

Aberdeen & Grampian Chamber of Commerce

Energy Transition

35th Survey



Aberdeen &
Grampian
Chamber of
Commerce



Research
Chamber

This long-running survey has followed Scotland's energy sector through good times and bad, but never in its 35 editions has so much changed so quickly.



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Sponsor forewords



Building on over a decade of research into the Oil & Gas sector, this landmark 35th survey has been conducted by the Aberdeen & Grampian Chamber of Commerce (AGCC) in partnership with the Fraser of Allander Institute, ETZ and KPMG UK.

The latest findings are published as the industry faces an important test: does the industry have the resolve to maintain focus on the energy transition, despite demand for Oil & Gas growing?

Renewed interest in, and reliance on, the sector can be put down to two major changes which have happened since our last survey. The first is the rebound of energy demand as the global economies reopen, which has driven gas prices to record highs. The second is the war in Ukraine and sanctions on Russia's energy exports which Europe has been reliant on for years.

The industry is in a different place compared to six months ago when COP26 took place in Glasgow. As global leaders visited Scotland, many felt we were witnessing a symbolic shift towards collective agreement that the transition away from reliance on Oil & Gas needed to happen more quickly and be more strategic.

This survey was conducted during the post-COP26 period where that rhetoric around transition has, at times, risked being trumped by the need to deal with rising energy prices, the cost-of-living crisis, supply chain issues and, of course, maintaining energy security.

Oil & Gas producers, and companies in the supply chain, are in a strong position. Confidence is high, despite ongoing discussions around a possible windfall tax.

As you'll read, the sector has seen the value of work across the United Kingdom Continental Shelf (UKCS) grow versus last year, particularly in production, and it believes that revenues will continue to rise in 2023. Headcounts are also forecast to rise even further next year and there is consensus that confidence in the UKCS has well and truly bounced back.

But the perennial issue of climate change is not going away and change must continue to happen. The industry is leading on that, and understands it has the potential to grow Scotland's economy and be a driving force in facilitating the transition to a lower-carbon economy and a net zero future. The test facing firms now is how firmly to keep the pedal pressed to the floor on the journey to net-zero.

The direction of travel is clear amongst Oil & Gas firms. They are expecting their businesses to transform substantially and at pace across the next decade. The firms we surveyed predict that, on average, the share of their business outside of Oil & Gas will jump to 50% by 2030. With growing demand to support North Sea offshore wind development via leasing rounds, as well as traditional decommissioning projects, the work will continue to grow and vary.

Most across the sector are diversifying outside of Oil & Gas in some shape or form, although one in five still have no plan to change. Most pure play Oil & Gas exploration and production companies are addressing their own carbon footprint. But for those without a blueprint for transition, and where external stakeholders are increasingly looking for substantive transition plans, the clock is ticking.

The skills and talent needed to move us towards a greener future are in sharp demand. The firms we surveyed are clearly concerned about how to attract new people from outside the industry to work in Oil & Gas. Those firms who can demonstrate their willingness to change and their desire to flourish in the economy of the future will find that retaining and attracting talent will not be as challenging.

Careful planning and investment at a corporate and government level are needed to make sure Scotland's decades of experience, the current skill sets, and existing infrastructure are used to their full potential as we move towards a greener future. Doing so will allow Aberdeen to prosper as a major player on the global energy stage and continue its long tradition as a powerhouse for the local and UK economy.

The industry remains committed to the transition but individually firms must ensure they remain focused on the long-term objective. That is the only way firms will succeed, workforces will grow, the economy will benefit, and the planet will thrive.

Martin Findlay
Office Senior Partner
KPMG UK in Aberdeen

Sponsor forewords



ETZ Ltd is proud to partner with KPMG in support of this year's Energy Transition Survey and I congratulate Aberdeen & Grampian Chamber of Commerce for, once again, taking forward this important analysis of how the region's energy sector views both the opportunities and risks before them.

The results highlight a range of positive trends emerging that provide cause for optimism. The vast majority of respondents recognise that embedding green energy credentials in their business model is critical to their long term success and most companies are actively transitioning to new energies.

However, there are a number of challenges identified within the results that must be overcome as part of this process and it is notable that many companies view the political and regulatory environment as a key barrier to effective transition. Whilst the Scottish and UK Governments have set out a wide range of welcome measures designed to support accelerated diversification toward new energies, there is still some uncertainty as to how this support can be accessed so this report is valuable in highlighting the need for greater clarity of vision and purpose from our policymakers in this regard.

It is also important that the skills, experience, infrastructure and financial capital of our world-

class oil and gas industry be recognised as a key driver of energy transition. It has been very clear for some time that it makes no sense to reduce our domestic oil and gas production only to increase carbon-heavy imports from overseas. This would be entirely counterproductive, both environmentally and economically so we must not create an adverse investment environment as we work toward meeting net zero targets.

Very much linked to this is the clear challenge identified in anticipated skills shortages expected across the energy sector and this must be met head on by industry, government, our universities and college. We will build on successful collaborative efforts to date and ensure both our current workforce and future generations are equipped with the necessary training and development opportunities to have successful careers within the industry.

This survey highlights that the delivery of energy transition will require investment in strategic infrastructure, technology innovation, supply chain development and skills – and that's exactly what ETZ Ltd has been set up to do. Our experienced team will utilise long-established connections across the globe, share knowledge and expertise, and create an incubation and collaboration space that delivers the skills that ensure long-term sustainable employment.

We should have confidence in this region's ability to succeed in realising this very ambition. Aberdeen has a proud and global reputation as the oil and gas capital of Europe but this didn't happen overnight. It took a great deal of hard work, knowledge sharing and the creation of a world-class supply chain to ensure that this region became a true international oil and gas cluster, one ready to capitalise on the vast opportunities that the discovery of first oil presented.

In essence, this is exactly the same approach we must take to ensure we fully realise the opportunities that energy transition is bringing and precisely why we have established ETZ Ltd, a private-sector-led and not-for-profit company with a clear ambition to reposition the North East of Scotland as a globally recognised integrated energy cluster focussed on the delivery of net zero.

This survey is a valuable reminder of the opportunities and risks we must navigate but it is encouraging the energy sector across this region is positive about the prospects for the future, both domestically and internationally, and so they should be.

We have successfully adapted before and we will do so again. And succeed.

Maggie McGinlay
Chief Executive
Energy Transition Zone



Key conclusions

1. Sector trends and outlook



Confidence has returned to the sector and companies have a positive outlook about the future, both in the UKCS and internationally. Nearly three-quarters of firms are looking to grow their headcount in the year ahead.

2. Sector diversification



The majority of the sector is continuing to actively transition outwith oil and gas. However businesses have a range of key concerns to overcome to achieve this successfully, the political and regulatory environment in particular. A minority in the sector are not actively transitioning.

A photograph of several wind turbines against a cloudy sky, with a green color overlay. The turbines are silhouetted against the lighter sky.

3. Carbon neutral targets and Government support

The vast majority of the sector believe that strong energy transition credentials are critical to their long-term success, and three in five have committed to carbon neutral targets. The North Sea Transition Deal is seen as having a more positive influence on confidence than the Just Transition Fund, but only a minority think that government support is visible to their business. There are still cautious levels of optimism about the North-east retaining its status as an energy hub.

A photograph of a person wearing an orange jumpsuit, holding a white hard hat, in an industrial setting. The image has an orange color overlay.

4. Recruitment and skills gaps

Respondents again identified a range of key skills gaps, particularly in non oil and gas. The sector is continuing to lose more people than usual, with a large proportion leaving the industry altogether.

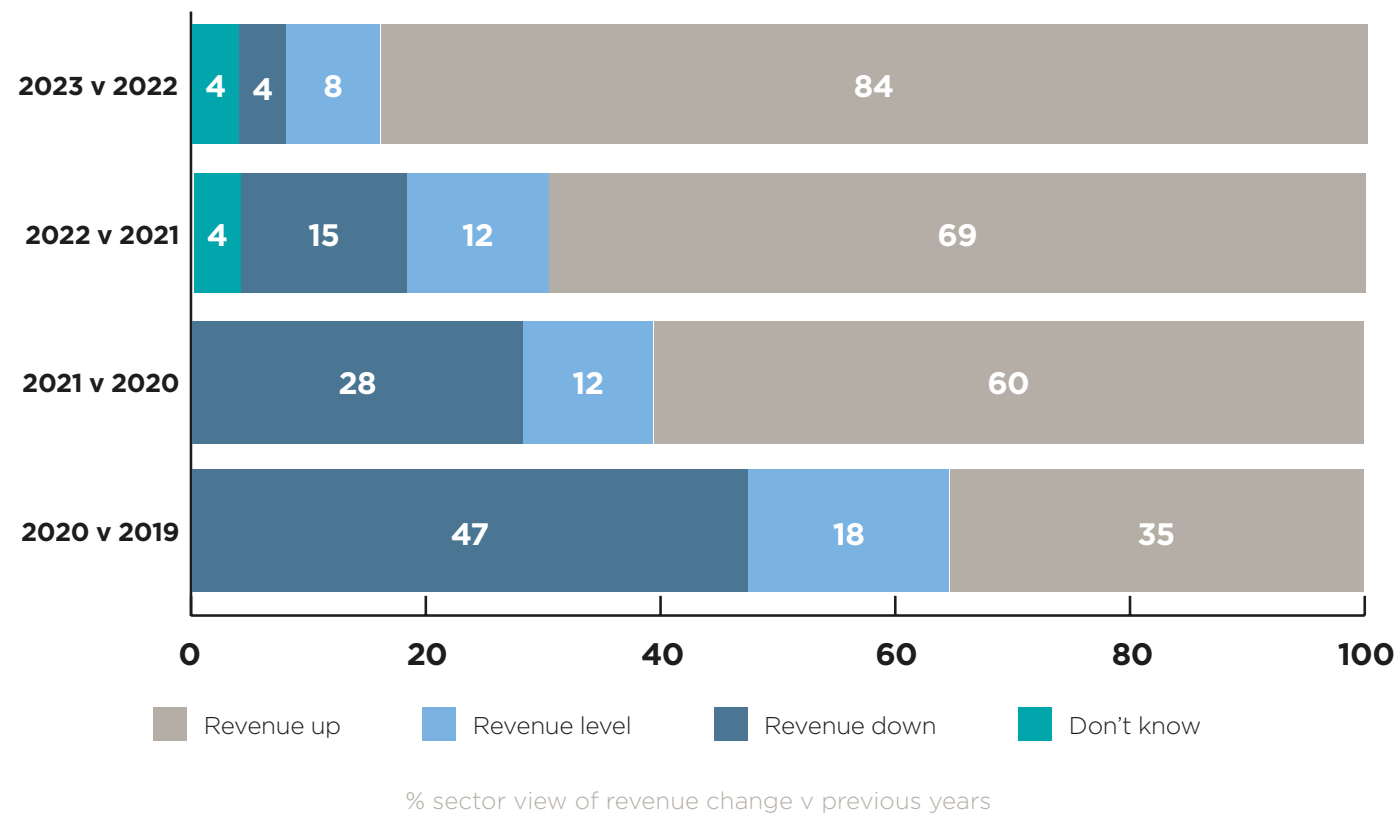
Sector trends and outlook

The background of the slide is a photograph of an offshore supply vessel, likely a tugboat or a specialized service vessel, at sea during twilight. The vessel's complex superstructure, including its bridge, radar masts, and various antennas, is silhouetted against a dark, cloudy sky. The water is calm, and the overall tone is a deep blue, creating a professional and industrial atmosphere.

