

4th July 2025

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Chair, Scottish Affairs Select Committee
House of Commons
London SW1A 0AA

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Dear Chair,

Re: Great British Energy and the Net Zero Transition Enquiry.

Thank you again for the opportunity for Jenny Stanning, former External Relations Director, to provide evidence on behalf of OEUK earlier in this enquiry highlighting the role of oil and gas throughout the transition.

During the evidence session last week, a number of further points were raised regarding the role of the North Sea oil and gas in the UK's energy transition. To support the finalisation of the committee's enquiry, I wanted to share our submission to the DESNZ Building North Sea Energy Future Consultation to provide further data points to some of the areas discussed last week.

In our submission, we highlight the significance of domestic production to both the economy, environment and the energy transition alongside the specific role of domestically produced gas into the UK grid.

I would be grateful if you could share with committee members.

If we can provide any further detail to support the enquiry, please do not hesitate to contact us.

Yours sincerely,



David Whitehouse, CEO Offshore Energies UK

Building the North Sea's Energy Future

Consultation on the proposed plan for building the North Sea's energy future.

Offshore Energies UK is the leading trade body for the UK's integrating offshore energies industry. Our membership includes over 400 organisations investing in offshore oil, gas, carbon capture and storage (CCS), hydrogen, and wind alongside our critical supply chain companies. Working together with our members, we are a driving force supporting the UK in ensuring security of energy supply while helping to meet its net zero commitments.

The North Sea is a strategic national asset that has powered the UK economy and homes through oil and gas for the past 50 years and it is only right that it is managed as such.

Currently 75% of the UK energy needs are met by oil and gas, with half of this coming from the UK Continental Shelf (UKCS) supporting 200,000 jobs across the country. The North Sea is uniquely placed to support our energy future boasting the second largest offshore wind capacity in the world and the geology to store over 78 gigatons of carbon dioxide in our reservoirs to decarbonise hard to abate sectors in the UK and beyond whilst responsibly producing oil and gas.

The Prime Minister and the Chancellor of the Exchequer have spoken this year on the importance of oil and gas production from the North Sea alongside renewable energy as vital for providing energy security. Fatih Birol of the International Energy Agency (IEA) has also stated that further investment in oil and gas is needed alongside an ambitious acceleration of renewable energy for global energy security¹.

In 2024, the UK's total energy production was at a historic low, with over 40% of the UK energy needs met through imports.²

With supportive policy, the North Sea will continue to power the country through responsible production of oil and gas alongside the build out of the renewable energy. The successful path for the UK is one that recognises the role of both oil and gas plus renewables; and not one versus the other, to deliver an integrated energy system that can respond to the UK's needs. Homegrown energy production must be prioritised over imported energy.

Future UK oil and gas activity is not incompatible with net-zero and the UK's climate leadership ambitions. Domestic oil and gas production is complimentary to the government's clean power 2030 ambitions and avoids offshoring our emissions and losing skills, supply chain and infrastructure overseas.

The proposal to change the oil and gas licence regime is the decision of this government and the consequences of these changes to investor sentiment, the workforce and the future energy landscape are significant. The government's proposal to issue no new oil and gas licences for the exploration of new fields will result in the UK being more reliant on imports of oil and gas to meet UK energy demand. This is not in the national interest and undermines UK energy security and climate goals.

¹News Article [IEA director says oil and gas investment key for global energy security](#)

² Department for Energy Security and Net Zero [Energy Trends March 2025](#)

Prioritising domestic oil and gas production over imports is compatible with the Climate Change Committee balanced pathway to net-zero and the UK's commitment to limiting global warming to 1.5°C.

- The Climate Change Committee (CCC) estimate the UK will require 13-15 billion barrels of oil and gas equivalent (boe) in the period 2025 to 2050 to meet its energy needs³ however the NSTA currently forecast the UK to produce only 4 billion barrels of oil and gas in the period 2025 to 2050⁴, less than one third of the balanced pathway forecast demand.
- This current NSTA forecast is reflective of the cumulative effect on the sector of the past 5 years including COVID-19, adverse fiscal policy decisions and regulatory uncertainty that undermined investment. Prior to 2020, the NSTA forecast production of 6.4 billion barrels the period 2025-2050, with a vision to produce 10.2 billion barrels in that period⁵.
- With continued support for the sector through existing licences, access to new licences where needed, and a competitive fiscal and regulatory environment the UKCS could add a further 3 billion boe to what it is currently forecasted to produce. This would total 7 billion boe in the period 2025-2050⁶.
- This would mean the UKCS could support half of the UK demand and add £165 billion⁷ of gross value in the UK economy whilst maintaining support for the current workforce.
- Oil and gas produced in the UK has a lower carbon footprint than imported alternatives. By choosing to prioritise domestic production as part of an integrated energy system, rather than importing LNG to meet the demand for gas, this would reduce production emissions by an estimated 58⁸ million tonnes of CO₂ over this period.

The UK's oil and gas sector has already played a foundational role in positioning the country at the forefront of developing key low carbon technologies, particularly CCS and hydrogen due to the world class supply chain and natural resources in the UK.

The workers and communities can benefit from future opportunities and growth in new sectors. This requires honesty and pragmatism about the workforce transition and requires full engagement with industry, the workforce and trade unions. Industry and government must work together to turn targets into delivery plans, that build confidence to enable the anticipatory investment in supply chain capability and skills.

The consultation, and broader frameworks of government, must conclude with a pragmatic approach to the future of UK oil and gas activity in the context of global energy security and include:

- Continuing to award oil and gas licences to support domestic production and retain infrastructure.

³ <https://www.theccc.org.uk/publication/the-seventh-carbon-budget/>

⁴ NSTA March 2025 [Data and insights - Production and expenditure projections](#)

⁵ NSTA March 2019 [Projections of UK Oil and Gas Production and Expenditure](#)

⁶ OEUK March 2025 [Business Outlook Report 2025 | Offshore Energies UK \(OEUK\)](#)

⁷ GVA of direct, indirect and induced associated with 3 billion boe of additional production. [Impact of UKCS Fiscal Policy on UK Economic Growth - Autumn 2024](#)

⁸ This assessment is made on the basis that incremental gas produced domestically will reduce the requirement for LNG imports produced at a higher carbon intensity. Reference data NSTA [Carbon Emissions Intensity Analysis - The North Sea Transition Authority](#)

- Accelerate Environmental Impact Assessment guidance to allow activity to progress.
- Prioritise domestic supply chain and jobs, delivering a managed transition that recognises one energy workforce.
- Oil and gas should continue to be recognised as part of the energy system and energy policy should prioritise an integrated energy approach, that promotes domestic energy system that can respond flexibly to the UK demand with oil and gas remaining a key part.
- Unlock private sector investment in carbon storage and capture, offshore fixed bottom wind, offshore floating wind and hydrogen including progressing Track-1 and Track-2 clusters and future CCS opportunities at pace.
- The powers of industry regulators, such as the North Sea Transition Authority, must therefore continue to reflect the support of domestic oil and gas production as its principal objective.
- Putting homegrown energy production at the heart of UK's industrial strategy. A holistic energy strategy that recognises the UK energy mix today and maps a clear path that is underpinned by a priority to drive down energy cost across the UK and enhance energy security.

