

**Oil and Gas and Energy Transition Strategic Leadership Group**  
**Minute of Meeting**  
**Tuesday 10 March 2020, 08:00 – 11:30**  
**Park Inn by Radisson, Aberdeen**

---

**Confirmed Attendees**

- Minister for Energy, Connectivity and the Islands
- Melfort Campbell, Co-chair
- Andy McDonald – SE
- Andy Samuels – OGA
- Ariel Flores - BP
- Arne Gürtner – Equinor
- Audrey MacIver – HIE
- Colette Cohen – OGTC
- Gareth Wynn is attending for Deirdre Michie – OGUK
- Grahame Smith – STUC
- Jake Molloy – RMT
- Jenny McDonald is attending for Gordon McGuinness - SDS
- Jill Glennie is attending for John McDonald - OPITO
- Jim Savege – Aberdeenshire Council
- John Boland – Unite
- Mike Smith, NECCUS
- Murdo MacIver – Peterson
- Neil Gordon – Subsea UK
- Paul De Leeuw – RGU
- Richard Knox – EC-OG
- Sian Lloyd-Rees – Aker Solutions
- Simon Slater is attending for David Brooks – Ineos
- Steve Phimister - Shell
- Terry Savage – Global Energy
- Trevor Garlick – ONE

**Observers**

- Kevin Taylor – SE
- Margo Maciver – Scottish Government

**Guest**

- Andrew McCallum – Aspect Reputation Management
- Andy Hogg - Scottish Government
- Angus Reid - Costain
- Anson Bartlett - Halliburton
- Matthew Barnett, CNOOC International – FILP Member
- Stuart Duncanson - Doosan
- Stuart Young - ABB

**Apologies**

- George Boyne - University of Aberdeen
- Nigel Lees – Wood Group
- Peter Black – EnergySYS
- Phil Simons – Subsea

**Secretariat**

- Linsey Wilson - Scottish Government

## 1. Welcome, apologies and actions, Melfort Campbell

- Welcome, thanks, apologies noted above. Special welcome was made to the invited guests present to participate in this meeting.
- Previous minutes from ILG on 10 December 2019 approved with actions completed.
- STUC highlighted two changes that were required to the ToR, acknowledging the role of Fair Work and future union representation. STUC agreed to provide relevant text to the SLG Secretariat.
  - **Action 1.1 – STUC – Revised text to be provided on the ToR acknowledging the role of Fair Work and future union representation to be provided to SLG Secretariat.**

## 2. Ministerial update

- Acknowledged that this was the first meeting of the SLG this year and welcomed Matthew Barnett from CNOOC International to the meeting who is representing the Future Industry Leaders Programme.
- Welcome Mike Smith, Chief Executive of NECCUS to the group, recognising the vital role that CCS will play in the energy landscape, along with that of NECCUS, going forward.
- The Minister highlighted the Just Transition Commission Interim report. As the pace of our transition increases the need to ensure our transition is just becomes ever more important. The Minister made reference to the accompanying questions that the group should consider on the interim report noting that it was important that this group supports the ongoing transition to a net zero, and embracing the opportunities created.
- Recognised the recent Subsea UK 'Into the Blue' report which demonstrated the role that the sector can play in underwater engineering, with the report quoting the creation of almost 9,000 jobs over the next three years.
- The Minister made reference to the sector's concerns over COVID-19 and noted that it would be helpful to understand, towards the end of the meeting, what concerns industry and the workforce may have and to share how Government is responding.

### Commentary

- Jake commented on the findings of the figures within the *Into the Blue* report, noting that the number of jobs created doesn't balance with the messaging that the unions are receiving from the sector itself. Trevor noted that this work is supporting the messaging within the industry's proposal for a Global Underwater Hub. Paul noted that RGU are undertaking a piece of work which is looking at how many jobs within the sector are transferable and noted that there are a number of caveats when looking at the category of subsea.

## 3. Oil and Gas, and Energy Transition SLG

- The Minister acknowledged discussions in the previous meeting on the Terms of Reference and the commitment made for the SLG to consider its communication role and strategy with an update to be provided to the meeting today.
- The Minister looked ahead to the June meeting, where there should be a focus on industry's progress on reaching Net Zero with the suggestion of the group taking a key role in challenging the action that has taken place on Roadmap 2035.