- 1 Sector believes that revenues will rise in 2023, continuing the upward trend
- 2 Sector headcount forecast to rise even further, for core staff in particular
- 3 Recovery in the UKCS value of work versus last year, particularly in production
- 4 Value of international work rising since last year
- 5 Percentage of businesses working at optimum levels is continuing to rise in both the UKCS and internationally
- 6 The sector confidence in UKCS has bounced back
- 7 Confidence remains high internationally

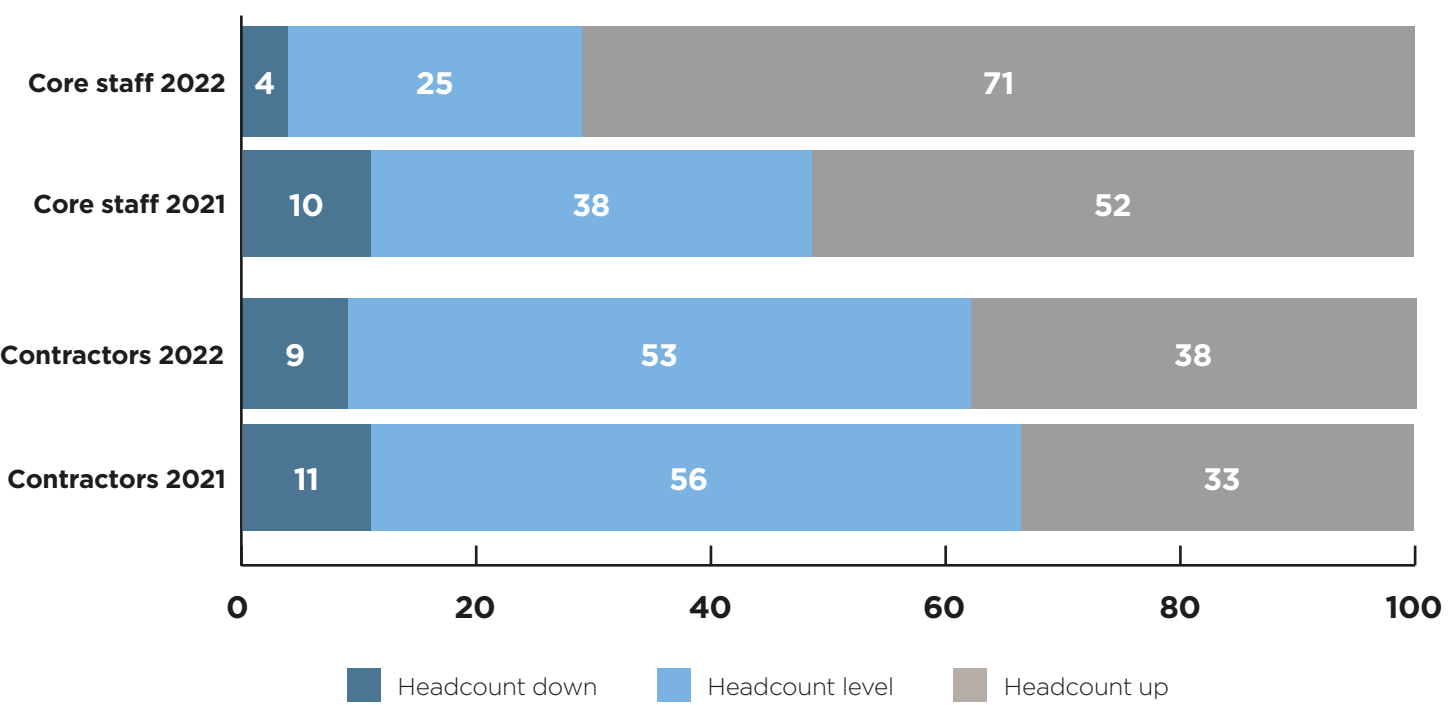
1. Sector believes that revenues will rise in 2023, continuing the upward trend

Q: To what extent do you expect your organisation’s revenue to change in 2023, compared to 2022:

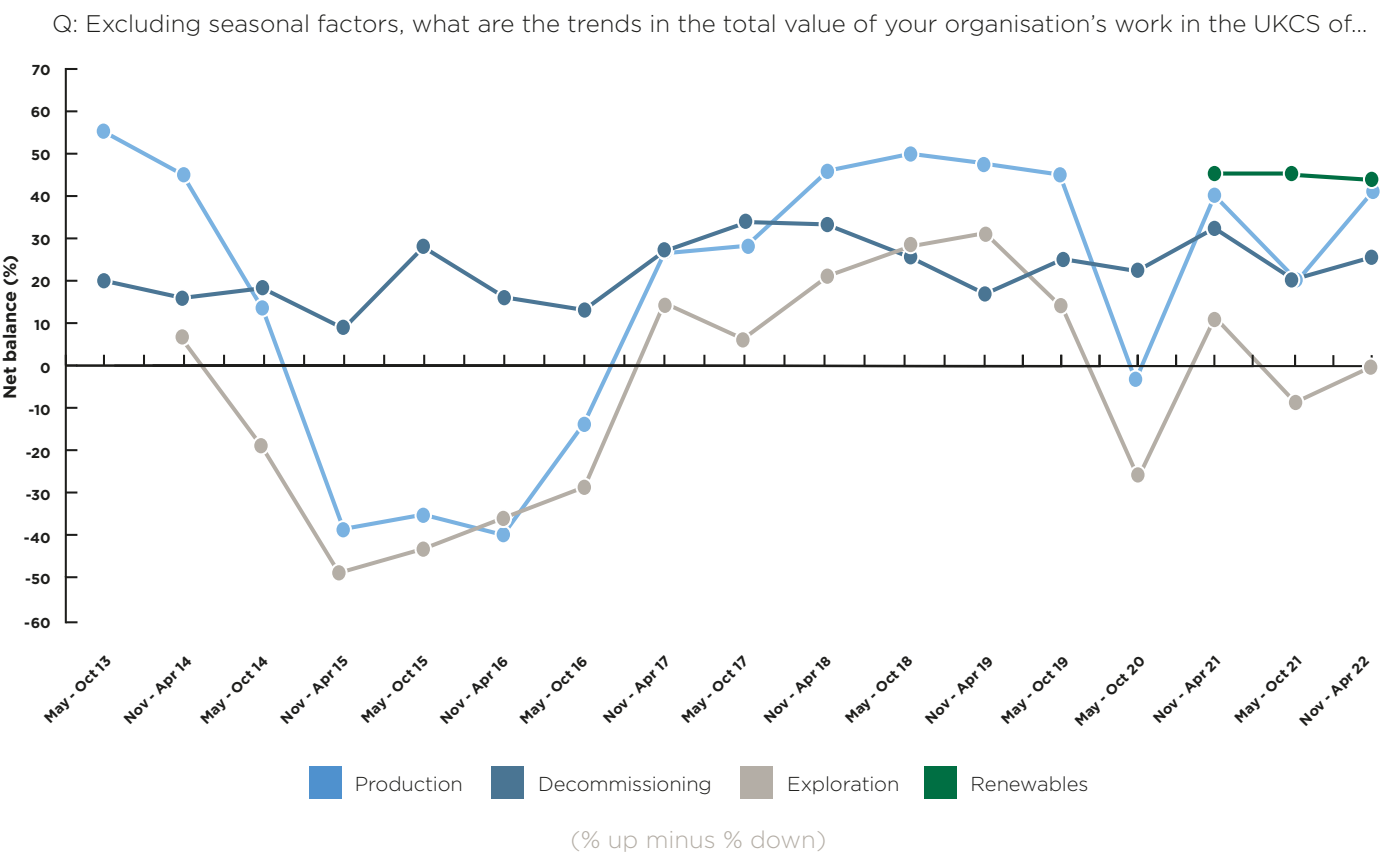


2. Sector headcount forecast to rise even further, for core staff in particular

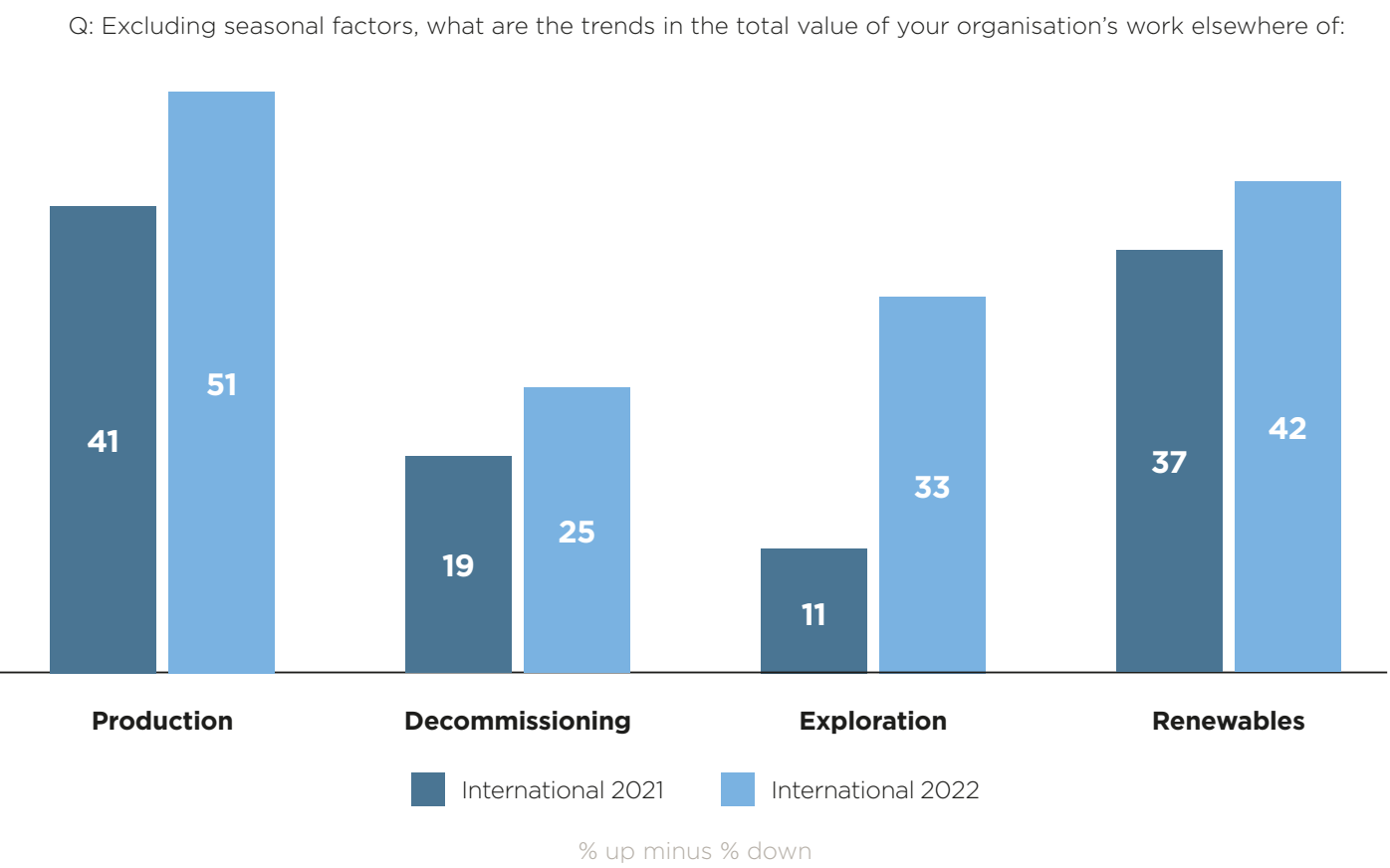
Q: How do you expect your head count to change over the next 3 years for...