The UK can become a leading green industrial power, continuing to offer high quality employment for a skilled workforce driving strong economic growth across the entire country, however, that will only be achieved if managed correctly. This journey requires honesty and pragmatism about the workforce transition and requires full engagement with the workforce and trade unions. However, for as long as we need oil and gas, we must continue to produce this in the UK where we can deliver this at lower emissions to imported alternatives, contribute billions of pounds to the economy every year and anchor skills that will be needed now and, in the future, here in the UK.

In addition to the above, please find below our response to specific questions

Question 1a: What role can government play to ensure that local workers can benefit from the growth of these new energy sectors?

There are key areas where the government can play an important role:

The government must ensure a pragmatic approach to UK's energy journey to net zero emissions. The UK domestic demand for oil and gas will change over time, but for as long as we need it, we should prioritise producing it responsibly ourselves supporting our existing workforce and value in the UK economy.

Government policy should not seek to accelerate the decline in activity in our domestic oil and gas sector for as long as there is demand and prioritise an integrated energy system. An accelerated decline threatens jobs and communities to simply drive an increased reliance on imports of oil and gas with a higher carbon footprint. That means a pragmatic approach to offer licences that are needed to meet that goal, a fiscal regime that balances risk and reward, and clarity that the UK is open to oil and gas business alongside investment in renewables.

The growth of new energy sectors in tandem to supporting ongoing energy security in the UK through domestic production means expanding the talent pipeline, preserving skills, aligning job shifts with project timelines, and linking workforce demand models to future energy plans. Sustained economic growth depends on investment in high-growth sectors creating well-paid, high-skilled jobs.

Recognise the integrated nature of the skilled energy workforce. The division of jobs into “clean” jobs versus “other” jobs is unhelpful, and it risks alienating those workers employed in existing sectors and does not recognise the integrated nature of the energy workforce, and the need for continued production of hydrocarbons in coming decades. The focus should be to create well-paid and skilled jobs across the energy landscape.

For many individuals working in oil and gas, there will not be a linear move between oil and gas and renewable opportunities, and it is not helpful to consider it in this regard. The job market should become increasingly circular in its approach to service future UK needs. It is recognised in the consultation that over 80% of skills currently present in oil and gas will be needed to support the transition, however for many these are skills that they will continue to use across the energy landscape supporting renewables and oil and gas projects in tandem for decades to come.

Support a joined-up approach. Skills efforts are fragmented and overlapping, and the landscape is complex and hard to navigate. The UK government and devolved governments in Scotland, England, Wales, and Northern Ireland as well as regional government must work together with industry to maximise development, retention, and deployment of skills on a national and regional level.

Governments must work with industry to support existing integrated energy workforce demand modelling and its linkage to clean energies delivery plans. A centralised skills framework, supported by an integrated energy workforce planning model, is needed.

Deliver an effective growth & skills levy and embed multiple pathways into the energy sector. Meeting the rising demand for skilled technical trades will require a different approach to promoting vocational pathways.

Build on previous success. The offshore energy sector has a long history of supporting apprenticeships, with schemes such as:

- The Energy Sector Apprenticeships programme – APTUS has trained more than 2,000 apprentices since its launch over 20 years ago.
- Amplify across the UK, Modern, Graduate and Foundation Apprenticeships, including engaging employers through the co-creation and delivery of the curriculum, particularly the Energy Engineering Foundation Pathway (apprenticeship) piloted in Aberdeenshire. This systemic partnership approach is providing young people with the requisite employability META skills and knowledge to be ready for the world of work and entering an energy apprenticeship.

Question 1b: In addition to the investments in clean energy industries outlined in this section, are there any other areas you think should be targeted for investment?

Government policy should be explicit that responsible investment in domestic oil and gas production alongside support for renewables must be prioritised over imports to meet UK demand. Oil and gas today provide approximately 75% of the UK energy needs, and approximately half of that demand is met by domestic oil and gas production. If we do not produce it here in the North Sea, the demand will be met by imports. These imports would not have the same benefits as domestic production to the UK economy, support for both jobs and supply chain companies, paying less tax to the Treasury and with a higher carbon footprint.

We still have significant oil and gas reserves around in our offshore waters, with much of these near existing platforms. UK energy production hit a record low in 2024, and the North Sea Transition Authority predicts the UK is on track to meet less than a third of UK oil and gas demand. We must reverse this decline - unlocking an additional 3 billion barrels adds over £165 billion to our economy, supports our jobs, and supports our world class supply chain.

Gas will continue to be a critical component of the energy mix for decades, providing a bridge to a decarbonised system. The UK is reliant for over 50% of its gas requirements on imports with a growing focus on LNG as a fuel source. The North Sea contains significant gas reserves, and unlocking these reserves to meet domestic demand while minimising the need for LNG imports is a crucial part of the UK energy strategy

Competition for capital is fierce, the UK must continue to compete internationally which means the UK must be seen as a secure place to do investment through long-term policy certainty

The need to protect and grow our sovereign industrial and manufacturing capability requires a holistic industrial strategy that encourages investment in the UK's foundational sectors. A successful UK industrial strategy will be underpinned by the production of steel, cement and concrete, glass, chemicals and petrochemicals.

These sectors rely on the use of hydrocarbons for their manufacture in the UK. A co-ordinated plan of investment for these foundational sectors is required to underpin the high-growth areas identified.

Question 1c: What opportunities do you foresee for the oil and gas industry to invest into clean energy?

Operators from the oil and gas industry are already investing in new energy opportunities in the UK, the stable revenue from oil and gas will further support investment. Multinational energy companies are investing in the UK's offshore wind build out as part of the clean power 2030 ambitions, with significant interest in fixed bottom wind developments, and bringing industry experience to unlock the potential opportunity in floating wind.

The UK has significant opportunity in carbon storage, with the potential to support the decarbonisation of the UK industry alongside an important role to assist with wider European and global industrial decarbonisation. UK oil and gas operators are investing in all of the current UKCS carbon storage opportunities.

