



Department for
Energy Security
& Net Zero



Scotland Office

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The Rt Hon Baroness Sheehan
Chair of the Environment and Climate Change Committee
House of Lords
London
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12th September 2024

Dear Baroness Sheehan,

Oil refining operation at Grangemouth

We are writing to you following Petroineos' decision to close the oil refining operation at Grangemouth. The company will now convert to an import terminal, which will continue to provide a secure and flexible fuel supply for Scotland – but importing is a less labour-intensive operation. It is deeply disappointing to learn of Petroineos' decision, and we know this will be difficult news for the workers, their families and the wider Grangemouth community. Given your Committee's interest in this, we are updating you on the action the UK Government has taken jointly with the Scottish Government.

We will stand with the workforce in these difficult times. That is why we are announcing a package of investment to help the workforce find good, alternative jobs, invest in the community and deliver a viable industrial future for the Grangemouth site, with potential for future support from the National Wealth Fund.

Since taking office, the UK and Scottish Governments have taken joint action to urgently engage with the company and its shareholders, leaving no stone unturned to find a viable long-term future for the site. As it is clear that there is no viable commercial future for the current refinery operations, we have today announced a package that will help to secure a new future for the Grangemouth community. This includes:

- **£100 million package for Falkirk and Grangemouth.** This includes £20 million in joint funding from the UK and Scottish Governments announced today, on top of £80 million in joint funding from the two governments for the Falkirk and Grangemouth Growth Deal. This funding will support the community and its workers, investing in local energy projects to create new opportunities for growth in the region.
- **Investment in the site's long-term future.** The £1.5 million joint-funded Project Willow study has identified a shortlist of three credible options to begin building a new long-term industry at the refinery site, including low carbon hydrogen, clean eFuels and sustainable aviation fuels. If a commercially viable

proposition is found, we will explore how the National Wealth Fund could support it in the future.

- **Immediate career support for workers.** The UK and Scottish Governments will provide tailored support that will help affected workers in finding new employment – and Grangemouth will be among the first areas that the new Office for Clean Energy Jobs will work with to help deliver a just transition.

We will also be holding an extraordinary meeting of the Grangemouth Future Industry Board to discuss next steps with local industry leaders, Falkirk Council, and trade bodies and unions.

We hope the announcements we have made today will reassure the Committee that we are committed to leaving no stone unturned to secure Grangemouth's industrial future.

Yours ever,



RT HON ED MILIBAND MP

Secretary of State for Energy Security & Net Zero



RT HON IAN MURRAY MP

Secretary of State for Scotland