- Welcomed Andrew McCallum of Aspect Management Reputation who has been commissioned to articulate the SLG's narrative and propose the SLG engagement strategy who will facilitate this session.
- Andrew introduced the brief which was to deliver a proactive communication and engagement programme to shape and underpin the SLG's priorities, demonstrate leadership and share successes.
- Andrew provided an overview of the feedback received from members, and was interested to draw in other reflections from the room. Both Colette and Gareth raised the question of the rationale for the SLG to have an external communication function given the other voices already in this sphere.
- Comments were also received on the following areas:
  - Further clarity required on who is involved in what activity and clarity on who is delivering what message.
  - In terms of the industry's messaging, the sector needs to have a degree of honesty required in terms of what the industry has contributed not just to the economy but its impact on communities – it has not always been progressive.
  - Further work to be carried out on the education messaging piece.
  - Concern around the size of the group becoming too large resulting in unwieldy agendas and a lack of strategic discussion / direction.
- The Minister commented that it was clear that the SLG would not be an extra voice in the landscape but there existed a space for the group to contribute on the opportunities of diversification, and a role for the group to ensure a tailored approach to supporting the sector across government and its public sector agencies. This group should be a key conduit for taking messages from the sector direct to SAAB.
- The Minister commented that it was not clear that industry had a narrative which would be particularly helpful to the wider public, and that there had been a lack of visibility on a strong industry narrative that should ideally be based on the pillars within Roadmap 2035. Gareth commented that there is work in progress in terms of engaging with the wider public however OGUK have started a project which will develop and influence the perception of the industry. Noting that the SLG will have a role in helping to inform that. Questions were also raised on the progress and visibility of Roadmap 2035 with Gareth agreeing to provide an update at the next meeting.
  - **Action 2.1 – OGUK to provide an update on the progress and achievements of Roadmap 2035 at the June meeting.**
- From the wide ranging discussion it was agreed that the key objectives of the group and its narrative are to:
  - Inform and shape government policy
  - Drive awareness and action of the industry
- These will be informed around the following 3 pillars:
  - SLG to alert Government to key activities in the sector that either a) it needs to be aware of / take action and b) action that industry itself needs to take forward;
  - Ensure retention of the unique makeup of the group to discuss strategic action, particularly where there may be barriers to activity
  - Consistent balanced messaging of the industry's narrative, with all members responsible for understanding and sharing that messaging externally;

- **Action 2.2 – Aspect Management – To carry out further engagement over the next 2 weeks on the agreed revised approach on communication strategy and narrative, and share with the group.**

#### **4. CCS and NECCUS**

- The Minister introduced Mike Smith Chief Executive of NECCUS (North East Carbon Capture and Utilisation and Storage) to provide an overview of the newly created organisation and the opportunities for CCS in Scotland.
- The group is an advocate for CCUS and Hydrogen, as the two are inherently linked, it aims to represent Scotland's industrial voice in decarbonisation matters, supporting a just energy transition.
- An overview was provided on Scotland's Industrial Emissions, where there are notable concentrations in the central belt and Grangemouth, along with St Fergus and Peterhead. These locations are going to be the initial focus areas for the group.
- Mike noted that Scotland has a huge offshore storage potential and that there is now a great opportunity to move forward quickly on storage solutions, particularly as Scotland has access to a vast amount of data and certainty on potential storage options.
- Mike looked at the opportunities of creating a Scottish industrial cluster value chain, though noted that this was highly speculative and caveated. However Scotland has the necessary infrastructure that could provide opportunities for Norway.
- An update was provided on the Acorn CCS Project, which is currently the only licensed CCS store in the UK. This is a significant project for Scotland, whilst starting off small, the infrastructure will be put in place which can be scaled up over time. Acorn could be sanctioned at the end of 2021, though Mike cautioned that this will only happen if a support regulatory and fiscal framework is in place, with carbon captured in 2024. NECCUS is looking to encourage other North Sea facing countries to work with Scotland in terms of shipping infrastructure as this is viewed as a long term opportunity.
- There are a number of challenges and opportunities within CCS, however it is clear that the clusters need to work together rather than in competition with each other. Mike noted that the oil and gas sector needs to be encouraged to move beyond Scope 1 emissions and that they need to take on directly the challenge of Scope 3 emissions, and how some of the investments in Scope 1 could be better refocused on the opportunity in the Scope 3 space.