The UK oil and gas supply chain is investing in future opportunities in the UK's integrated energy future. Recent data confirmed that around 60% of UK oil and gas supply chain companies are already diversifying into offshore wind, hydrogen and carbon capture and storage but business revenues from renewables and CCS still represent a relatively low proportion as they make up between zero and a fifth of their turnover.⁹

However, due to uncertainty over the future of oil and gas investment in the North Sea, 90% of the supply chain companies are looking overseas for growth potential.⁷

Without certainty on the future of oil and gas activity in the UK, there will be further flight of capital, our people and our supply chains to other countries which are transitioning their economies. This would undermine a homegrown energy transition that will be key to the UK being able to maximise the opportunity. Companies must see the UK as an attractive country to invest in, therefore the opportunities we outline in other parts of this response must be considered as part of an integrated energy system.

Question 1d: Which locations offer the best opportunities for investment in clean energy industries?

A successful energy transition has the potential to deliver the economic growth the UK needs. Reaching net zero carbon emissions by 2050 will require major changes to every industry, region, and part of our society.

- For offshore wind, there is significant capacity under development in Scottish waters, particularly in the Northern North Sea, presenting opportunities off the coast of Scotland. The Celtic Sea is also as a potential major deployment zone for floating offshore wind.
- The cluster sequencing process for CCUS shows the importance of specific geographical locations for early infrastructure development. Track-1 clusters, the East Coast Cluster and HyNet, are located in the North West of England and Teesside, Track-2 clusters Viking in the Humber and Acorn in Scotland, all essential to decarbonise industry in these regions and create and protect thousands of jobs.
- For hydrogen projects, geographical location is also crucial. Projects need to be strategically located to complement renewable generation, such as offshore wind, or to support the decarbonisation of industrial clusters.

⁹ [Supply Chain Report 2025 | Offshore Energies UK \(OEUK\)](#)

Question 2: What, if any, additional measures could help the oil and gas workforce to transition into a) clean energy and b) other industrial strategy sectors?

The UK government has recognised that oil and gas from the North Sea will be used for decades to come and by virtue of this there should be recognition that the protection and maintenance of the jobs for the current workforce should not be understated. It is important that the value of that continued activity as part of an overall strategy to deliver secure, affordable, and sustainable energy for the UK is recognised by the UK government. Those currently employed in the oil and gas industry are proud of their contribution to the UK's energy security and wish to continue to play a vital role in this and the energy transition. There is a precedent for these highly skilled roles to be exported to other regions around the world, however the UK can be the centre of excellence for the skills of the future throughout the decarbonisation of the UK economy.

It is important that UK government recognises the integrated nature of the energy workforce, for most of our workforce this activity will be circular with many supporting oil and gas and renewable energy opportunities in tandem as sectors scale up. This approach means we can help the UK deliver economic growth by protecting these high value jobs whilst growing the skilled and diverse workforce of the future.

- Adopt a centralised framework to scale-up skills with a localised solution. The UK government and devolved governments in Scotland, England, Wales, and Northern Ireland as well as regional government must work together with industry to maximise development, retention, and deployment of skills on a national and regional level.
- A centralised skills framework, supported by an integrated energy workforce planning model, is needed.
- The correct processes and pathways must be in place to support workers moving into new areas. The UK can create a more mobile and valuable workforce, and competitive international advantage, through mutual recognition of skills in various energy sectors. The integrated energy sector supports ECITB's contractor-led Connected Competence programme.
- Expand the Energy Skills Passport to cover broader energy skills as part of the Industrial Strategy in partnership with the Office for Clean Energy Jobs.
- The integrated energy sector places real value and emphasis on workforce engagement, and the importance of working in partnership with the Trade Unions. The sector's Energy Services Agreement (ESA) promotes a safe, stable, and fair operating environment as our industry navigates the energy transition.

Question 3a: What support is required for oil and gas workers to transition into low carbon sectors that align with the UK's longer-term environmental and economic ambitions, as proposed within this consultation? In your response, please consider the transition through different lenses – for example, by location (domestically and internationally) or by demographic.

Question 3b: How do you think we should approach measuring the transition of workers from the oil and gas sector to low-carbon industries? Do you have a view on what metrics we could be using to measure the transition of workers from the oil and gas sector to low carbon sectors?

Question 3c: How would you define a good work opportunity within the low-carbon economy? In your response, please consider fair remuneration, the role of trade unions and creating jobs that are inclusive and contracted with financial security.

Question 3d: What, if any, other key occupations not already listed could oil and gas workers transition into that you think are important to supporting the transition to a low carbon economy?

Question 3e: Do you think the UK has a sufficient skills base to underpin the transition? What role will the oil and gas sector play in the availability of critical skills?

(Grouped response)

As recognised by the Prime Minister the UK will continue to need oil and gas for many decades and we must choose to produce as much of this domestically as possible. This means we must retain and secure jobs for our highly skilled workforce here in the UK. The workforce that currently supports the UK offshore energy sector is highly skilled and has been at the centre of delivering secure energy to power homes and businesses for decades. Most of these skills will be needed to unlock the renewable and low carbon opportunities of the future, with more than 90% of skills being transferable. It is important that we protect the oil and gas jobs until alternative sustainable opportunities emerge. Whilst there is an increasing number of renewable jobs in the UK, the transition of skills is not linear and for some parts of the workforce they will continue to support oil and gas or will work across the energy landscape throughout their entire career.

Question 4a: How can government and industry develop the skills passport into a meaningful and effective mechanism for workers to transition from oil and gas into other industries? What is the correct role for industry and government to make this happen?

OEUK and Renewables UK launched the Energy Skills passport on 21 January 2025 alongside the trade unions who were central to delivery. We are now working in partnership with the Office for Clean Energy Jobs to expand the Energy Skills Passport to cover broader energy skills as part of the Industrial Strategy.

The skills passport should remain an industry led effort, with government supporting this effort by recognising its role in supporting a mobile integrated energy workforce.

Question 4b: What can we do to further support specific local communities that are heavily reliant on oil and gas through the transition?

As referenced it is recognised that oil and gas from the North Sea will be used for decades to come and by virtue of this recognition to protect and maintain the jobs for the current workforce should not be understated.

The oil and gas workforce has a footprint throughout the UK, from Shetland to Southampton. The impact of policy to accelerate the unwinding of the oil and gas sector will impact communities across the UK. Prioritising a homegrown energy transition is essential for a transition that leaves no individual, community or sector behind plus the diversity of the current workforce and communities. Certainty in the future activity in the UK, across the energy landscape is essential.

Question 4c: Are you aware of any examples of successful collaborations between regions or sectors that could serve as a model for facilitating worker transitions?

