



Environmental Audit Committee

House of Commons, London SW1A 0AA

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Dr Fatih Birol,
Executive Director, International Energy Agency
9 Rue de la Fédération, 75015 Paris, France

9th November 2022

Dear Dr Birol,

I am writing to express our regret that you were not able to attend our Environmental Audit Committee hearing in the House of Commons on 20th October. Your appearance was to be the final scheduled hearing in my committee's inquiry into *Accelerating the Transition from Fossil Fuels and Securing Energy Supplies* before we consider our recommendations to Government.

My committee launched its inquiry following Russia's unprovoked invasion of Ukraine. We have focused our scrutiny on the UK Government's Energy Security Strategy and North Sea Transition Deal for fossil fuel production on the UK Continental Shelf. During the course of the inquiry the Government announced an Energy Profits Levy (windfall tax) and Investment Allowance (tax relief for new oil and gas investment), and it has introduced a Climate Compatibility Checkpoint for new oil and gas licencing.

The climate compatibility of further oil and gas licencing

One of the main questions that the inquiry has examined is whether the issuing of further licences in the North Sea is compatible with the UK's domestic and international climate change commitments under the Climate Change Act and the Paris Agreement.

On one hand, the industryⁱ, regulatorⁱⁱ and Governmentⁱⁱⁱ have argued that further licencing is needed to enhance the UK's energy security and that this will remain in line with net zero scenarios; because UK production has lower upstream emissions than some (but not all) of the oil and gas imported into the UK¹, and it is taking place in a mature basin that will continue on a trajectory of decline.^{iv}

On the other hand, the Climate Change Committee^v, campaigners^{vi} and academics^{vii} have cautioned that new licencing may contribute to the world breaching the 1.5°C temperature goal that the Government signed up to at COP21 in Paris and reaffirmed at COP26 in Glasgow. It has been argued that scope 3 emissions should be assessed and that the global 'production gap' between planned production and the implied global temperature rises should be taken into account in decisions on oil and gas licencing.

¹ We note that Norwegian oil and gas imports have lower upstream emissions and Norway now accounts for 63% of total gas imports to the UK

The IEA's Net Zero Emissions by 2050 Scenario (NZE)

The International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario (NZE) has been repeatedly cited in reference to this contested issue during the inquiry. The IEA's [Net-zero by 2050: A roadmap for the global energy sector](#), published ahead of COP26, explicitly states that:

"Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required. The unwavering policy focus on climate change in the net zero pathway results in a sharp decline in fossil fuel demand, meaning that the focus for oil and gas producers switches entirely to output – and emissions reductions – from the operation of existing assets." ^{viii}

However, the Roadmap does provide some caveats that allow for continued oil and gas investment in existing fields. For example, the trajectory of oil demand in the IEA scenario means that no exploration for new resources is required and, other than fields already approved for development in 2021. However, the IEA suggests that continued investment in existing oil fields is needed and could continue.^{ix} The committee therefore wishes to seek clarification from the International Energy Agency regarding the extent to which further oil and gas licencing rounds can be considered in line with its net zero 1.5°C pathway for the global energy sector.

I have selected twelve key questions out of a longer list of questions we planned to ask you at our session on the 20th October. I would be grateful if you could provide us with a reply to each of these questions during the week commencing 21st November, as agreed with your office by email.

Questions from the Environmental Audit Committee for the International Energy Agency:

Reducing reliance on Russian energy and energy efficiency

1. How successful have European countries, like the UK, been in reducing reliance on imports of Russian oil and gas since the invasion of Ukraine? Has Russia's war in Ukraine led to a permanent realignment in global energy supplies?
2. The IEA has identified a number of opportunities for rapid energy efficiency gains. What are the quickest wins that a country like the UK could implement in the near term? What lessons can the UK learn from other countries on energy efficiency?

The IEA's net zero scenario for the global energy sector:

3. Under which circumstances could a country licence new oil and gas exploration and development and still be compatible with the IEA's net zero pathway for the energy sector?
4. Does it make any difference if a country has a lower average emissions intensity of production? How does the UK's emissions intensity compare to other countries?

