



**Aberdeen &
Grampian
Chamber of
Commerce**

—
The Hub
Exploration Drive
Aberdeen Energy Park
Bridge of Don
Aberdeen
AB23 8GX

—
T 01224 343900
E info@agcc.co.uk
www.agcc.co.uk

Rt Hon Sir Keir Starmer, MP
House of Commons
London
SW1A 0AA

27 September 2022

Dear Sir Keir,

We note your comments on Sunday with Laura Kuenssberg (25th September) around the future of the UK's energy sector, in particular around the pace of transition away from oil and gas and also around the benefit of a windfall tax on energy companies to the Exchequer.

Aberdeen and Grampian Chamber of Commerce is the North-east of Scotland's leading business membership organisation and the largest Chamber in Scotland. We represent several hundred companies in the energy sector, both oil and gas and renewables, and in the wider supply chain. The shared mission for our region is to apply existing expertise to the low-carbon energy challenges of the future and become the Net Zero Capital of Europe. This is an undertaking which will require a strong partnership between business and government.

This Chamber welcomes your ambition for scaling up investment in transitioning towards a renewables-based power system, both in terms of reducing costs for consumers and in meeting targets in tackling climate change. If your party forms a government after the next General Election, it will only be possible to bring forward the timeline for a carbon-free electricity supply, a doubling of onshore wind and a quadrupling of offshore wind capacity by harnessing the existing skills based here in the North-east of Scotland.

Contrary to your suggestion on Sunday, however, oil and gas will not form a mere 'fallback' resource by 2030 on any feasible energy transition pathway. Indeed, the Climate Change Committee's ambitious pathway to net zero calls for reductions in oil consumption of 47% by 2035 and 77% by 2050. Their analysis shows that North Sea oil and gas will be required, albeit in diminishing amounts year-on-year, well beyond this date. Any attempt to go harder and faster towards phasing out fossil fuels risks considerable job losses in the energy sector and knocking investor confidence in an industry which itself must lead the process of transition.

Finally, we strongly refute your suggestion that the Energy Profits Levy brought in by the current government will "leave excess profits on the table". Initially, this blunt instrument tax raid on a single sector which is inextricably entwined with the wider economic success of our region was expected to raise around £5 billion a year, or a total of £20 billion by 2025/26.



Registered in Scotland as a company limited by Guarantee
Registration number SCO 000 791
VAT Number 265 3165 59
Registered Office: The Hub, Exploration Drive, Aberdeen
Energy Park, Bridge of Don, Aberdeen, AB23 8GX

However, official Treasury estimates now show the levy will bring in £28 billion overall on top of the £22 million per day that oil and gas operators are paying in corporation tax.

The North Sea has become an easy target for politicians seeking to balance the books and grab a headline. However, there are serious consequences for our region if the Government is intent on taxing the energy sector into oblivion at such a critical juncture.

We hope that any party serious about forming a government beyond the next election will seek to engage with the North-east business community, understand the issues facing the energy sector and work constructively with us to achieve Net Zero in a way which maximises economic opportunities and creates green jobs at scale.

To that end, we would be delighted to invite you to Aberdeen to meet directly with our members, to tell us more about Labour's ambitions for the UK's economic future and how your party will rise to the challenge of transforming our region into the Net Zero Capital of Europe.

Yours sincerely,



Russell Borthwick
Chief Executive