#### **Commentary**

- Steve noted that there was a recognition of the work of the Acorn venture, which is pressing ahead at pace. In terms of emissions, Steve was cognisant of Scope 1 and Scope 3 and the interplay between them. Gareth commented that OGUK are continuing to lobby UK Government to support all CCUS projects and to deliver the right commercial and regulatory frameworks. The Minister commented that Transport Scotland are looking at the fuel requirements for ferries and that there could be some synergies in this area with ammonia.
- Colette noted that the cost around CCUS projects, the cost profile needs to be changed, the industry needs to ask how carbon sequestering can be done but at lower

costs. A more agile approach is needed, particularly to change the way that we approach investment.

- The Minister noted that he had further questions to ask Mike, and that the group may also have additional points to raise. If this was the case, then additional questions should be shared with the SLG Secretariat.
  - **Action 4.1 – The SLG to provide any further questions on CCS / NECCUS to the Secretariat on further areas of interest, with an update paper provided ahead of the next meeting.**
- Trevor questioned if there was a role for this group in delivering and reinforcing key messages, particularly if there is perceived barriers and challenges in certain areas. The Minister noted that he would be speaking shortly with the Minister for Business, Energy and Clean Growth Kwasi Karteng MP, and that it would be helpful to know the key areas that industry would want raised on the call. Gareth responded that it would be useful to have support on the following areas: the oil and gas sector deal, UK Energy White paper, and calling for the accelerating the development of CCS and Hydrogen.

## 5. Supply Chain

- Melfort noted that the supply chain sub group meeting was postponed ahead of a recent meeting with supply chain organised by the OGA. This meeting looked at the following concerns: late payments, access to capital, IP theft and contracts, development of new technologies and challenges around deployment, FPAL, burden of risk and contract terms and conditions, to name a few of the challenges.
- Andy noted that OGA now have a number of work streams underway to look at responding to some of these issues which have been raised. Commenting that many of these are historic issues which have not been able to be addressed previously.
- Melfort commented that the SLG Supply Chain Sub Group would work with the OGA in taking forward action in some of these areas.
  - **Action 5.1 - SLG Supply Chain Sub Group would work with the OGA on responding to some of the issues raised at the recent OGA meeting.**

## 6. Industry Support

- Andy McDonald provided an update on the activity carried out by the enterprise and skills agencies, commenting that David Rennie has now moved to SDI as Director of Energy Transition Exports, and is focused on trying to broaden some of the international export opportunities in this area.

## 7. Fair Work

- The Minister commented on the recent UNITE report which was circulated ahead of the meeting. John commented that the reports were carried out to get a view from the workforce on health and safety, stability of employment and the impact on mental

health as all of these areas are intricately linked. This was one of the reasons for leaving personal comments in the report to demonstrate impact.

- Grahame commented that this was a significant piece of work by UNITE, with discussions ongoing with OGUK and its positioning within Roadmap 2035, to meet the people and skills strand. Grahame referred back to the point made in the December meeting about including a stronger Fair Work dimension to the meeting. This is particularly relevant in terms of how the Fair Work framework can be used by the industry. It is critical that we don't want to see a situation arise where workers are facing significant disadvantage or indeed are forced into behaviours that are counterproductive in terms of wider public health. Gareth acknowledged these as important points where OGUK want to ensure that these are addressed in an appropriate way with the industry.
- The Minister noted that this was a good idea to have a discussion on the framework, and to decide on a way on how some of these points can be taken forward, noting that June is the next expected meeting date, which potentially could be at the height of the COVID-19 outbreak, though it may be that the meeting takes place in a different format.
- Jake noted that this is a pivotal year for the energy sector, particularly in terms of responding to the industrial relations landscape that the sector exists in. It is challenging for the trade unions to promote the positive work that industry is doing given the impacts on terms and conditions. It is critical that the industrial relations landscape started to create the foundations to work to deliver on everything else that the industry is taking forward.
  - **Action 7.1 - SLG / OGA / OGUK / STUC – Secretariat to discuss with key stakeholders around format and structure over the planned Fair Work session for the June meeting.**

