for the sake of it.

We will continue to do that, but on the initial assessment—and I would just caution that this is an initial assessment of the projects that have come forward so far—those changes are fairly minimal, so some of the more significant changes in the Project Willow report may not be necessary to deliver the projects. That is based on the initial conversations we have had with potential projects.

The second taskforce, which is jointly with the Scottish Government—which Gillian Martin, the Cabinet Secretary, and I jointly chair—is taking a proactive approach to the investors that are coming forward and working with Scottish Enterprise to get right down into the nuts and bolts of what will make those projects happen, trying to get them over the line as quickly as possible, while also, for obvious reasons, doing the due diligence that makes sure they are credible projects.

Q269 Chair: How often does the taskforce meet, and is its output visible publicly?

Michael Shanks: I can come back to you on what we can make public. None of it is a secret, but we can certainly see what we could share. The taskforce, jointly with the Scottish Government, is a bit ad hoc. I think we met four times in one week and not for a couple of weeks after that. This is not a five-year project; it is about what can we do in the next six months to get things over the line. We are spending a significant amount of time on it to have a regular drumbeat of activity to make sure we keep the momentum going.

Q270 Chair: I think you mentioned that something like 80 potential investors have already come forward to look at Grangemouth. How confident are you that some of those will become reality? Of those proposals, particularly those proposals that require public investment, what would



be the likely ratio? Are you able to give us an idea of that?

Michael Shanks: I can to a certain extent, but I want to be careful to say that we are at quite an early stage in some of those discussions. The likelihood, on the basis of current proposals, is that there will end up being quite a mix of projects rather than one significant project. I think it adds some strength to the future of the site if there are multiple projects. They will all be at different paces, they are at different places in development at the moment, and they will take different periods of time to construct, but Scottish Enterprises is doing the due diligence at this point. There will then be a conversation with the National Wealth Fund about the actual investment ask, and the Scottish Government have also put forward £25 million of just transition funding that can be deployed at that earlier stage.

In terms of the wider sense of what those projects are, when they will be delivered, how many jobs there will be and all of that, I want to wait to see what projects come forward. I would just say that this has clearly been a hellish time for all the workers, and I do not want for a second to have any sense of jubilation. I am optimistic that a number of the 84 projects that have come forward—there are more coming forward, as it is not closed—will be credible projects that we think are deliverable and will have a demonstrable impact on jobs in the local area. It will be a positive step forward. We just want to get those to fruition.

Q271 **Chair:** Will the National Wealth Fund's assessment of those projects be influenced by the number of jobs they might create?

Michael Shanks: I am not sure, to be honest. I suspect it may be a factor, but on behalf of the public, who fund the National Wealth Fund, it is probably looking more at investability of the proposition, but it will take a wide look at that. It is important to say that the National Wealth Fund is not a high street bank; it is there to deliver on behalf of the British people. The social and economic benefit that goes with those investments matters to it in a way that it perhaps does not to other investors. That jobs point, I think, will be a factor. I would also say that this is a unique set of circumstances. The National Wealth Fund has never ringfenced money in advance of seeing actual projects. There has been a clear vision from the Prime Minister and the Chancellor that the ringfencing is about delivering economic growth in Grangemouth, so I think it will factor in.

Q272 **Kirsteen Sullivan:** You will be aware that sustainable aviation fuel production has been identified by some as a preferred future industry at Grangemouth. What is the Government's position on the strategic value of SAF production at Grangemouth?

Michael Shanks: I am not responsible for sustainable aviation fuel, so I do not have all the detail here. The Department for Transport takes a lead on some of this. I think we will weigh up the options for Grangemouth in terms of the speed that something could be delivered and the viability of the project in the current regulatory framework, but



we will weigh up what we might need to change as well. It is worth saying that one of the challenges of some of Project Willow's policy recommendations is that, if we make policy changes, they cannot exclusively be made for Grangemouth. We need to think that if we make some changes, it may well make another site in the UK more investable than Grangemouth. We want to be quite specific on what changes are necessary to drive forward the projects and investment in Grangemouth specifically. I think SAF is in the mix and could play a part. I am not across the exact detail on the wider questions you ask about SAF.

Q273 Kirsteen Sullivan: I will take that into account and ask my next question. It also touches on the point that you mentioned about the taskforce dealing with regulatory and policy changes. What is preventing the Government from extending the HEFA cap and exempting certain feedstocks to facilitate SAF production at Grangemouth?

Michael Shanks: Again, I am sorry, I cannot go into the detail because it is not in my brief. I think the HEFA cap is a question for DEFRA. I know it is something that we are looking at across Government and, of course, the SAF Bill will be looking at some of these questions as well. It is not something in my brief, I am afraid.

Q274 Kirsteen Sullivan: Are you able to give us assurances on how Government Departments are working together to try to deliver on some of this?

Michael Shanks: We are working together on a range of things, but individual Departments have a lead responsibility for policy on specific things. SAF is not in my Department. I do not want to speak on behalf of a different Department, so I think following up with DEFRA or the Department for Transport might be more useful. Clearly, where there are—

Kirsteen Sullivan: But we are talking about the potential for SAF production at Grangemouth, so are you able to give us any assurances that Government Departments are working together, taking into account that this was a key recommendation from Project Willow?

Michael Shanks: They are working together, but again, if we were to change the SAF mandate in the UK, we could not change it just for Grangemouth, so there are wider considerations, and there are other refineries that may want to work on SAF production as well. I would just caution against the idea that enacting all the Project Willow recommendations would immediately drive forward investment in Grangemouth. The Grangemouth site is hugely investable, but it is an old refinery that would need significant retrofitting and decommissioning. I think it is an option. It is something we are looking at seriously, but it is wider than just the Grangemouth site. That is why I think my colleagues across Government would be better to speak on the HEFA cap and on SAF more generally.



Q275 **Mr MacDonald:** We have talked about PetroChina, and I should come back to that because I think we should have it on the record. When I mentioned it, I was not asking about aviation fuel from a Grangemouth point of view; I was talking about it from a national security point of view. If we think British Steel is nationally important and rare earths are nationally important, giving away the ability to make our own aviation fuel, and letting China control it, is potentially a major national security risk. Do you think it is? If you do not, why not?

Michael Shanks: I think I answered your question by saying I have not done an assessment of that, which is true because I am not the Minister responsible for aviation fuel. What I would say, in a general sense, is that our approach across Government is that we are going to co-operate with China where we can, and we are going to challenge it where we must. We are going to take a serious approach, as we do to all these questions about our relationship with China.

I am not going to give a view to this Committee on something for which I am not responsible and on which I have not seen the detail, but we take a serious holistic approach to our relationship with China. That is why the Energy Secretary was in China recently to look at the climate dialogue work. It is why we have an ongoing engagement with China. Whether or not your outlook on the world includes China, it is a key part of the international trade and economic situation, and we have to do business in some ways. We also have to manage that relationship.

Where I would broaden it out into the energy space is that projects involving any kind of question about international involvement in delivering core infrastructure goes through a security process, as you would expect. National security considerations are always taken with the utmost importance, and assessments are made on a case-by-case basis.

Chair: Minister, Mr Brannan, that is the end of our questions. Thank you very much for your time this afternoon. I am conscious that we have gone a little over the suggested time, and we are grateful to you for doing that.