3. Recovery in the value of UKCS work versus last year, particularly in production

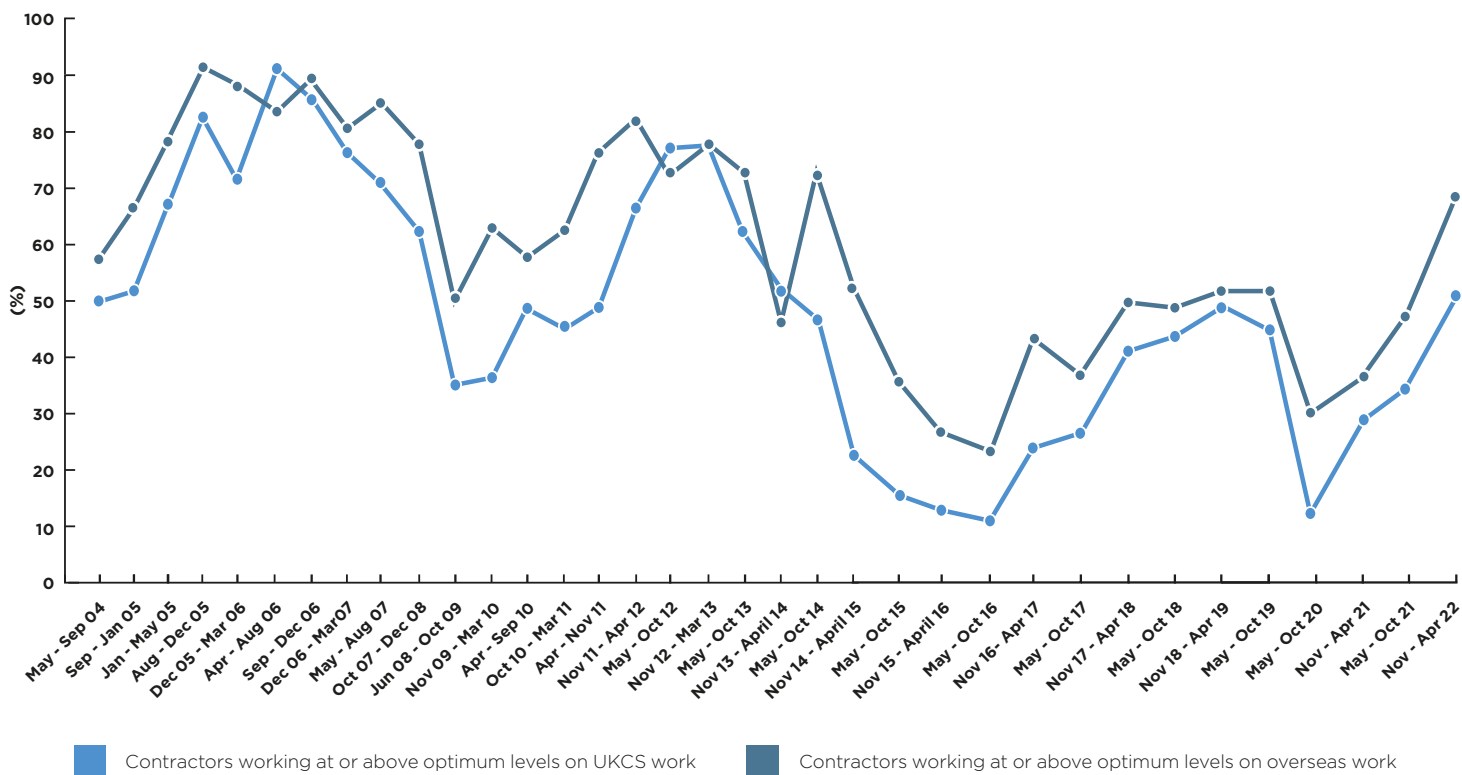


4. Value of international work rising since last year



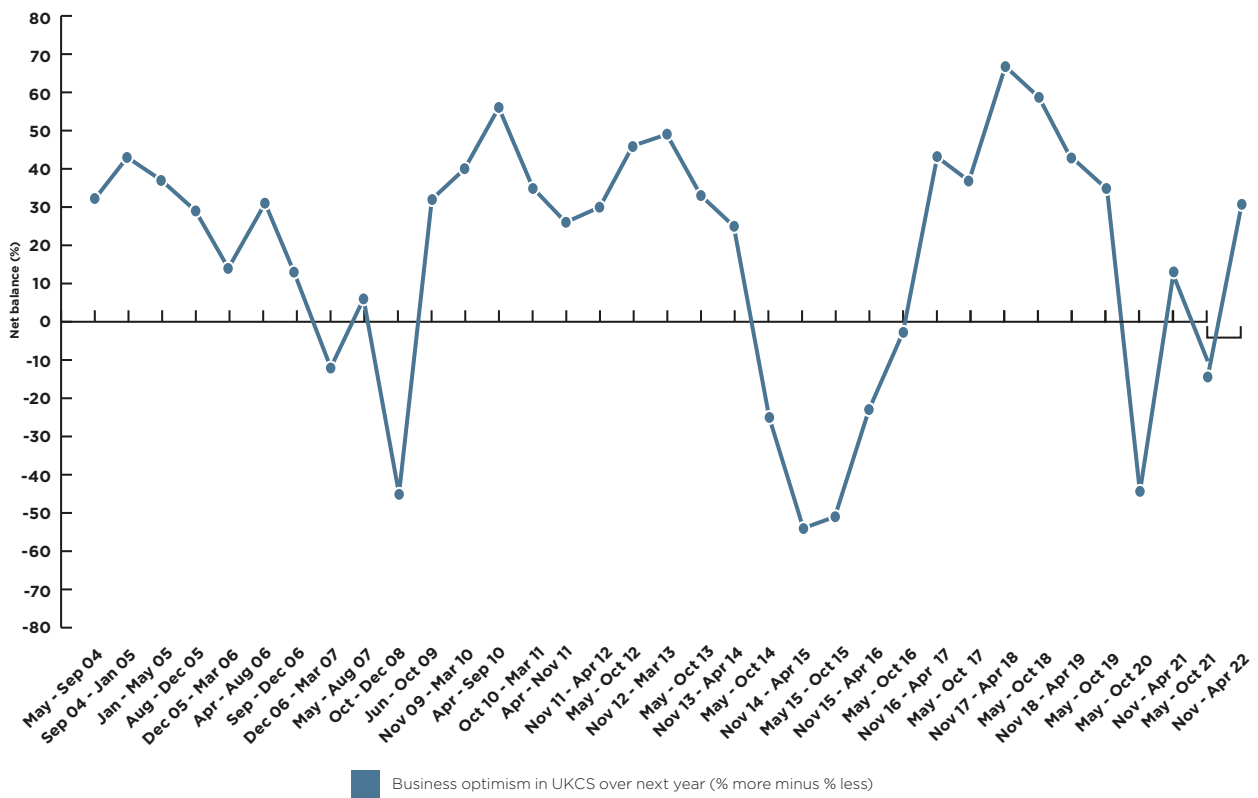
5. Percentage of businesses working at optimum levels is continuing to rise in both the UKCS and internationally

Q: Is the level of UKCS-based/overseas-based work leading to you working above or below optimum levels in the UKCS?



6. The sector confidence in UKCS has bounced back

Q: Are you more or less confident about the business situation in the UKCS oil and gas sector over the next year?



7. Confidence remains high in international work

Q: Are you more/less confident about the business situation in the oil and gas sector elsewhere over the next year?



Shell case study



Global energy giant Shell is a strong example of how traditional oil and gas companies are making the energy transition here in North-east.

The company recently announced that it is looking to invest between £20billion and £25billion in the UK energy system over the next decade.

David Bunch, the energy giant’s UK country chair, said three quarters of those funds would be spent on low and zero carbon projects, accelerating the firm’s energy transition.

Offshore wind, hydrogen, carbon capture and electric mobility lie at the heart of its plans.

Shell, alongside partner ScottishPower Renewables has secured joint offers for seabed rights to develop large-scale floating wind farms as part of Crown Estate Scotland’s ScotWind leasing. The partners have won two sites representing a total of 5 gigawatts (GW) off the east coast of Scotland.

The new wind farms will be delivered through two joint ventures called MarramWind and ChampionWind. They bring together ScottishPower Renewable’s and Shell’s decades of experience working offshore and significant presence in Scotland, as well as their strong innovation capabilities for delivering world-class offshore energy projects.

The development, construction and operation of ScotWind projects is set to bring new skilled jobs and manufacturing opportunities and boost local supply chains.

Shell’s offshore wind ambitions are being enabled by its existing upstream business in Aberdeen, namely its workforce, world-class supply chain, existing assets and infrastructure.

Shell has an ambition to install 100,000 electric vehicle (EV) charge points across the United Kingdom by 2030, meaning that 90% of all UK drivers will be within a 10-minute drive of a Shell rapid charger.

The UK currently has around 31,000 public charging points. But it will need ten times that figure in the next ten years to support the UK’s switch to electric transport, according to the Climate Change Committee (CCC).

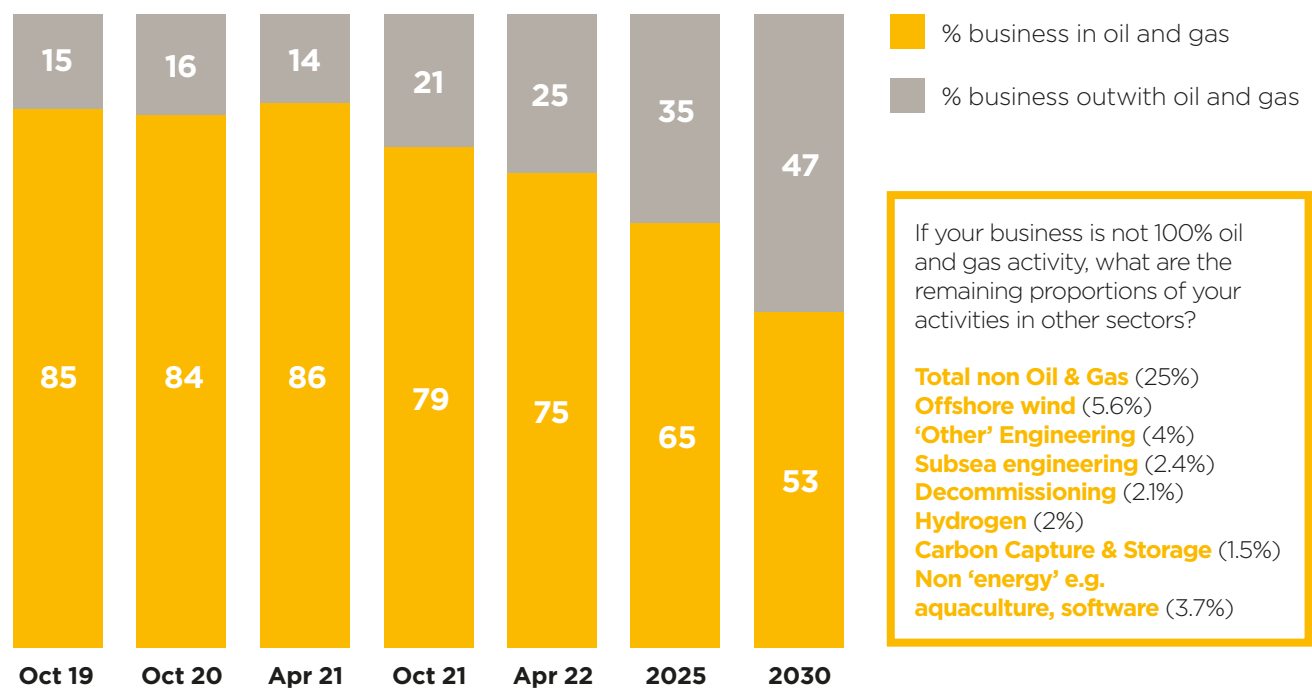
Underpinning all of that investment is a strong portfolio in the North Sea, where Shell remains an important player, and an active partner in the Scottish Cluster, which is looking to deploy carbon capture technology using existing North Sea infrastructure.