There are many examples¹⁰ & ¹¹ of successful collaborations across the UK between academia, industry and regional approaches to support the development of skills that should continue to be prioritised.

The nationwide initiative to identify skills needs is the Energy Skills Passport, supported by the Office for Clean Jobs and Scottish Government. The ECITB, GWO, ORE Catapult partnership has witnessed the launch of a new cross-skilling programme to support worker transferability between oil & gas and wind operations and maintenance. The joined-up approach across devolved nations is important to amplify good regional initiatives such as Catch's Skills and Apprenticeships Centre¹². The OEUK Energy Industry Skills Landscape Study 2024¹³ provides the following recommendations:

- Meaningful skills investment tends to emerge most successfully when there is a beginning (strategy and funding), a middle (training/reskilling) and an end (gainful employment), supported by collaborative parties who are committed to a joined up and coordinated approach throughout.
- Funding is critical to sustain an initiative but the value of building relationships to support a joined-up approach to skills development should not be underestimated.
- Tracking approved projects and the intended timeframes of them, with a view to identifying volume, location and type of skills sets required to support activity, could serve as useful tangible action to aid workforce planning.
- More emphasis on measuring the impact of a skills initiative through tracking the sustained longer-term benefits and ultimately how it supports an individual into gainful employment will help to ensure legitimate return on investment.

However, the impact of the poorly managed transition and government policies that framed the closure of the coal industry in the UK must be considered in the context of jobs losses, community impact and the loss of a strategic asset.

Question 5a: We would welcome any evidence you can share on any of the barriers mentioned in this section (pay, geography, policy uncertainty, employer incentive to support retraining, aging workforce).

Independent studies highlight potential salary differentials between professional and vocational jobs and between oil and gas and adjacent energy sectors. In some cases, these differences are reducing as sectors increase their needs for skilled resources, but this will take time and be reliant on projects gaining approvals.

There is potential for workers and communities to benefit from future opportunities and growth in new sectors however this must be done in a managed way. The successful path for the UK is one that recognises the role of both oil and gas plus renewables and not one versus the other to

¹⁰ [Apprenticeships in Energy - Aptus](#)

¹¹ [North Sea Transition Deal](#)

¹² [MPs open £1.5m Humber training facility that will bridge green skills gap - Business Live](#)

¹³ [Energy Industry Skills Landscape Study 2024 | Offshore Energies UK \(OEUK\)](#)

deliver an integrated energy system that can respond to the UK's needs. This will be underpinned by certainty in policy decisions and rebuilding investor confidence to unlock investment across the energy landscape.

Question 5b: What, if any, additional barriers not already mentioned in this section are you aware of?

Question 5c: What do you think could be done to improve the pay and standards of the clean energy sector and help ensure a proper role for trade unions?

(Grouped response)

The UK oil and gas sector has an existing collective bargaining agreement, the Energy Services Agreement (ESA) developed through collaboration between employer signatories, trade unions, and workforce representatives.

The ESA covers fair, equitable, and transparent minimum base rates of pay, related allowances, working hours, and holiday entitlement across energy services companies. It ensures that terms of employment are no less than the minimum standards set within the agreement

It aims to future-proof the UK Continental Shelf's energy industry as it transitions to a net-zero environment, by establishing minimum employment standards for supply chain companies.

The ESA should be used as an example and model of union, industry and government joint working.

Question 6: How can we enhance diversity within the sector? In your response, please consider the role of external organisations (such as employers and trade unions) and detail which group or persons this intervention would benefit.

OEUK members place value and emphasis on enhancing diversity – to attract and retain talent, the sector needs to ensure it is also an inclusive and appealing place to work and therefore a sustained focus on diversity and inclusion in the workplace is vital. This was recognised by our sector's commitment in the North Sea Transition Deal (NSTD) signed by industry and UKG in 2021.

Since reporting began the average gender pay-gap for our sector has narrowed by almost 7% percentage points, compared to 2.3% across all UK companies.

Men and women in top pay quartiles: On average, men hold 77% of these positions, while women hold 23%. These numbers have improved by 4% since the start of the recording period, reflecting the positive impact being made as a result of efforts to increase the number of women in senior leadership roles.

Government should ensure that good practices are championed across energy sectors. The sector continues to engage proactively with trade unions and other interested parties.

Question 7a: Which parts of the oil and gas industry supply chain do you think will be most affected by the transition, and what impacts will it have on the workers within those businesses?

Question 7b: What potential barriers exist for current oil and gas supply chains to transition to alternative sectors?

Question 7c: What additional measures can we take to support these supply chains during the transition

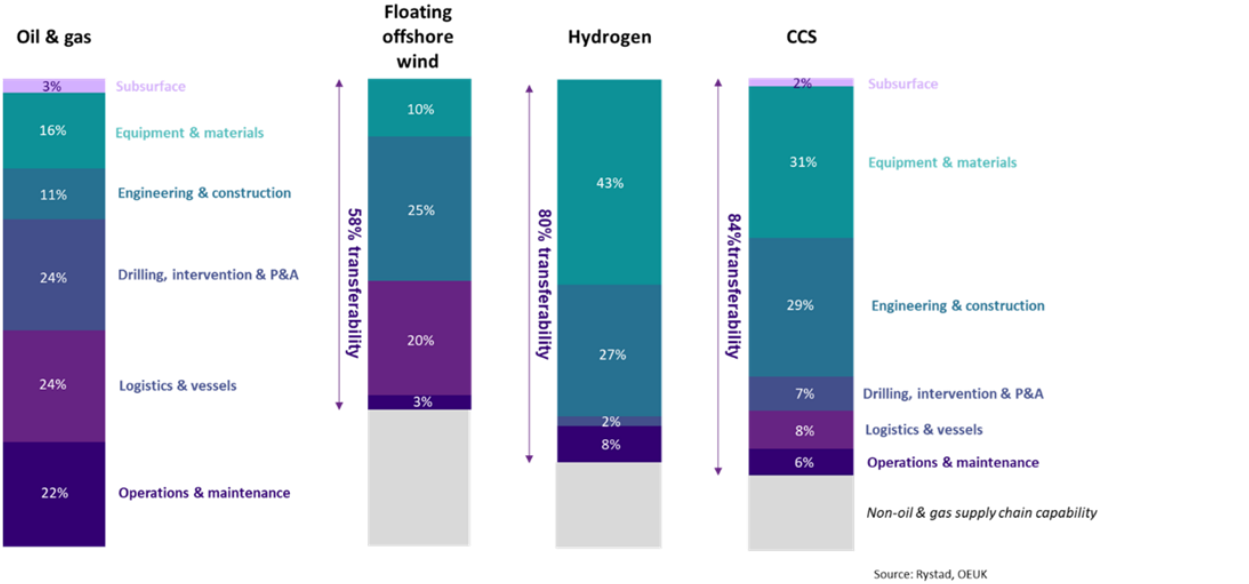
(Grouped response)

OEUK’s 2025 Supply Chain report highlights the extent to which the supply chain is already diversifying - 60% of supply chain companies state they are now active and gaining business revenues from offshore wind, hydrogen or CCS. However, these new energy sectors are not yet self-sustaining - business revenues from the renewables and CCS sectors represent a relatively low proportion with most stating that offshore wind, carbon capture and storage and hydrogen make up between zero and a fifth of their organisation’s turnover. A significant proportion of supply chain company revenues are from the oil and gas sector. Furthermore, the production decline in a mature basin is making it harder for the oil and gas supply chain to find work here in the UK; the OEUK Supply Chain report highlights that 9 out of every 10 offshore energy firms see more attractive opportunities to grow their business overseas.

