



North Sea
Transition
Authority

Rt Hon Philip Dunne MP
Chair, Environment Audit Committee
House of Commons
Westminster
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Dear Mr Dunne,

Thank you for the opportunity to give evidence to your inquiry into accelerating the fossil fuel transition on 7th September. Please see below the information we committed to follow up on during the session.

Average time from licencing round to production

In recent years (from 2004 onwards) the average time from licence award to production is approximately 5 years – this includes both old and new discoveries.

Status of licences from 32nd licensing round

The most recent offshore licence round opened in July 2019 and culminated in the offering of 113 licences in September 2020. 98 offers were accepted and executed with a licence start date of 1st December 2020. Many of these licences will not progress to commercial production due to economic or technical constraints. Despite the impact of the pandemic and uncertain investment environment since 2020 several projects are now progressing towards final consent and we expect the first hydrocarbons from the 32nd round to be produced during 2024.

NSTA influence on operator plans

The NSTA has a range of tools to influence operator plans for emissions reduction and platform electrification. These tools are underpinned by our revised Strategy, which now includes a Central Obligation on industry to take appropriate steps to meet the net zero target.

Our Net Zero Stewardship Expectation 11 sets expected behaviours and good practices of industry to reduce greenhouse gas emissions from all aspects of their upstream operations including consideration of low carbon power generation.

During the development phase of a new project the NSTA asks operators to provide an economic assessment of low carbon generation, including electrification, as part of Concept Select and Field Development Plans (FDP). The NSTA scrutinise these plans in line with our updated guidance. The quantification of the societal costs of greenhouse gas emissions also forms an integral component of the economic assessment.

For existing assets the NSTA asks operators to write and implement Emission Reduction Action Plans for ongoing and future operations, including for the potential for low-carbon power generation.

Remaining reserves and proportion of oil and gas

The North Sea Transition Authority estimates there are 14.5 billion barrels of oil (bnboe) equivalent remaining in the UK Continental Shelf. This figure is comprised of 4bn boe of **reserves** which have been approved and sanctioned, 6.4bnboe of **resources** from known investment opportunities in existing and proposed new fields and 4bnboe of **resources** in potential exploration.

Not all of these reserves and resources will go on to be developed for technical and economic reasons.

The share of gas for each of these reserves is approximately 30%. As discussed in the evidence session, many fields in the UKCS are comprised of a mix of oil and gas. Some of the biggest gas production is derived from what would be classed as an oilfield.

The figures above are taken from our latest Reserves and Resources report which will be published shortly.

Future production forecasts

The NSTA publishes medium-term projections of UK oil and gas production twice a year. These are used by the Office for Budget Responsibility in their fiscal forecasts. We also publish long-term production projections, currently out to 2050. These projections are publicly available on [our website](#).

The projections are based on informed analysis of operator returns to the NSTA's annual Stewardship Survey, calibrated against previous survey returns and production data, forecasts produced by others (e.g. IEA, Wood Mackenzie, National Grid), and the remaining reserves and resources in the UKCS.

Our analysis assumes the development of some existing and future discoveries but, given the uncertainty of specific oil and gas projects, these new developments have not been incorporated on a bottom-up, field by field basis. We have previously published these illustrative projections highlighting future supply with and without new developments. This analysis is being updated with our latest information and new projections will be published on our website shortly.

We work closely with the Climate Change Committee to discuss our analysis and have openly shared our available data to help inform their reporting. Our analysis fed into their latest progress report and we will also share our new illustrative projections with them when they are published.

Alignment with net zero and 1.5%

Our analysis assumes annual declines of 9% for gross UK gas production and 6% for UK oil production out to 2050.

We have compared these projections against a range of net zero scenarios published by independent organisations including UNEP and the IEA. In all cases our analysis shows the UK's projected future production declines at a faster rate than required globally in these net zero scenarios.

Annex 1 shows graphs against these global scenarios (Figure 1 and 2 – IEA and UNEP Production Gap Report (PGR)).

We have also calculated future emissions projections, both from existing and new developments (Figure 3). New installations tend to be cleaner than old ones and our analysis shows new developments will contribute less than 5% of total upstream emissions out to 2050.

These figures are available in our [latest emissions monitoring report](#).