Sector diversification

- 8 Sector expects transformation from oil & gas to hit 50% by 2030
- 9 Businesses planning to be involved across a range of sectors in the medium term
- 10 Most sector businesses are diversifying outwith oil and gas. One in five still have no plan to change focus
- 11 Range of factors key in level of UKCS activity in the next year, commodity price/level of demand/energy security and skills in particular
- 12 Similar range of factors key in level of non-UKCS activity in the next year, commodity price/level of demand/energy security and skills in particular
- 13 Oil price/political environment and energy transition still key concerns. Employment/recruitment concerns rising too
- 14 Political/regulatory environment now the number one barrier/challenge to diversification
- 15 Businesses know the skills gaps but are concerned about attracting new employees from outside the industry

8. Sector expects transformation from oil and gas to hit 50% by 2030

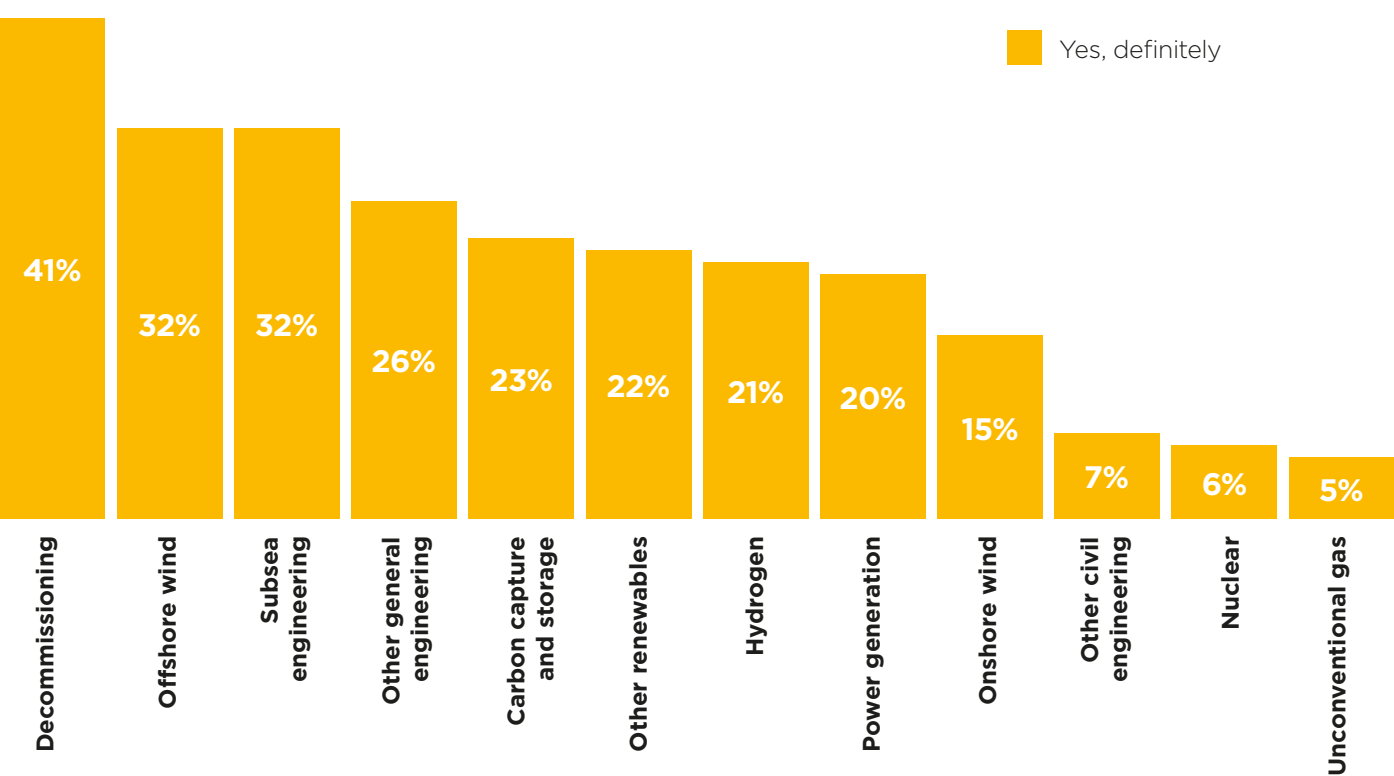
Q: What percentage of your business is in oil and gas activities?
What percentage of your business do you expect to be within oil and gas activities by 2025? By 2030?



Note: Apr 22/2025/2030 data drawn from the April 2022 survey

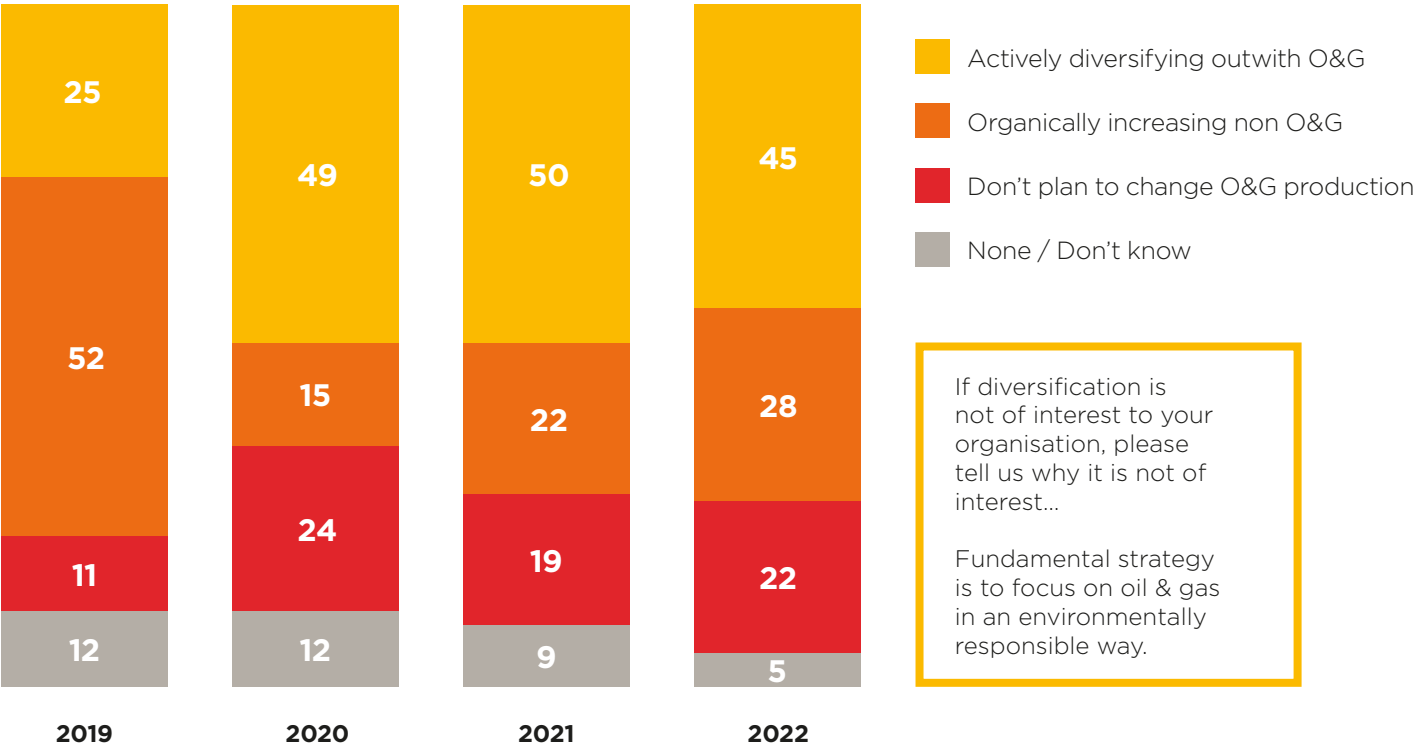
9. Businesses planning to be involved across a range of sectors in the medium term

Q: Looking to the medium term (three to five years) do you think your organisation will be more involved in:



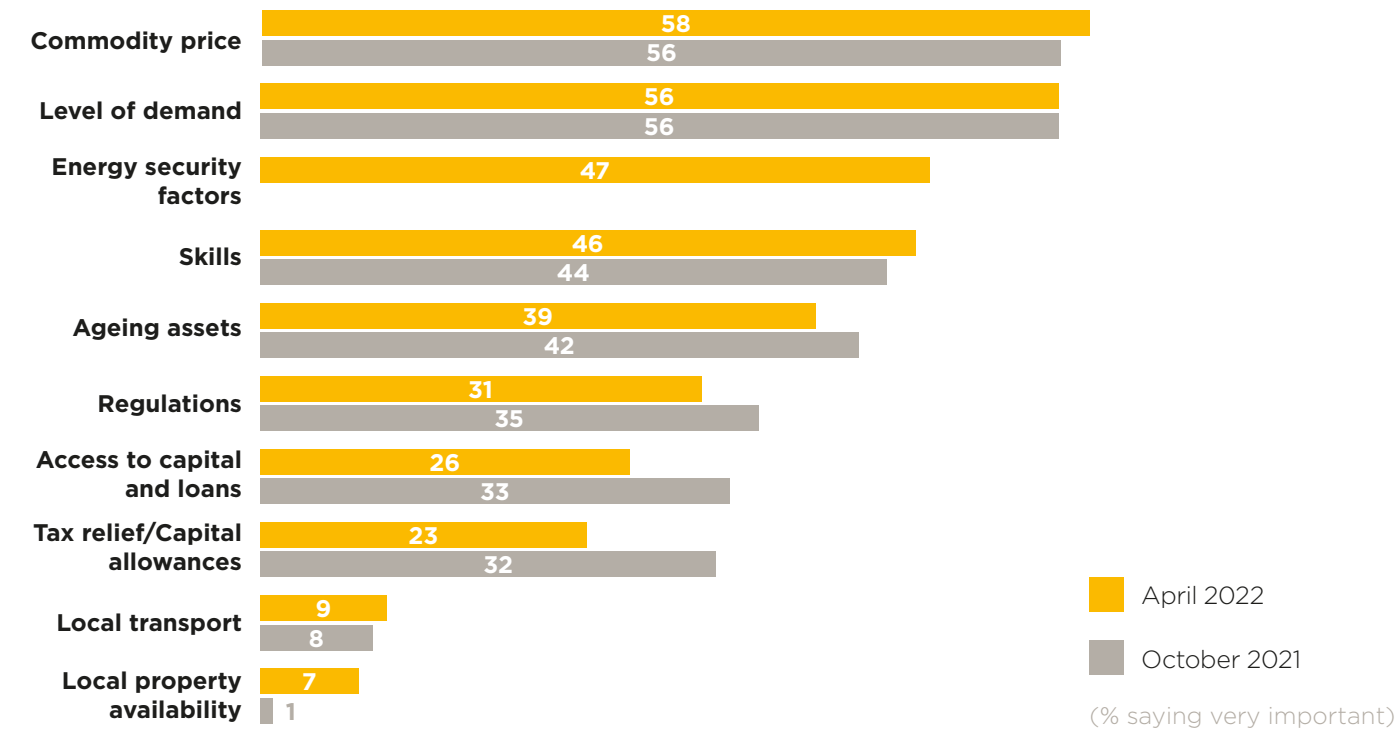
10. Most sector businesses are diversifying outwith oil and gas. One in five still have no plan to change focus

Q: Which of the following best describes your business' strategy and approach to energy transition?