5. We have heard some challenges to the IEA's scenario: industry figures have insisted to us that the demand for oil and gas will continue for decades. Is it premature to put a halt to the development of new fields if demand for fossil fuels will remain?

Managing the transition in the oil and gas sector:

6. The oil and gas sector is clearly going to be one of the most affected by the net zero transition – in terms of jobs, technology and its core business. How should governments and the industry itself plan for and approach this transition? How can governments best support workers in the oil and gas industry during the transition?
7. Electrifying platforms and ending flaring are two of the most significant actions the industry can take to cut their upstream emissions. What policy action would the IEA recommend to accelerate industry action on this?

Scope 3 emissions from oil and gas

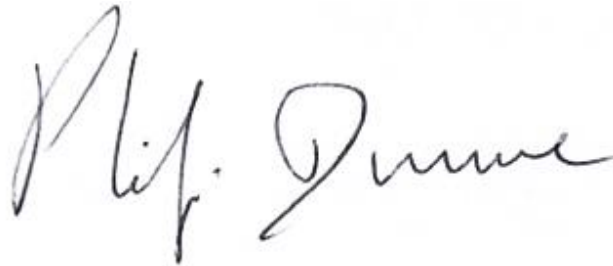
8. Should oil and gas companies be setting targets to reduce their total emissions (including scope 3) or are emissions intensity targets adequate?
9. Oil and gas companies in the UK have encouraged the Government to focus on scope 1 and 2 emissions. How important is it to net zero goals that governments should take scope 3 emissions into account when making policy decisions on oil and gas extraction?
10. Oil and gas companies and the UK Government have argued that calculating scope 3 emissions from licencing in the North Sea would be 'too complicated'. Is there any technical reason why the scope 3 emissions of new oil and gas licencing rounds cannot be accurately estimated?

Phasing out inefficient fossil fuel subsidies

11. The Glasgow Pact agreed at COP26 committed to phasing down coal and phasing out inefficient fossil fuel subsidies. In your view, is sufficient progress being made on this?
12. How would the IEA define an 'inefficient fossil fuel subsidy'?

We thank you in advance for your engagement with our inquiry. I do hope we may have the opportunity to welcoming you to the House of Commons at another opportunity in future. We will look forward to your response during the week of the 21st November.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philip Dunne', written in a cursive style.

Philip Dunne MP
Chairman of the Environmental Audit Committee

ⁱ See: Offshore Energies UK ([ATFF0047](#)); [Transcript of hearing with industry body Offshore Energies UK, 8 June 2022](#)

ⁱⁱ See: North Sea Transition Authority ([ATFF0058](#)); [Transcript of hearing with NSTA Chief Executive Andy Samuel, 7 September 2022](#)

ⁱⁱⁱ See: BEIS submission (submitted under the previous PM) ([ATFF0056](#)); [Transcript of hearing with Climate Minister Graham Stuart, 12 October 2022](#)

^{iv} Offshore Energies UK ([ATFF0047](#)); North Sea Transition Authority submission ([ATFF0058](#)); BEIS submission (submitted under the previous PM) ([ATFF0056](#))

^v CCC, [Letter: Climate Compatibility of New Oil and Gas Fields](#), March 2021

^{vi} Uplift ([ATFF0021](#)); Oil Change International ([ATFF0022](#)); Greenpeace UK ([ATFF0023](#)); E3G (Third Generation Environmentalism) ([ATFF0048](#)); Platform London ([ATFF0011](#))

^{vii} UCL Energy Institute & UCL Institute for Sustainable Resources([ATFF0026](#)); [Transcript of hearing with industry body UCL Energy Institute, 8 June 2022](#)

^{viii} IEA, [Net Zero by 2050: A Roadmap for the Global Energy Sector](#), 28 May 2021

^{ix} IEA, [Net Zero by 2050: A Roadmap for the Global Energy Sector](#), 28 May 2021,p.101