## 8. AOB

### COVID-19 and Oil Price

- Jill provided an update on OPITOs response to COVID-19 on issues in relation to refresher training and are finalising a policy where offshore workers are either ill, in self-isolation, or for example the closure of a training centre. This will be finalised in the next few days where delegates and employers can ask for certification extension. OPITO will then be able to update VANTAGE manually. OPITO are supporting the training providers but it is a business decision for those companies if they decide to close their doors.
- Gareth added that from an industry point of the view the PCP guidance has been shared with industry but the key issue that now needs to be resolved is what happens when there is a confirmed case in an offshore facility. How is this dealt with in terms of bringing people back to shore in a safe manner that minimises the risk of onward transmission and in terms of carrying out quarantine and testing on the facility. A further discussion will take place today between industry and helicopter operators and CAA to discuss this further and to agree guidance in the event of this happening. This will take place at the OGUK Board meeting. The Minister requested an update from this meeting to be shared with the group which will also be shared with SGorRR within Scottish Government.

- **Action 8.1 - The Minister requested an update from the OGUK Board meeting to be shared with the group, also to be shared with SGorRR within Scottish Government.**
- Steve commented that there are extensive preventative measures already in place across the sector. In terms of those who operate gas plants on shore, these are being treated as offshore installations in terms of prevention. The Minister reiterated the retain delay strategy which has been adopted by Government to try and contain and manage the outbreak which will manage the pressures on the health sector.
- Jake raised concerns around the planned summer shutdown and the impact of COVID-19, this needs a critical analysis to be carried out to ensure that we have the people and equipment in the right place at the right time. Simon commented that INEOS are actively managing this risk, with a number of risk assessments in place in terms of managing business continuity.
- Steve noted that this was also on the agenda on the OGUK Board meeting that will take place tomorrow. The Minister noted that it would be useful to have feedback from that discussion if there are any additional requirement or asks from Government.
  - **Action 8.2 - OGUK - The Minister noted that it would be useful to have feedback from the OGUK Board in terms of the sector's resilience and contingency planning.**
- Andy noted that more broadly again that, as this group was derived from the EJTF taskforce, created through the drop in oil price, there was a recognition that the sector would likely re-enter a similar landscape quite rapidly. Gareth noted that it was on the agenda for discussion. The Minister asked if there are any immediate thoughts or questions that the group wanted to raise, or any issues that were impacting companies around the table particularly if there is a role for Government to consider if any assistance is available.
  - **Action 8.3 - SLG – If there are key areas of concern / issues that are impacting companies then these should be shared with the SLG Secretariat.**
- Paul noted that we are entering a dynamic landscape in terms of the falling oil price but there is also the consideration of the gas price – we need to keep in mind that the dynamics have shifted quite heavily. For the first time we are now seeing a supply overhang and a price crunch, with the recognition that this could shift again depending on actions taken in international markets.
- John noted that there was not enough information being shared with the workforce on COVID-19 and the implications of the oil price which is leading to uncertainty. The minister asked the group what the key forum should be for sharing this information with the broader sector and workforce. Gareth noted that this was a key element of the Board discussions tomorrow and from that industry will understand better where the industry's view is, and on the back of that we will be able to provide understand and reassurance where we can.

- Grahame raised the question of the unions' involvement sharing and agreeing a consistent message as opposed to potentially the creation of two conflicting messaging which would not be helpful. It is a common message that should be created. There should also be an indication of expectation from the industry about what it expects in these circumstances
  - **Action 8.4 - OGUK – To share an update of the industry's narrative from the recent OGUK Board discussions with the unions and to have a further conversation with the unions to agree a consistent messaging approach.**
- Colette noted we also need to consider guidance to our own teams onshore. Everyone should think about this given the changing landscape. The Minister noted that this is something that the Scottish Government is already engaging in, this may also help to lock in different behaviours for example reducing travel. If there are any requests or concerns that the group may have on any of the issues discussed at the meeting then please share these with the Secretariat.
  - **Action 8.5 - SLG – To consider and share any further requests for further information or concerns on any of the topics discussed during the meeting.**
- Finally the Minister raised the Marine Nature Fund, highlighting its benefit to the sector. The Fund itself is progressing well but a cross sectoral approach is required therefore it would be helpful to have representation from this sector on the group to consider the principles of this fund.
  - **Action 8.6 - SLG – To consider acting as an industry representative for the ongoing development of the Marine Nature Fund. Contacts should be submitted to SLG Secretariat.**
- The Minister thanked the group for their time and contributions to the discussion.

**Close.**