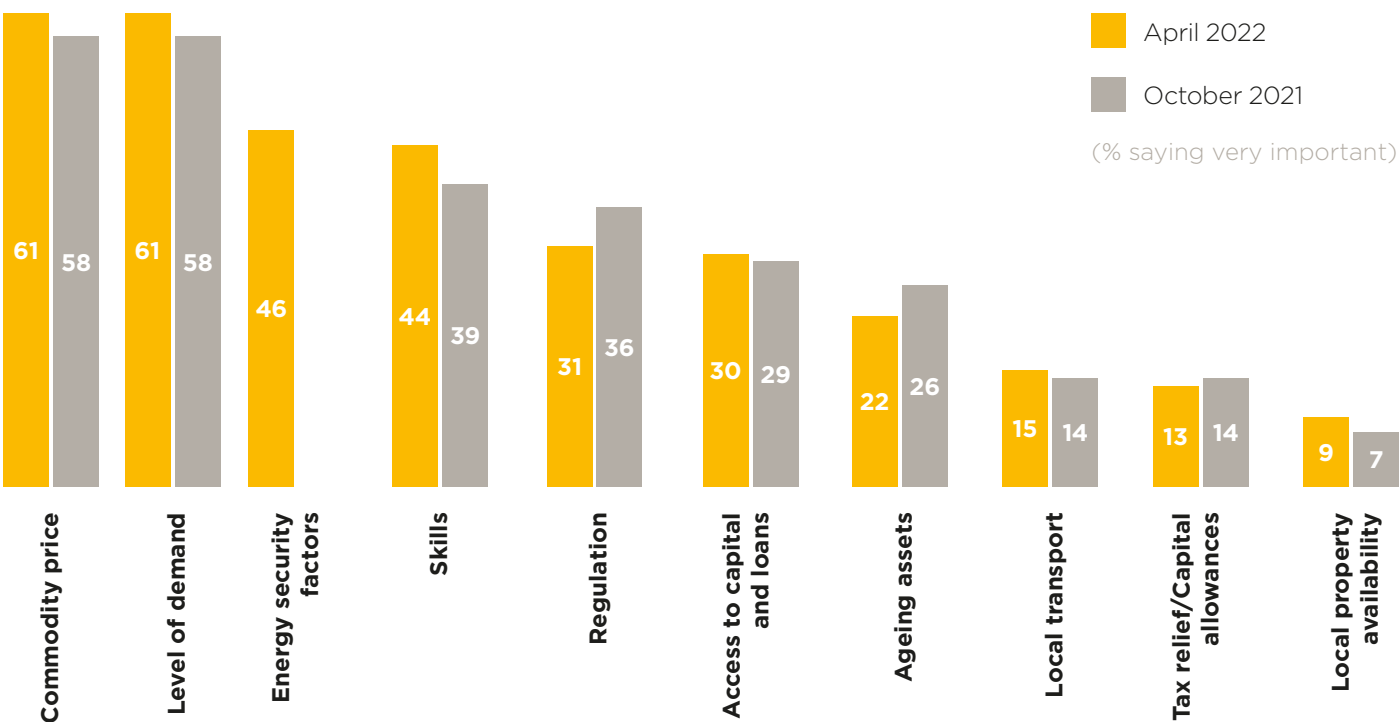
11. Range of factors key in level of UKCS activity in the next year, commodity price/level of demand/energy security and skills in particular

Q: UKCS; How important are the following factors in the level of activity over the next year?



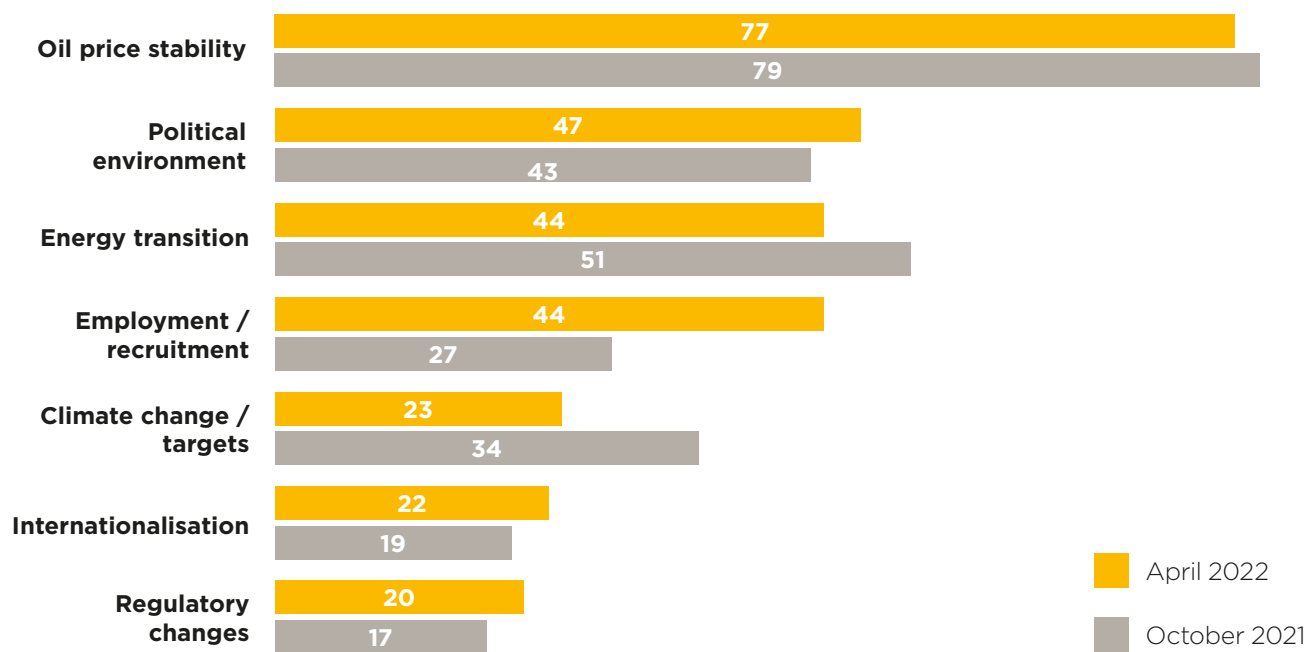
12. Similar range of factors key in level of non-UKCS activity in the next year, commodity price/level of demand/energy security and skills in particular

Q: Elsewhere/non-UKCS; How important are the following factors in the level of activity over the next year?

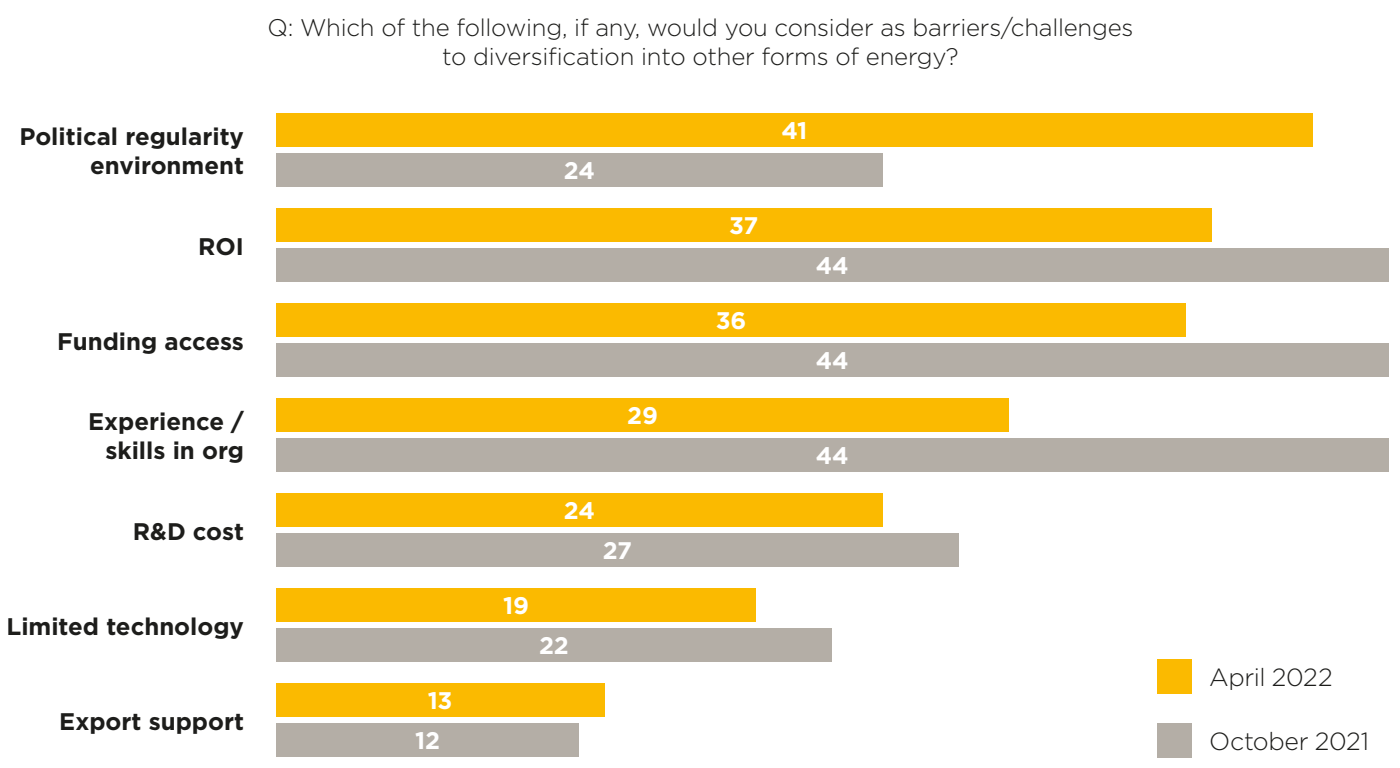


13. Oil price/political environment and energy transition still key concerns. Employment/recruitment concerns rising too

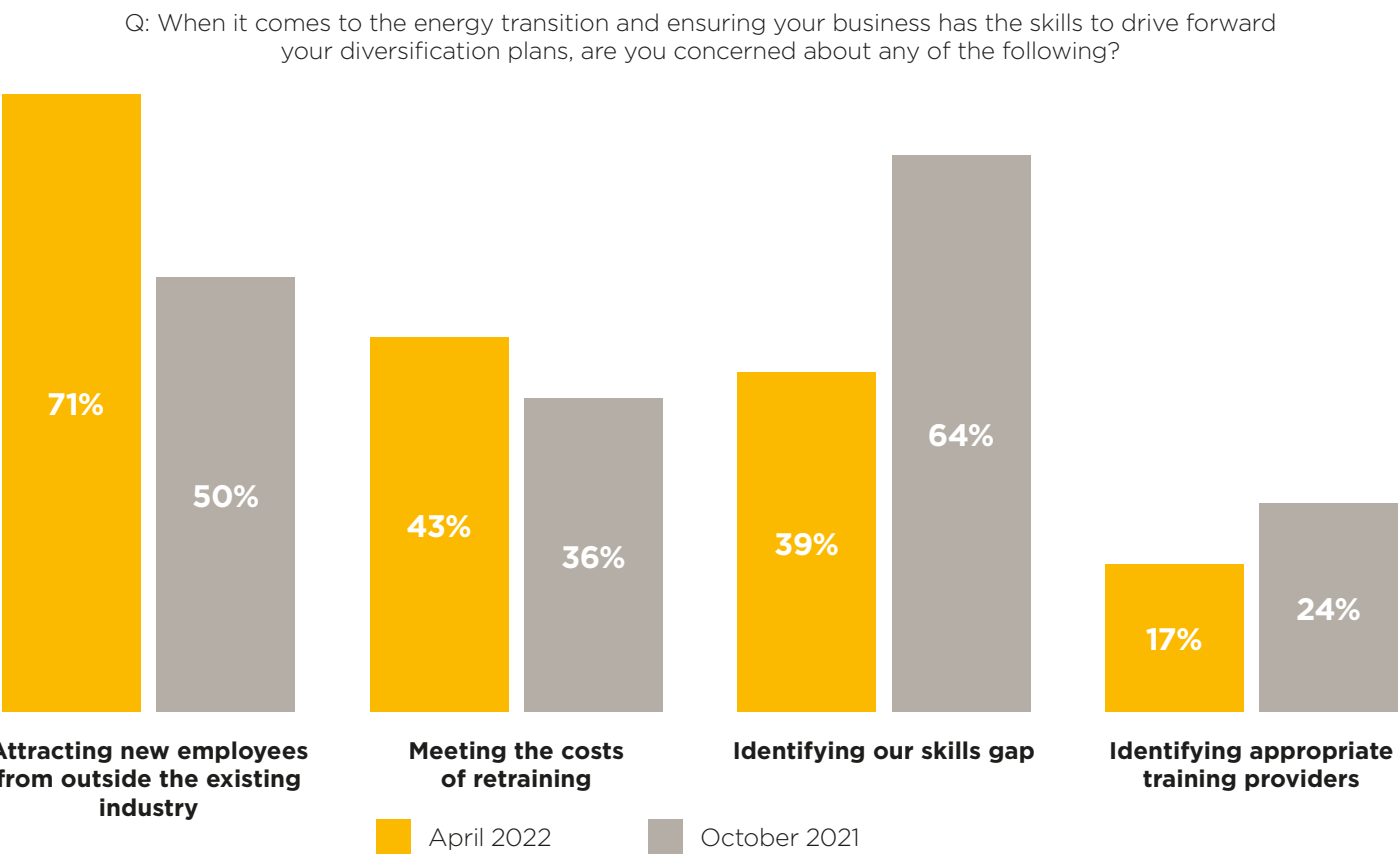
Q: What are the top three concerns for your organisation's long-term future (i.e. next 10 years)?