Domestic demand

UK demand for oil and gas currently exceeds domestic production and is expected to do so for decades to come, even when potential contribution from new projects is included (see charts [here](#)). The UK will continue to be a net importer of both oil and gas, including Liquefied Natural Gas which (as per NSTA analysis) has over 2.5 times the total carbon footprint of domestic production at the point of consumption. Domestically produced resources benefit the UK's economy, increases energy security options, and ensures we retain influence to continuously make production cleaner.

Response to Committee on Climate Change progress report

The Committee on Climate Change have suggested a target of 68% emissions reduction from the upstream sector by 2030 against the North Sea Transition Deal target of 50%. As I said to the committee, the NSTA considers 50% is the minimum industry should achieve.

During the evidence session I was asked a question about the Government's plans to deliver policies related to the North Sea Transition Deal. Many of the areas raised sit wholly or partially outside of the remit of the North Sea Transition Authority. For those areas where we do have a role I have set out responses below.

- **Platform electrification:** The NSTA is working with operators to progress major electrification projects in the Central North Sea and Outer Moray Firth. We are a participant in the Government and Regulators Electrification Group (GREG) working across government and regulatory bodies to identify and address enablers for electrification projects. The NSTA is working with Crown Estate Scotland on the INTOG licensing round, which will help bring floating offshore wind projects into development. We also ran a £1m electrification concept competition and are encouraging industry to apply the learnings to their own projects. There are barriers to electrification which sit outside of our control, some of these are technical, some are economic and some are policy, such as grid connections and planning consents.
- **Flaring and venting:** The CCC recognised the publication of our updated guidance in their chapter on progress decarbonising fuel supply. The guidance set out that all new developments needed to be planned on the basis of no routine flaring and venting, and all facilities had to achieve zero routine flaring and venting by 2030. There has already been a 41% reduction in emissions from flaring since 2018.
- **Carbon Capture and Storage:** CCS delivery will not be possible without the storage resource in the North Sea. In June this year the NSTA launched the UK's first carbon storage licence round, this has now [closed](#) and we received 26 bids from 19 companies across all 13 areas. We expect to be awarding licences early in the new year. The NSTA is already stewarding 6 existing carbon storage licences.