Question 7d: What are the current existing key strengths in the UK supply chains for these sectors?

A detailed assessment of the strengths of the UK oil and gas supply chain for opportunities in new energy sectors was conducted in 2024. [Rystad Energy’s energy supply chain report shows potential prize for the UK | Offshore Energies UK \(OEUK\)](#)¹⁴. The report published by Rystad Energy shows the oil and gas sector’s supply chain possesses between 60 to 80% of the capabilities required to develop the UK’s low carbon energies, but targeted investment is vital to capture the potential of an estimated £165 billion opportunity. Weakening these strengths today will mean jeopardising the energy goals of tomorrow, as shown in the capability overlap graph below.

Figure 1: Supply chain transferability to other energies, source Rystad



¹⁴ OEUK [Rystad Energy’s energy supply chain report shows potential prize for the UK | Offshore Energies UK \(OEUK\)](#)

Question 7e: Do you think that UK supply chain companies will be competitive in accessing growing clean energy sectors in the North Sea? What role can government play in supporting them?

According to a report written by Rystad Energy for Offshore Energies UK in April 2024, our existing offshore energy supply chain has an overlap capacity of 60 to 80% for new energy project delivery, including hydrogen, Offshore Wind, CCS and Floating Offshore Wind, with the latter two highlighted as the highest cross-over potential. This position is instrumental to helping the UK deliver on its net zero objectives at a time where a global race to decarbonisation and a fierce struggle for availability of technology and resources is ongoing.

Rystad Energy 2024 supply chain report highlights the significant, accessible export opportunities for the integrated energy supply chain in hydrogen, CCS and wind – Rystad estimates large accessible markets for hydrogen and CCS with accumulated spend reaching £590 and £470 billion between 2024 and 2040, 5-6 times the floating offshore wind market at £100 billion. The potential export market for design and engineering services, where UK holds significant capabilities, totals £125 billion across the three new energy sectors over this period.

Through partnership across governments and industry, the UK can create an internationally competitive business environment with stable and predictable fiscal regime, efficient and transparent regulatory processes, and best practice embedded across industry.

OEUK 2024 Supply Chain Champion report¹⁵ highlights that there is not only a technology-rich supply chain in the UK which underpins the oil and gas industry but also the significant and broad relevance of the oil and gas supply chain's solutions to our net zero ambitions is better defined. Building on the highly relevant solutions developed for the oil and gas sector will enable us to make faster progress towards the UK's clean energy ambition. Equally important is the proven credibility of this industrial strength in globally competitive markets.

Promotion - The UK's oil and gas supply chain's capabilities and their relevance to the broader energy sectors are not well understood and the UK government no longer provides overseas support for companies operating in oil and gas. Other countries, notably Norway, are successfully marketing their supply-chain capabilities globally. A more effective approach for the UK should be considered when energy supply chains are in transition.

Prioritisation - There are limited funds available in the UK to build industrial strength for the energy transition underway. The oil and gas supply chain is a highly efficient, well integrated ecosystem where funding support could quickly permeate, creating quick and effective value growth. Focussed investment in proven and highly relevant solutions would ensure more efficient use of funding and further de-risks renewable energy projects. This in turn has the potential to attract cheaper capital and inward investment to deliver a faster return on investment.

Pace - Given uncertainties in the scale and timing of renewable energy and a declining oil and gas industry, the supply-chain opportunity will be most easily realised with early support from government and industry. For a supply chain well versed in competing in international markets, the support can be broad based, light of touch and for a relatively short duration, drawing on established governance and delivery models for a faster ramp-up.

Measures to support the UK supply chain to be competitive in accessing growing clean energy sectors:

¹⁵ [NSTD Supply Chain Champion Report 2024 | Offshore Energies UK \(OEUK\)](#)

- Recognise the importance of continued investment in UK oil and gas. The UK oil and gas supply chain is investing in future opportunities in the UK's integrated energy future. Recent data confirmed that around 60% of UK oil and gas supply chain companies are already diversifying into offshore wind, hydrogen and carbon capture and storage but business revenues from renewables and CCS still represent a relatively low proportion as they make up between zero and a fifth of their turnover.
- Build supply chain confidence to invest and retain resources in the UK, purchasing organisations must provide more visibility of confirmed upcoming work scopes. Industry should continue to strengthen its commitment to driving earlier, more open, strategic engagement between operators, developers and major contractors with the supply chain.
- Deliver an internationally competitive business environment. A stable and predictable environment to invest in the UK underpins a successful Industrial Strategy.
- Announce a clear long term funding envelope to unlock private sector investment: With the right investment environment, UK offshore energy companies could invest £200 billion to support the UK to reach 50GW of wind, 10GW of hydrogen, contribute to UK oil and gas demand, and deliver at least 4 CCS clusters by 2030.
- Collaborative procurement practices and contractual arrangements across the economy. The UK oil and gas sector follow the OEUK Supply Chain Principles which were written by industry for industry to describe what good procurement practice looks like. The principles capture the need for risk and reward to be bourn appropriately, dealing with disputes, early engagement with the supply chain, prompt payment.
- Accelerate new energy projects through alliance contracting. Alliance contracts facilitate early supply chain engagement and have demonstrated to improve cost certainty and efficiency.

Question 7f: What key export opportunities do you anticipate will be open to the UK supply chain, as a result of the development of clean energy sectors in the North Sea?

The Rystad Report on the capability of the UK oil and gas supply chain, identified that with the right investment environment, the UK's offshore energy supply chain could benefit from a significant global export market in CCS, offshore floating wind and hydrogen.

For hydrogen the accumulated forecast spend is around £590 billion and £470 billion for CCS between 2024 and 2040, representing much larger markets than those for Floating Offshore Wind market, which is valued at £100 billion.