14. Political and regulatory environment now the number one barrier/challenge to diversification



15. Businesses know the skills gaps but are concerned about attracting new employees from outside the industry



Peterson case study



1. Tell us a little bit about your business, what you do and what makes you different.

Peterson, part of the Royal Peterson and Control Union group, is a world-leading, innovative and highly trusted international energy logistics and supply chain solutions company, driven by a passion to lead the way in transforming how the industry plans, manages and executes the movement of critical resources globally.

We work closely with customers, supported by a suite of industry leading digital applications, to identify and create opportunities to share resources and secure operational efficiencies resulting in significant cost savings.

We have extensive experience providing integrated logistics solutions to the global energy sector and have supported the renewables industry in recent years, both onshore and offshore. With years of experience in the oil and gas sector, we have the transferable skills to support all forms of renewable energy, from wind to tidal and hydrogen.

2. Can you tell us about the transition journey your business has been on and any challenges you have overcome?

Last year, we announced our ambition to become carbon neutral across the business by the end of 2022 and set a target to reach net

zero emissions by 2025. To achieve these goals, we have implemented a strategic roadmap to materially change our business practises and drive down CO2 emissions.

Some of our initiatives include the use of an all-electric forklift fleet, the use of environmentally friendly fuels in our cranes and trucks, utilising wind, turbine and solar power to operate facilities and the use of advanced technologies to achieve optimal planning into the supply chain to minimise the movement of goods across locations. By undertaking these material changes, we are aligning with our clients' net zero ambitions and ensuring we can provide any support they require on their own journey.

A new staff initiative has also been introduced as part of our net zero framework – the Pawprint Pioneer Programme. Pawprint is an online tool and app which allows users to measure, understand and reduce their carbon footprint. The app has given us the opportunity to engage our employees on our transition journey by providing a platform for them to challenge their own behaviours around sustainability.

One of the initial challenges we faced was identifying a strategy and finding a partner who could certify our data. NQA approached us and made us aware of PAS2060 – a framework for achieving carbon neutral status. Our Edzell facility was the first site to be certified under the scheme in 2021, and a further five sites located in Scotland and the

Middle East were certified earlier this year. We are now on track to achieve carbon neutral status across all 27 Peterson sites globally by the end of 2022.

3. What advice would you give to businesses embarking on a similar transition journey?

Start your transition journey today. As a global business delivering critical logistics solutions, we recognised we were having an impact on global warming and understood the impact this would have on future generations, so we set out to change this as soon as possible.

It is important to set realistic goals and understand what is feasible within your organisation. Don't be afraid to communicate your plans both internally and externally – this will allow you to gain insight and advice from colleagues and clients to improve your processes going forward.

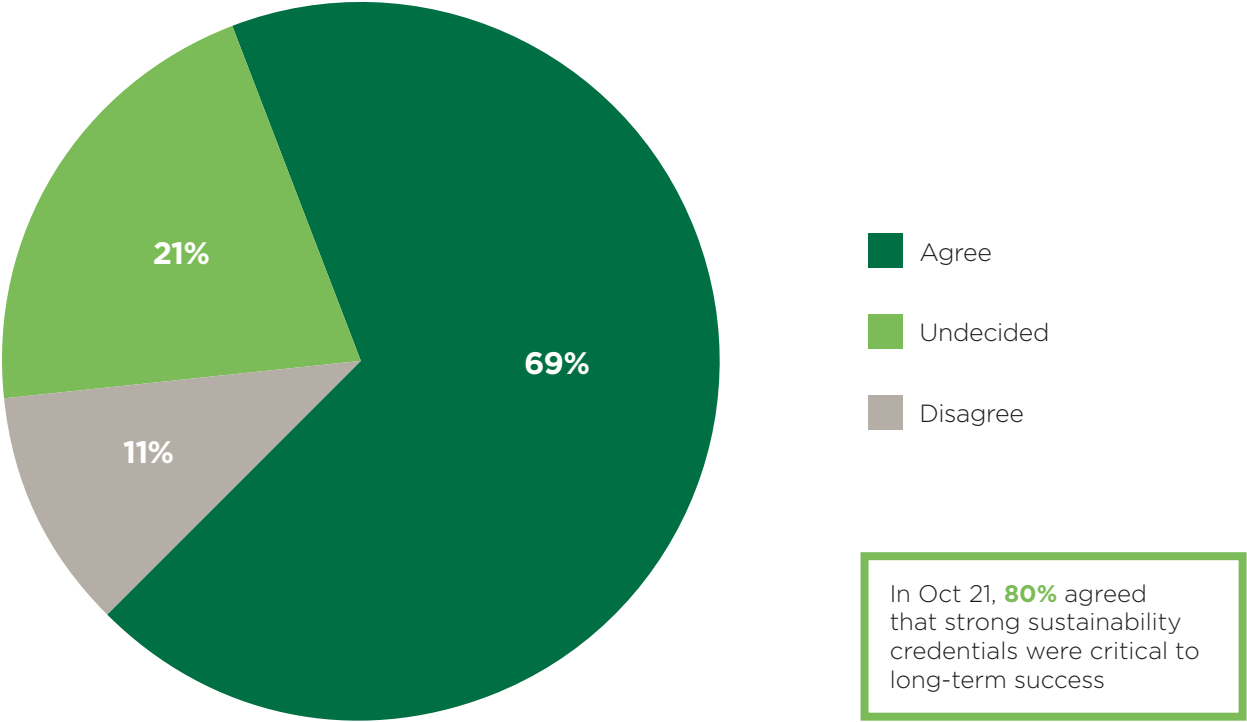
Where possible, make sustainability training available to all staff. This will play a vital role in upskilling your people to embed environmental sustainability within the industry. By giving your people the opportunity to drive the change, you will encourage diverse thinking and challenge the industry norms.

Carbon neutral targets and Government support

- 16 Vast majority of the sector believe that energy transition credentials are critical to their long-term success
- 17 Over three in five of the sector have committed to carbon neutral targets. Marginal drop in those who have not
- 18 Vast majority of businesses feel that they are on track with their strategy to reduce their carbon footprint
- 19 Some businesses have accelerated their plans in the last year, measuring progress through things like KPIs
- 20 Only a minority of businesses say that the post-COP26 public/political interest has been a significant factor in accelerating their net zero ambitions
- 21 About half of business believe that NSTD has had a positive impact on confidence, lower for JTF. Only a minority agree that accessing government support is visible to their business
- 22 Still cautious levels of optimism about the region/Scotland/UK leading the way as an integrated globally recognised hub focussed on the delivery of net zero

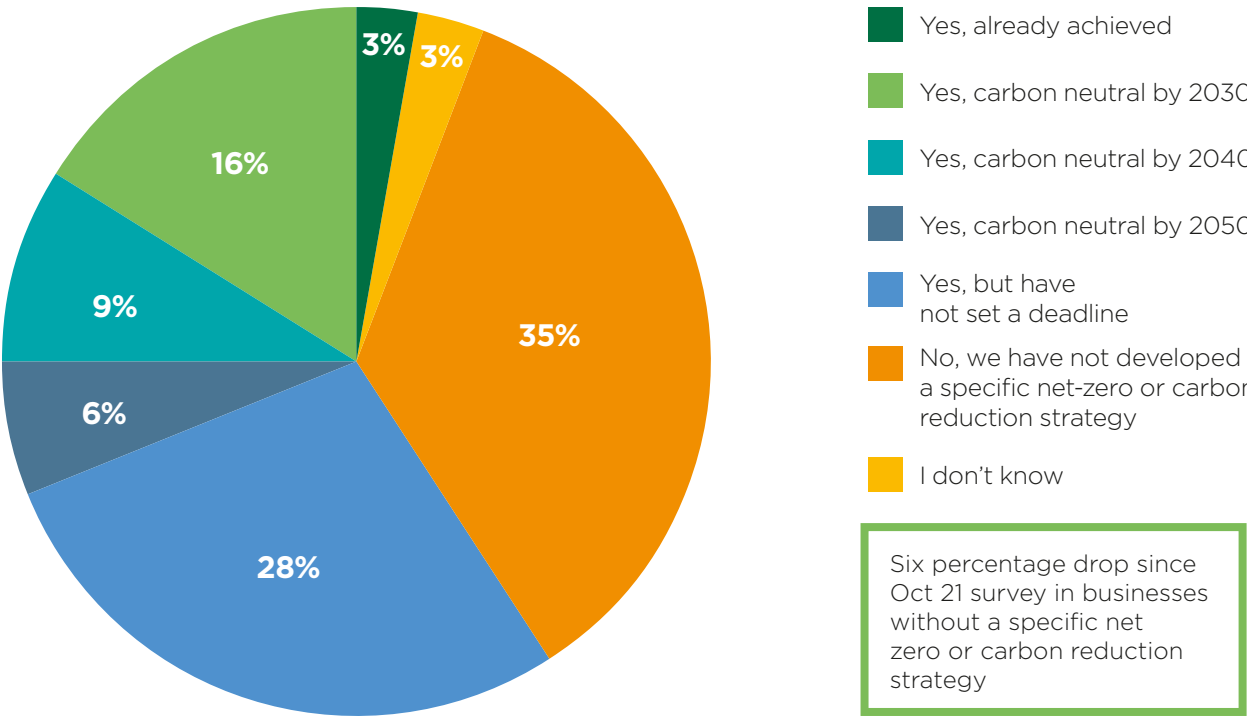
16. Vast majority of the sector believe that energy transition credentials are critical to their long-term success

Q: To what extent would you agree that energy transition credentials are critical to your long-term success?