Kind Regards,



Dr Andy Samuel

Annex

Figure 1

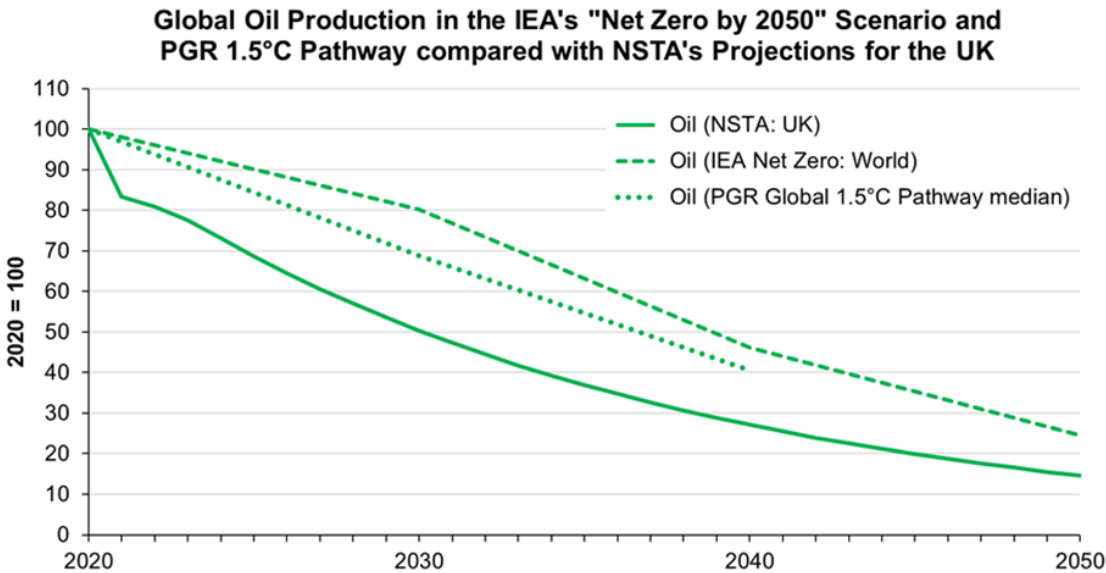


Figure 2

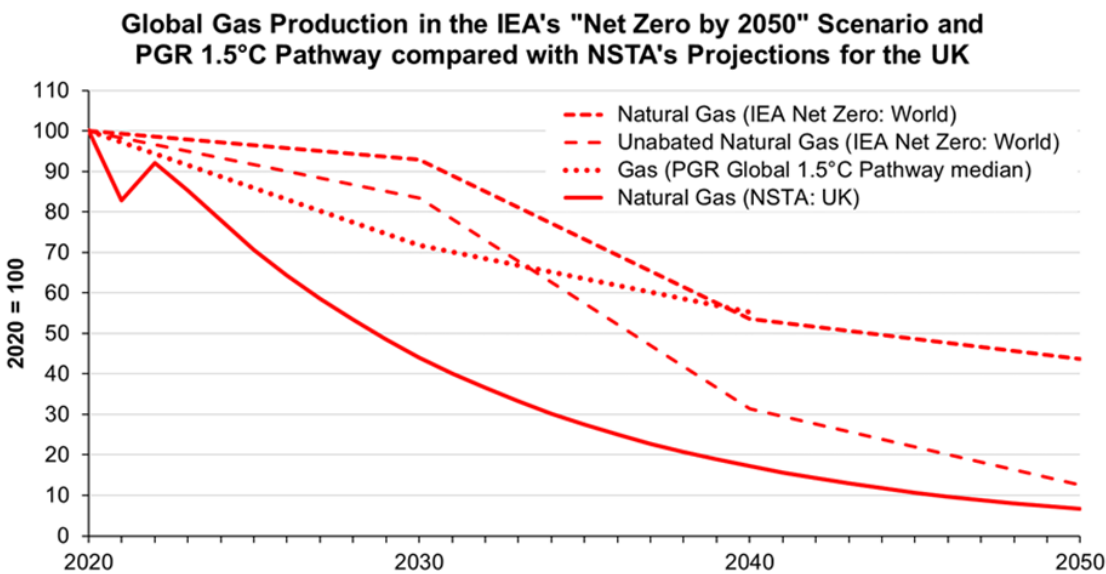
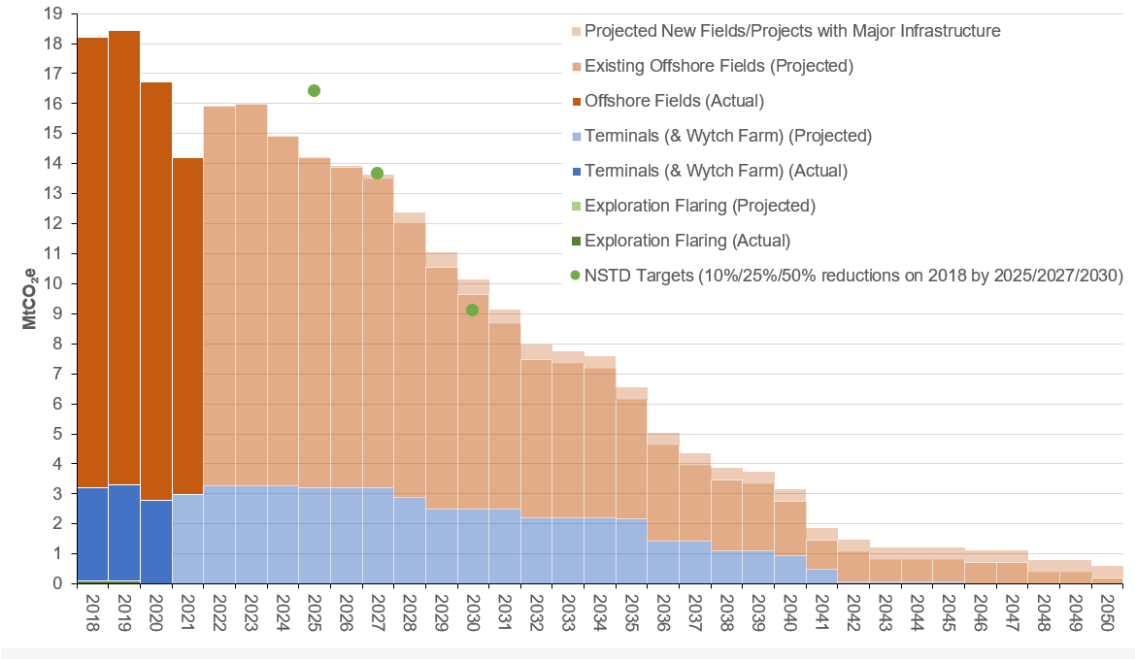


Figure 3
Actual and projected business as usual GHG emissions 2018-2050.



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