The supply chain also possesses significant design and engineering capabilities which, if invested in, could benefit from £125 billion of export opportunities over the same period.

This is against the backdrop of recognising that the OEUK's Supply Chain Report 2025¹⁶ identified that from 75% of the companies sampled said that the majority of their revenues currently come from the upstream oil and gas sector.

¹⁶ OEUK [Supply Chain Report 2025 | Offshore Energies UK \(OEUK\)](#)

Question 7g: Where do you see the main opportunities in a) offshore wind b) floating offshore wind, c) CCUS (T&S) d) hydrogen e) decommissioning for the oil and gas supply chain?

The potential export market for design and engineering services, where UK holds significant capabilities, totals £125 billion across the three new energy sectors over this period. However, without certainty in short term activity the supply chain will leave, and we will lose this potential.

The supply chain also is already working across the spectrum of decommissioning (all 11 elements of the decommissioning work breakdown structure (WBS) which continues to present a broad range of opportunities now and in the future.

The annual decommissioning spend is estimated to be £2 billion per year for the next 10 years, as outlined in OEUK's Decommissioning Report 2024¹⁷, and although this is a positive it falls a long way short of the average annual capital expenditure (CAPEX) spend of £6 billion per year. The difference between CAPEX and decommissioning expenditure will impact both the supply chain and jobs.

The UK's oil and gas supply chain has significant capabilities within several of the key supply chain segments, including:

- Subsea installation and survey
- Maintenance and integrity of offshore infrastructures
- Drilling rigs and equipment
- Subsea production systems (SPS) and subsea umbilical
- Subsea risers and flowlines (SURF)
- Project engineering
- Subsurface expertise

Question 8: How can we improve our understanding of the interconnected basin, including its opportunities and risks? Do you have any evidence you can share about this?

The UK Continental Shelf hosts one of the highest concentrations of offshore energy infrastructure in the world, each play a vital role in supporting energy security and the energy transition.

In a report recently published by Baringa, it was outlined that transforming the North Sea into an integrated hub that produces low-cost, high-value energy for the UK and its neighbours will be underpinned by capitalising on existing energy resources. Resilient, forward-looking industrial and economic policy must be underpinned by an integrated energy system that ensures consumers and businesses have access to reliable, affordable energy. The UK must leverage all available energy sources to create a flexible system that can respond to domestic demand and position the UK competitively in global markets.

To support this, a holistic approach to offshore infrastructure, and related onshore infrastructure that coordinates the interaction across offshore energy activity will be key. The planning for co-located infrastructure must continue to be prioritised and considered as part of an integrated energy system that could include the co-use of grid, ports, and seabed space for both hydrocarbons and renewables.

The industry is in action already to support the interconnected basin and work to develop a coherent approach to spatial planning of the marine ecosystem, including the seabed, is one area

¹⁷ <https://oeuk.org.uk/product/decommissioning-report-2024/>

of development that should continue at pace to ensure a streamlined regulatory regime that avoids duplication.

A North Sea Mission Control with industry working in partnership across sectors with governments and regulators should be considered in the future plan for the North Sea. This proposal is supported in an assessment carried out by Baringa in partnership with OEUK members¹⁸. This is echoed in the report from the BCC North Sea Transition Taskforce¹⁹.

Question 9: How can we manage future oil and gas production from existing fields, in a way that accounts for the interdependencies across existing assets and supports an orderly transition across the basin? We would welcome examples of technical or commercial dependencies including timing-related considerations if relevant.

A decision to no longer offer future oil and gas licences will undermine existing fields and will lead to an acceleration of cessation of production across several assets and hubs as investors see the UK as a riskier place to invest.

OEUK are concerned an acceleration of the basin's decline through such a policy decision will risk critical infrastructure being taken offline earlier than planned which in turn would shut in further production creating a domino effect across the North Sea. In addition to losing volumes that could support energy security, this would also have a direct impact on the jobs supported, underlying supply chain and infrastructure ultimately increasing the cost of any future activity in relation to net-zero or low carbon opportunities.

The impact on investor confidence and ability to progress opportunities should a decision be made not to support future oil and gas activity by removing the opportunity of future licences should not be underestimated.

Question 10: How can decarbonisation projects or asset repurposing support an orderly transition of the basin, or vice versa? Please share any evidence to support your suggestions.

The UK is managing its journey to net zero through carbon budgets. The UK carbon budgets allow for the continued but declining use of oil and gas and includes an allowance for new oil and gas fields in UK waters. It also budgets for the use of oil and gas across the economy. As a result, new oil and gas licences need not undermine the UK's carbon budget.

The managed decarbonisation of the basin is something the sector signed up to in 2018 via the North Sea Transition Deal (NSTD), the first of many sectors in the UK to do so. It is essential that this is a managed decarbonisation, where we continue to meet UK demand of oil and gas, rather than achieving this by shutting down production.

Industry have reduced sector emissions by 28% since 2018 and is a clear example of how we can meet these targets whilst continuing to produce oil and gas.

In total, emissions from oil and gas production represent about 3% of the total UK emissions. The UK oil and gas industry is committed to reduce the total emissions associated with oil and gas production with clear targets of a 50% reduction by 2030 and be operationally net zero by 2050.

¹⁸ OEUK [Securing a cleaner and resilient future for the North Sea | Baringa](#)

¹⁹ British Chambers of Commerce [Securing the long-term future for North Sea energy production - British Chambers of Commerce](#)

The industry has already cut emissions by over a quarter as of the end of 2023. The industry's halving of methane emissions since 2018, and its focus on further reductions, including by addressing routine flaring, is a critical contribution to short and medium term climate goals.

Cutting the UK's overall greenhouse gas emissions lies in reducing demand for oil and gas. Cutting off domestic supplies before reducing domestic demand does nothing to reduce UK emissions and will result in increased imports leading to increased global emissions.

The UK will be dependant on CCUS to reach net zero for hard to abate emissions sector, oil and gas infrastructure will prove vital for the future of CCUS.

Question 11a: To what extent do you agree or disagree that this position on new licenses will support the UK to set a globally leading example in tackling climate change?

Question 11b: Is there anything else you think should be considered in the Government's definition of i) licensing and ii) new fields? What would be the case for doing so, including consideration of the commercial and environmental impacts

(Grouped response)

OEUK do not support the premise that no longer awarding future oil and gas licences is climate leadership.

The award of new licences is part of managing the UK basin and support for this provides a clear signal that investment in future oil and gas is welcomed by this government. Without access to new licences, investment in the basin will fall and the life of existing fields and assets will be shortened.