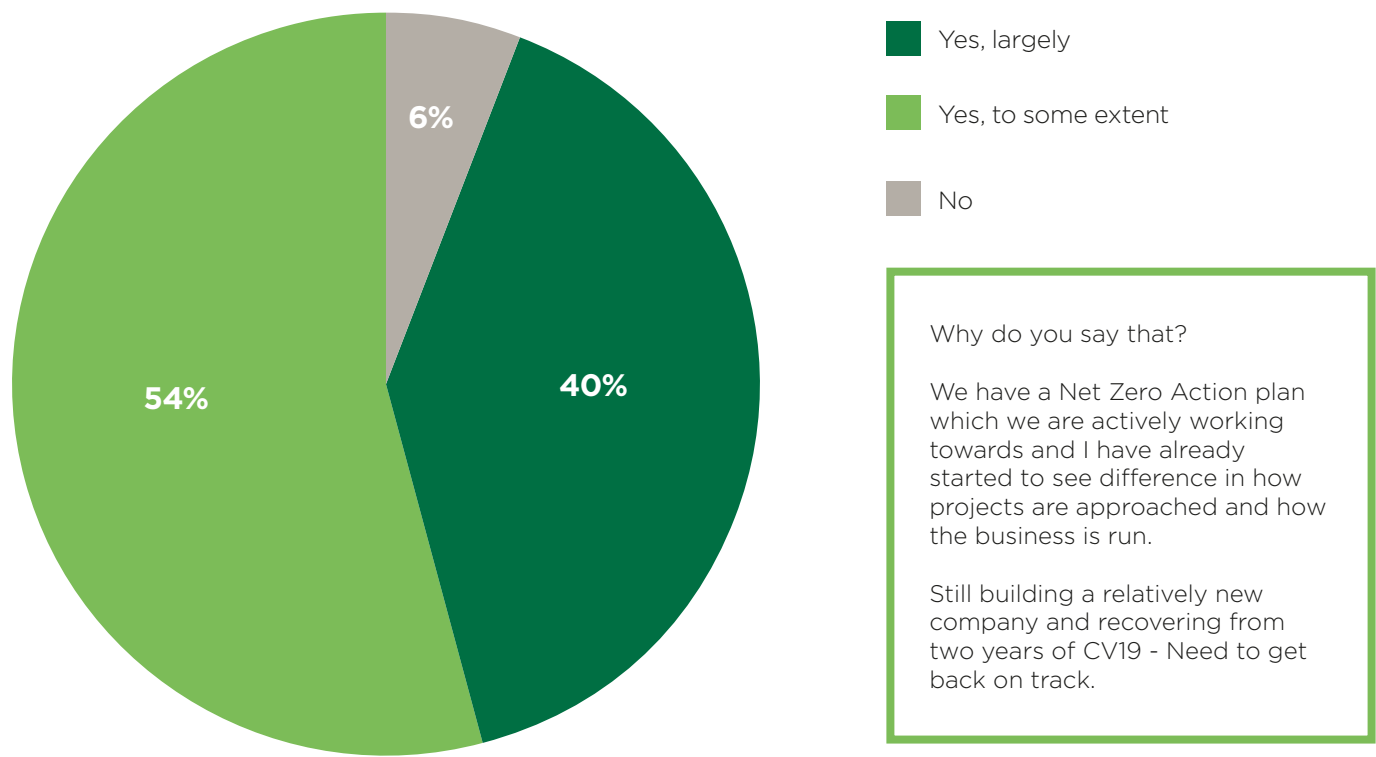
17. Over three in five of the sector have committed to carbon neutral targets. Marginal drop in those who have not

Q: Has your business developed a specific net zero strategy or a strategy to reduce your carbon footprint?



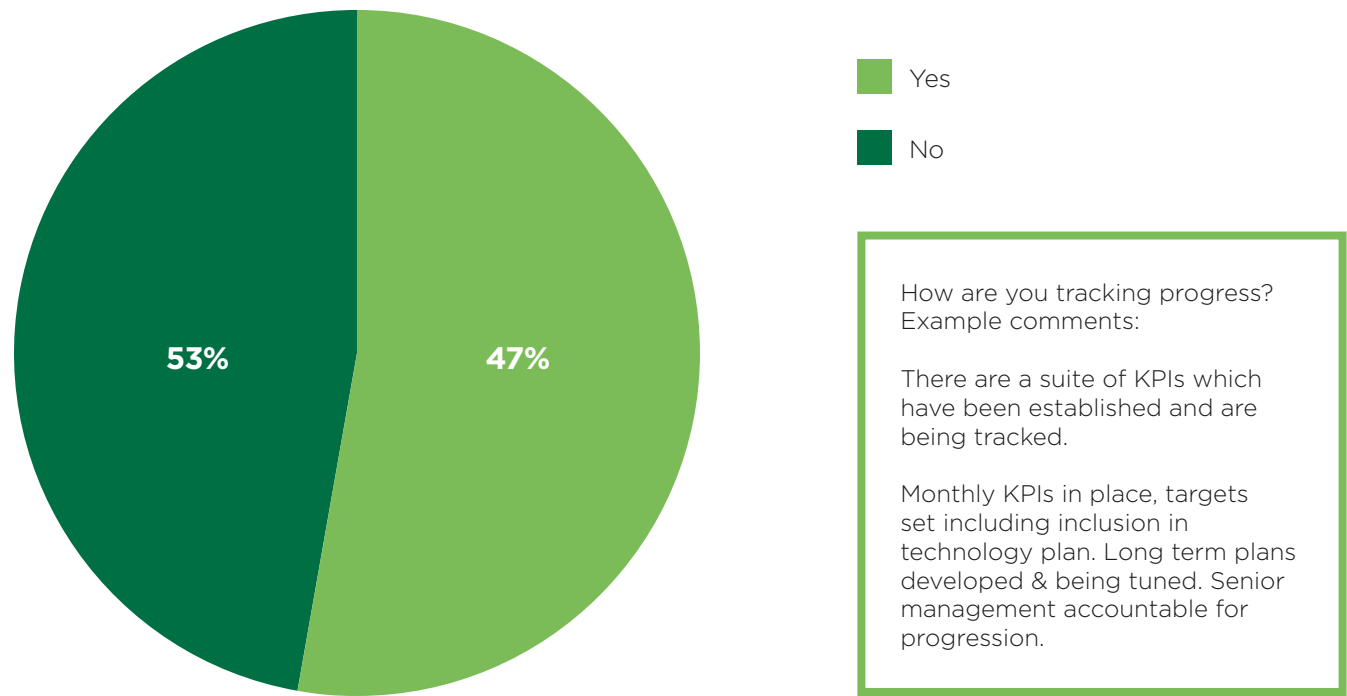
18. Vast majority of businesses feel that they are on track with their strategy to reduce their carbon footprint

Q: Do you feel that your business is on track with your net zero strategy/strategy to reduce your carbon footprint?:
Base, businesses who have developed a specific net zero strategy or a strategy to reduce their carbon footprint?



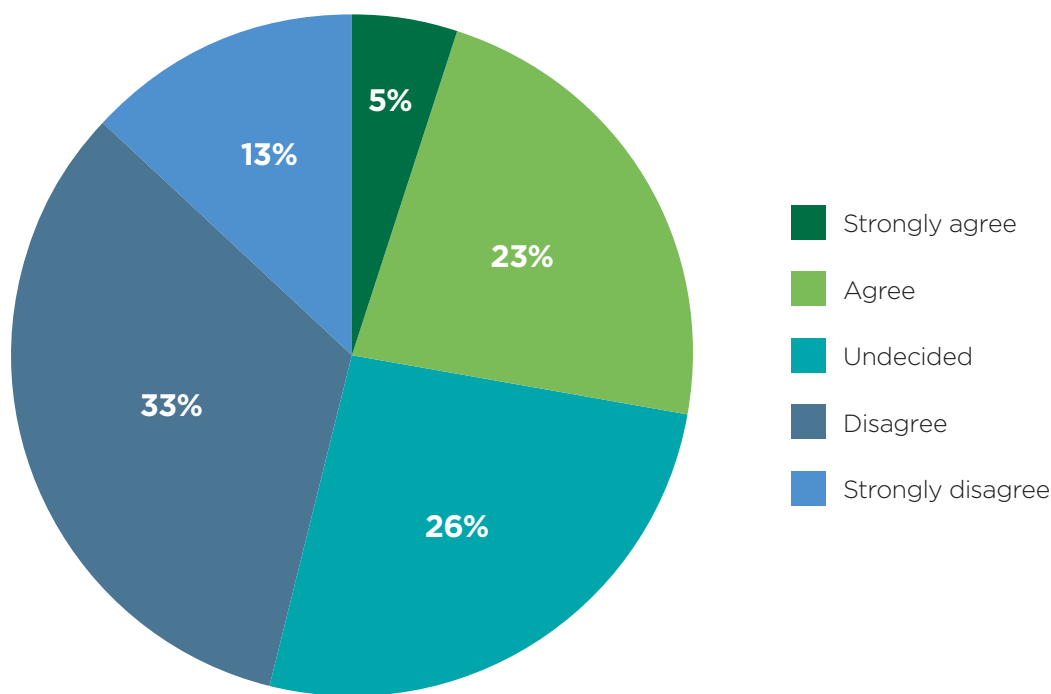
19. Some businesses have accelerated their plans in the last year, measuring progress through things like KPIs

Q: Have you accelerated your (net zero) plans in the last year? Base, businesses who have developed a specific net zero strategy or a strategy to reduce their carbon footprint?



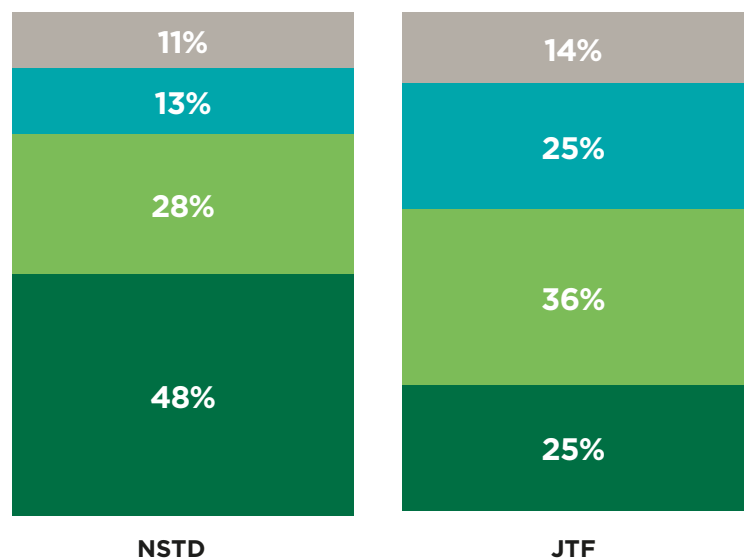
20. Only a minority of businesses say that the post-COP26 public/political interest has been a significant factor in accelerating their net zero ambitions

Q: To what extent would you agree with the following statement? The significant public and political interest in the aftermath of the COP26 climate conference has been a significant factor in accelerating our organisation's net zero ambitions...