The UK will continue to need oil and gas as part of an integrated energy mix for decades to come and this decision will mean UK demand will be increasingly filled with carbon intensive LNG imports. For those working in the UK oil and gas sector, and more widely in industrial Britain, this is not a definition of climate leadership that is recognised.

The UK oil and gas sector working with government has demonstrated global climate leadership through the North Sea Transition Deal. Through this agreement, the oil and gas sector were the first major sector to commit to a 2050 net zero target. The sector has demonstrated leadership through tangible reductions and further plans to reach net zero targets.

- A 28% reduction in carbon dioxide emissions²⁰ associated with the production of domestic oil and gas since 2018 benchmark, this was achieved 4 years ahead of the North Sea Transition Deal target. This achievement was driven by operator investment and improvements with 70% of the 4.5 million tonnes of annual emission reduction due to operators reducing the carbon footprint across power generation, flaring, and venting.
- A 53% reduction in methane emissions associated with the production of domestic oil and gas since 2018 benchmark. This target has been achieved 7 years ahead schedule.
- The sector has supported the development of the UK's carbon storage sector, with oil and gas operators. In total it is estimated that over £250 million in unlocking the carbon storage potential for the United Kingdom.

²⁰ <https://oeuk.org.uk/product/emissions-reduction-report-2024/>

- The sector has been proactive in enabling the UK oil and gas supply chain to develop the capacity to invest in the broader energy transition. Over 60% of the supply chain companies working in oil and gas are now active in the other areas of the energy transition.

The Climate Change Committee (CCC) estimate the UK will require 13-15 billion barrels of oil and gas equivalent (boe) in the period 2025 to 2050 to meet its energy needs²¹ however the NSTA currently forecast the UK to produce only 4 billion barrels of oil and gas in the period 2025 to 2050²², less than one third of the balanced pathway forecast demand

This current NSTA forecast is reflective of the cumulative effect on the sector of the past 5 years including COVID-19, adverse fiscal policy decisions and regulatory uncertainty that undermined investment. Prior to 2020, the NSTA forecast production of 6.4 billion barrels the period 2025-2050, with a vision to produce 10.2 billion barrels in that period²³.

With continued support for the sector through existing licences, access to new licences, and a competitive fiscal and regulatory environment the UKCS could add a further 3 billion boe to what it is currently forecasted to produce. This would total 7 billion boe in the period 2025-2050²⁴. Any additional production through the award of new licences will reduce the level of imported energy and will remain within the 7th carbon budget. This would mean the UKCS could support half of the UK demand and add £165 billion of gross value in the UK economy.

UK oil and gas production is delivered at a lower carbon intensity than imports. The NSTA published analysis in July 2023 comparing the carbon intensity of producing United Kingdom Continental Shelf (UKCS) gas with importing liquefied natural gas (LNG). The analysis shows that the carbon intensity of producing gas domestically is on average almost four times lower compared with importing gas in LNG form. This is due to the energy intensive process of LNG production (liquefaction), transportation and regasification. By the very nature of liquefying natural gas and then regasifying it the process is always more carbon intensive and shipping is always more carbon intense than pipeline. The indirect element is the associated CO₂ from fields which may be higher than UKCS. This is because of both the way the gas is transferred and, in some cases, the methods of extraction. The analysis shows that gas extracted from the UKCS has an average production emissions intensity of 21 kgCO₂/boe; whereas imported LNG has a significantly higher average intensity of 79 kgCO₂/boe by the time it reaches the UK point of consumption.

By choosing to prioritise domestic production as part of an integrated energy system, rather than importing LNG to meet the demand for gas, this would reduce production emissions by an estimated 58 million tonnes of CO₂ over this period.

New projects developed in the UK consistently reduce the emissions intensity of the basin. The Ineos Pegasus West Development forecasts a carbon intensity of 3.5 kgCO₂e/boe ²⁵and the Equinor Rosebank²⁶ development estimates that the carbon intensity of the development with full electrification is estimated to be approximately 3 kgCO₂e/boe both of these developments will be produced at significantly lower levels than the basin average of 24 kgCO₂e/boe.

²¹Climate Change Committee <https://www.theccc.org.uk/publication/the-seventh-carbon-budget/>

²² NSTA March 2025 [Data and insights - Production and expenditure projections](#)

²³ NSTA March 2019 [Projections of UK Oil and Gas Production and Expenditure](#)

²⁴ OEUK March 2025 [Business Outlook Report 2025 | Offshore Energies UK \(OEUK\)](#)

²⁵ [Pegasus West ES.pdf](#)

²⁶ [Rosebank Environmental Statement - Final for Submission To OPRED Equinor 3rd August 2022.pdf](#)

These production hubs support the 30,000 people who currently work offshore. As a result of natural decline, a number of these hubs will cease production in coming years; however to manage the life of the remaining hubs access to licences that can result in tie-backs to deliver additional production.

For offshore installations, the majority of costs are largely fixed and independent of production volumes. In order to manage such hubs for their lifespan, it is necessary to add additional production through infill drilling, the tie-back of additional fields to ensure that the per barrel costs justify continued economic recovery.

Licences should be fit for purpose and be granted to fulfil the following purposes:

- Support existing hub delivery of lower emission intensity production from existing and new developments to maximise existing fields and their associated infrastructure offshore and onshore for through the full lifecycle.
- Access to previously licenced acreage or prospects, as appropriate to utilise existing known seismic and other relevant data sources to extend existing infrastructure.
- Address specific national interests such as; providing energy security, reducing imports, such as high emission LNG imports and support to the energy transitions.
- Provide additional flexibility for licences by adopting a pragmatic approach for the consideration of amendments to existing licences timelines as a result of uncertainty & instability in policy and fiscal changes.

Question 11c: Aside from oil and gas, are there any other sectors you think would be affected by these proposals? If yes, how would they be affected?

The UK's foundational industries encompass six sectors that produce core materials: cement, glass, ceramics, paper, metals, and bulk chemicals, which are vital for UK manufacturing and construction, collectively worth around £52 billion to the economy.

Products derived from the North Sea are essential feedstock for many industrial activities and would not be viable without a ready supply of natural gas. This includes facilities such as Stanlow oil refinery which currently provides 16% of all road transport fuels. Stanlow is also an anchor site for the Government's Hynet project producing hydrogen for large industrial sectors such as glass and chemicals. More broadly the region will be heavily reliant on CCS to support decarbonisation as it continues to use natural gas. CCS will not be scaled up without the existing expertise from the oil and gas sector.

In 2024 alone, North Sea oil and gas added more than £25bn to the UK economy. It supports more than 200,000 skilled jobs across the UK²⁷, including 90,000 in Scotland. For decades, the North Sea region has been a critical hub for hydrocarbon extraction. More recently, it's become the largest European deployer of offshore wind producing energy for domestic use and international exports whilst continuing to support our oil and gas needs.