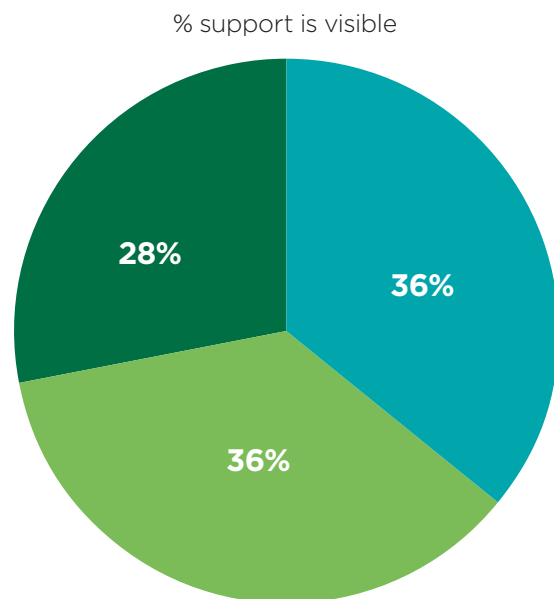


21. About half of business believe that NSTD has had a positive impact on confidence, lower for JTF. Only a minority agree that accessing government support is visible to their business

Q: To what extent do you agree that the following have a positive impact on industry confidence in the UKCS...
a) UK Government North Sea Transition Deal b) Scottish Government Just Transition Fund

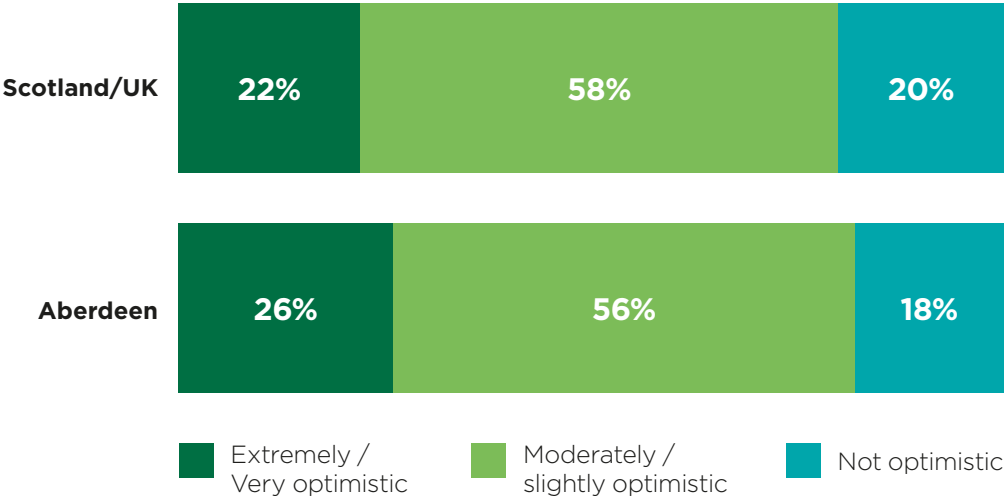


Agree Undecided Disagree Don't know



22. Still cautious levels of optimism about the region/ Scotland/UK leading the way as an integrated globally recognised hub focussed on the delivery of net zero

Q: How optimistic are you about the long-term future of a) Aberdeen & b) Scotland/UK as leading the way as an integrated globally recognised energy hub focused on the delivery of net zero?



Why do you say that?
Example comment:

Aberdeen has the experience of O&G and can transition/ adapt and harness this to be at the forefront and lead. Scotland/UK could be prohibited by politics, lack of previous focus and experience and too difficult to manage

Too much talk and not enough action compared to the likes of NE England

Innovo Engineering and Construction Ltd case study



1. Tell us a little bit about your business, what you do and what makes you different.

Innovo Engineering and Construction Ltd. (INNOVO) is a R&D, design, manufacturing, sale and rental business for the energy and marine sectors. We develop low CO₂ (electric) back-deck equipment for the installation and removal of subsea pipelines, umbilicals and power cables, plus we are developing a zero emissions Autonomous Surface Vessel (ASV) called Oceandrone powered by wind, solar and hydrogen fuel-cells.

2. Can you tell us about the transition journey your business has been on and any challenges you have overcome?

INNOVO has been building 'electrically' powered equipment (rather than diesel) for 10 years, it has taken a few years to get this concept accepted from the historical methods. INNOVO's zero emissions ASV Oceandrone will be capable of replacing conventional survey or standby vessels, which emit on average 15,000Te of CO₂ each per year, which will contribute significantly to net zero targets.

3. What advice would you give to businesses embarking on a similar transition journey?

It is essential all business transition towards net zero targets. Look at your business and identify where you have CO₂ emissions and target these for reduction. Look for support from Scottish Enterprise, Innovate UK etc. for grants to help you achieve your goals.

Recruitment and skills gaps

- 23
- Increases in % experiencing difficulty in recruiting across the board, technical in particular
- 24
- Lower level of sector confidence in ability to secure non oil & gas skills
- 25
- Sector believes it is increasingly losing more people than usual; large proportion leaving the sector altogether

23. Increases in % experiencing difficulty in recruiting across the board, technical in particular

Q: Have you experienced any difficulties in recruiting any of the following roles?

Skills area	Technical	Trades	Managerial	Admin
<div>% experiencing difficulty in recruiting</div> <div>(percentage point change v Oct 21)</div>	<div>48%</div> <div>(+22pp)</div>	<div>25%</div> <div>(+13pp)</div>	<div>21%</div> <div>(+10pp)</div>	<div>6%</div> <div>(+6pp)</div>
<div>What skills are in short supply?</div> <div>Example comments</div>	<div>Oil and gas experience is declining due to retirement at one end, and poor perception among young people at the other.</div> <div>The skills shortage is becoming a very big issue, people are retiring and joining other sectors and not enough new talent coming through</div> <div>For us in particular technical skills are in real shortage ie: instrumentation and control</div>			

24. Lower level of sector confidence in ability to secure non oil & gas skills

Q: How confident are you that your businesses will be able to secure the skills you need to deliver your longer term strategic objectives?



% extremely/very confident of securing oil & gas skills down 8pp since Oct 21

25. Sector believes it is increasingly losing more people than usual; large proportion leaving the sector altogether

Q: Are you losing more UK-based qualified staff than usual to any of the following?
(percentage point change v Oct 21)

Leaving sector altogether	Leaving UKCS/O&G roles
Role outwith the sector 53% (+14pp)	Other UKCS 43% (+16pp)
Retirement 39% (+13pp)	Leaving to work in renewables 23% (-1pp)
	Other countries 20% (+3pp)
	Self employment 13% (+9pp)
	Other UK regions 9% (-4pp)

Chamber viewpoint

This long-running survey – one of the Chamber's flagship pieces of research – has followed Scotland's energy sector through good times and bad, but never in its 35 editions has so much changed so quickly.

War in Europe, soaring energy prices, COP26 and the climate crisis have all combined to trigger a huge cycle of change.

After years of absorbing heavy losses, the North Sea operators and licensees have seen profits return with vigour. Are the good times back? Our survey says yes, for now, but with some important caveats.

The research shows that 84% of energy firms believe that their revenues will grow in 2023. The value of international work is rising across all sectors, and confidence has rebounded.

And there are some positive indicators for our transition as well. Concern about the return on investment from renewables is falling, which bodes well for the future, and companies here now believe that almost half of their operations will be outwith oil and gas by 2030.

However, and perhaps unsurprisingly, there is increasing concern about the political environment. The lack of alignment between Westminster and Holyrood around the role of oil and gas in our future energy mix is a problem, and one which has the potential to drive away investment if we're not careful.

The biggest companies in the sector are watching every statement coming from the Scottish Government very carefully – and I would urge our politicians to be cognisant of that.

The same too can be said of Westminster, where increasingly ill-informed comments about taxation are fuelling a toxic debate about our energy sector at a time where we need to see investment on an unprecedented scale. We need a more reasoned debate.

Another concern companies hold is access to skills and labour, one of the most important pieces in the energy transition puzzle.

There is so much about our energy sector that is different to other parts of the economy. However, when it comes to human capital, it faces similar headwinds to almost every other business in the country right now.

Skilled workers have again become almost as precious a commodity as the energy they produce. And our research suggests this problem is only going to become more acute.

There has been a 16-percentage point increase in the loss of staff to other oil and gas basins, suggesting the battle for workers has become an international one. At the same time, seven out of ten firms here say they will need to grow their headcount over the next three years to cope with an increase in work. Something has to give.

Following the decline in production seen in the UKCS over the last decade, it feels odd to be talking about labour shortages. But the data clearly points in this direction – and history tells us that this has potential to inflate wages and put pressure on costs. In the case of oil and gas, this is bad news in what is already a mature and expensive basin. For renewables, a sector still operating on thin margins, it could be equally as troubling.

Finally, despite the clear need for companies to transition faster, the survey shows that more than a third of companies have yet to develop a net zero strategy. Only a small number of firms feel that government support for energy transition is visible enough, which suggests that both the UK and Scottish governments have work to do.

And if both governments are serious about a just transition for this region, then they need to step up and support two of the transformational schemes that would shift the dial on our move to a lower carbon future.

Westminster needs to accelerate carbon capture at the scale this country will need to meet its carbon reduction targets. The Climate Change Committee estimates that we need five large scale CCUS schemes – the Scottish Cluster, which has St Fergus at its heart, must be one.

We also need the Scottish Government to back the North-east's bid for a green freeport. During a recent visit, First Minister Nicola Sturgeon said she wants this region to become the Net Zero Capital of Europe. She now has a chance, via the freeport, to plant that flag firmly in the ground.

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Policy recommendations

Energy Transition 35 has again provided an enlightening insight into the current mood and ambition of our energy sector.

It also highlights the challenges we face as the UK transitions to lower carbon technologies. Some of these are being addressed via initiatives such as the North Sea Transition Deal and the Just Transition Fund, but there are areas where additional action is needed.

1) Support delivery of a Green Freeport in North-east Scotland

A North-east Green Freeport will create a globally significant hub for sustainable energy and innovation, lead Scotland's drive to Net Zero by 2045, transform the region into a powerhouse of new trade and investment and generate thousands of high-skilled, green jobs and opportunities for those that need them most.

The Scottish and UK governments need to recognise the unique opportunity locating this in what is already a key global energy location. It will transform North-east Scotland into a world leader in clean energy production, low-carbon investment and accelerate the commercialisation of innovative low-carbon technologies.

2) Progress the Scottish Cluster immediately

There has been a decline in the number of firms who expect to be involved in carbon capture in the medium term, due possibly to the recent decision to label the Scottish Cluster as a 'reserve' project.

Carbon capture and storage will be critical to our net zero ambitions, described as 'a necessity, not an option' by the Climate Change Committee. The UK Government should recognise the pressing need for additional carbon capture capacity, and the significant advantages the Scottish Cluster offers in reducing emissions via CO₂ shipping from other parts of the UK and via direct air capture at St Fergus.

The UK Government should reconsider this decision and progress the Scottish Cluster immediately.

3) Inject pace and clarity into the transition

It has become increasingly clear through these studies that there is a need for clearer access to funding, and regulatory alignment between the UK and Scottish governments. Only 28% of firms surveyed believe support for energy transition is visible, and this lack of clarity needs to be tackled urgently.

As well as clarity, we need pace injected into the transition to reflect the climate emergency we face. Delivery of offshore wind, for example, is a long and complex process. However, we must do all we can to speed this up.

The delivery of ScotWind will be crucial to Scotland's net zero targets and consideration should be given to a new offshore wind directorate to speed up delivery of this and offshore renewables projects, given the complexity around sequencing, supply chains and the number of stakeholders involved.

4) A stable tax and investment regime for the UK Continental Shelf

The once-in-a-generation investment in the UK's energy transition will, in large, come from the energy companies who already have significant operations in the North Sea. They need fiscal stability and certainty.

A windfall tax will make the North Sea – already one of the world's most mature basins – less attractive to investors. This would place jobs, tax revenues and our domestic energy security at risk, and also limit ability and appetite to invest in the low carbon research and development we so desperately need.

We need our politicians to take a pragmatic view and be wary of the impact that a short-term tax smash-and-grab and continuing doubts over the future of exploration and drilling will have on investment and confidence in a sector that is of critical importance to our economy.

Appendix

Thank you

The Research Chamber/Aberdeen & Grampian Chamber of Commerce would like to thank all energy businesses who responded to this survey. Without their voice, we could not have delivered this research.

Your continued support is invaluable to us in meeting our commitment to bring you independent and impartial insights into the key issues facing your business and the wider sector.

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