Many of the companies investing in oil and gas, are the same companies investing in low carbon opportunities like CCS and hydrogen. The impact on confidence not awarding any further licences would have on these companies would have a ripple impact across the UK economy and the very companies we want to anchor in the UK to deliver on climate leadership.

At present the uncertainty in the UK is driving out supply chain resources, with example being the semi-submersible market, which is needed for oil and gas lifecycle work, including

²⁷ OEUK <https://oeuk.org.uk/product/economy-people-report-2024/>

decommissioning, however also fundamental to CCS. In 2017 there were 28 semi-submersible units available, and this figure is 8 today. The loss of this infrastructure risks increasing the cost of activity across the energy landscape.

These sectors are reliant on oil and gas and will continue to be so for many decades to come – these sectors provide the central pillars of the UK's manufacturing base and have a footprint across every part of the UK.

Question 11d: Do you anticipate any situations where additional targeted interventions might be needed or beneficial to support the government's climate and North Sea objectives? If so, what criteria or mechanism do you think should be used to determine whether such situations have arisen?

If the decision to not issue new licences to explore new fields is taken, there will be a direct impact in time on energy security, supply chain, infrastructure and the workforce that supports the activity.

To supplement a reduction in UK energy production, there will have to be an increase in carbon intensive LNG imports to meet demand. This may therefore need further revisions to UK carbon budgets. These imports are four times the carbon intensity of domestic production. Periods of increased LNG imports in the past have correlated to an increase in NBP gas prices, therefore further consideration will be needed in how this would be managed from a consumer perspective to ensure they do not end up paying significantly higher energy bills.

A reduction in domestic production, and an increase in imported products, will mean the UK is reliant on other regions to meet more of their demand. Changes in geopolitical pressures could see the UK demand under pressure and therefore increasing the cost of domestic bills as we compete with other regions also looking to supplement their demand which drives the price up.

Without certainty on activity, and the ramp-up in new opportunities in the energy landscape not materialising at the same pace, it is expected there will be an increased flight of capital, highly skilled people, supply chain and infrastructure to other regions. For the activity that continues in the UK, it is likely operational costs will increase as a premium is placed on the remaining resource. This could have a further detrimental impact on consumer energy prices and similarly lower margin low-carbon projects that require the same skill set.

200,000 direct, indirect and induced jobs are currently supported by the oil and gas sector with a footprint across the UK. Many of these regions spending power would be reduced if the workforce was lost to opportunities overseas due to decisions made in the UK and consideration around what further support mechanisms would be required there is important to be considered.

Question 12a: What, if any, impact do you think these policy considerations could have on businesses? Please consider if small and micro and/or medium-sized businesses would be disproportionately affected.

Our supply chain is an integrated ecosystem encompassing operators and developers, manufacturers and service companies along with small to medium enterprises (SMEs) providing specialist capabilities. It's a supply chain which provides skills, services, innovation and materials to a community of operators and developers looking to develop homegrown energy at pace. They will design mooring systems, manufacture specialist valves, install high voltage subsea cables, maintain pipelines transporting energy and carbon and remove offshore structures.

While it possesses the skills, experience, and commitment to adapt, growing UK companies so they can be competitively equipped to lead the energy transition cannot be taken for granted. The UK energy supply chain is facing significant pressure, with this report finding a declining business environment for 40% of companies in the past year.

SMEs are seeing faster growth abroad and are choosing to expand capability elsewhere rather than in the UK. Tier 1 contractors are redeploying UK assets, and their workforce, to support other regions. These are not long-term sustainable strategies and increase the risk of businesses small and large exiting the UK permanently.

Hundreds of supply chain companies, crucial for the nation's energy future, rely on revenue from the oil and gas sector. The UK will continue to use oil and gas on its path to net zero by 2050. Prioritising domestic production over imports will safeguard these companies, ensuring their continued contribution to both energy security and the broader energy transition.

More specifically, a decrease in volume from the UKCS will also impact further sectors such as our chemicals industry that continue to produce products in the UK essential to our economy.

Question 12b: What, if any, impact do you think these policy considerations could have for individuals with protected characteristics? If there are negative impacts, what potential mitigations could be explored?

A people-centric approach must be taken when considering any policy changes and diverse workforce must continue to be a priority. Policies outlined in the consultation will have an impact at regional and national level, therefore must be closely considered and ensure a pragmatic approach prevails.

Question 13a: Which of the following options for revising the principal objectives, if any, do you prefer?

Question 13b: Please share your rationale for your answer to question 13a. If you prefer the introduction of a revised single principal objective, or the introduction of sub-objectives or multiple primary objectives, please outline what you think the objective(s) should cover.

(Grouped response)

Maximising the expected net value of economically recoverable oil and gas from relevant UK waters is not incompatible with net-zero and the UK's climate leadership ambitions. It remains a fundamental pillar to support UK energy security and retain critical infrastructure. The NSTA must retain a principle objective of supporting this as the primary regulator for oil and gas production in the UK.

The UK will continue to need oil and gas for decades, as part of an integrated energy system to support UK demand as outlined by the Climate Change Committee. At the same time, many of the companies in our sector will also be supporting the expansion of renewables and low carbon technologies to support the decarbonisation of our economy. All of this activity can work in tandem however there must be efficiently resourced regulators and avoid duplication across the energy-landscape.

Therefore, the current objectives of the NSTA to enable further oil and gas production as a principle objective must be retained.

Any further revisions of power must consider existing or new frameworks of Government to minimise duplication and promote investor confidence who continue to look for transparent and appropriate regulatory environments when comparing the UK to other regions.

Question 14a: What are your views on the ideas for reforms to the NSTA's powers considered above?

Question 14b: In addition to those explored above, are there any other areas of the NSTA's powers which could benefit from reforms?

(Grouped response)

The powers of the NSTA must continue to support domestic oil and gas production (maximising economic recovery (MER)) as its principle objective, continuing to prioritise domestic production to support energy security and grow the economy.

Given the focus to rebuild investor confidence across the UK economy departmental spending allocated in the comprehensive spending review (CSR) and beyond should prioritise efficiently resourced government departments and regulators to progress activities at pace as the UK continues to compete internationally for resource, capital and assets.

Any allocations for new powers should prioritise adding value and partnership working with Government and industry. This will be key to avoid duplicating or competing for resource with other departments.

Stable oil and gas activity continues to be an engine room for many companies investing in low carbon and renewable opportunities. This position must be embedded and supported across all departments and regulators, alongside the acceleration of renewable energy.