

26 October 2021

Rt Hon Boris Johnson MP  
Prime Minister  
10 Downing Street  
London  
SW1A 2AA

Dear Prime Minister

We were hugely disappointed at the decision of the UK Government not to approve the Scottish Acorn Cluster as part of the CCS Track 1 programme. In our view this makes no economic or environmental sense and is a real blow to Scotland.

As we made clear in our letter to you of 5 October, there are a range of reasons why Acorn is a stand-out project to begin CCUS in the UK. Since then it has become clear that several of the key advantages that the Scottish Cluster offers to the UK did not factor in the decision making criteria by government and that these crucial areas were not considered as part of the evaluation process when the cluster 'competition' was launched. The following developments enhance the credentials of the Scottish bid:

- CO2 Shipping
  - A key component of the Scottish Cluster bid designed from the start is the prioritisation of CO2 shipping. This is a significant enabler of jobs both onshore and offshore. The deployment of ship transportation of CO2 within the UK is critical to support the decarbonisation of regions such as South Wales, Solent and Thames which are not blessed with locally available offshore CO2 storage resource and will definitely accelerate the net zero timetable.
  - The Scottish Cluster Shipping service can also provide a very important insurance mechanism to support other Track 1 clusters in the event that they suffer any injection or storage performance issues. Since these will only become apparent after major investments have been made, this simple step adds huge resilience to the UK decarbonisation plan and the success of Government policy deployment.
  - The commitment of European emitters to send their industrial CO2 to the Scottish Cluster by ship to be sequestered within Scottish offshore storage resources, will provide strong export revenue for the UK and again accelerate the timing of our net zero objective. The Scottish Cluster we believe was the only cluster to offer this business as focussed export revenue potential but this did not seem to be recognised in the selection process.

- Hydrogen Generation

Whilst all clusters presented a strong offering to manufacture hydrogen from natural gas, on average 35% of all UKs natural gas arrives at St Fergus in Scotland. It makes little rational sense to transport that natural gas right across the country to manufacture Hydrogen, only to have to bring the resulting carbon all the way back again into the North sea for sequestration. Hydrogen at St Fergus would result in the carbon spending just hours onshore before being returned offshore and put back underground. Its introduction into the gas grid would support the decarbonisation of all UK gas consumers.

- Direct Air Capture

- A successful Scottish bid would accelerate plans to remove up to one million tonnes of CO<sub>2</sub> every year through Direct Air Capture (DAC). This is a key component to decarbonising very hard to abate sectors such as major British airlines, and the financial and professional services sectors. Reaffirming the early progression of the Scottish Cluster would ensure the UK is home to the first and largest Direct Air Capture facility in Europe. This presents a huge manufacturing and export revenue potential for the UK.

If we are serious about decarbonisation then we must move much faster and more comprehensively than we have to date. Earlier this month, the IEA issued a strong call for decisive action by governments around the world stressing that CCS is now even more critical to meeting global net zero ambitions. This reflects the exact same sentiment of The Committee on Climate Change (CCC) which stated that “CCS is a necessity not an option” to achieve net zero targets.

Government have said clearly that the Scottish Cluster meets the eligibility requirements and is performing to a good standard against the evaluation criteria. The excellent team behind Acorn must remain committed to delivering the project but right now must be clearly discouraged by a loss of access to direct public funding and the associated delay in developing it as a ‘reserve’.

In summary, a third active cluster in the UK will contribute significantly to economic growth, job creation and export of products, services and expertise to other evolving industrial clusters around the world. Now is the time to be bold and, in light of the issues raised above, we urge the UK Government to reconsider their decision and add the Scottish Cluster to the Track 1 programme.

Yours sincerely,



Sir Ian Wood KT GBE  
Chairman, ETZ Ltd



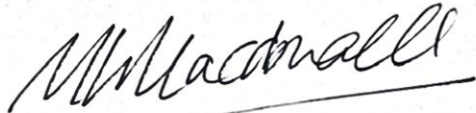
Tracy Black  
CBI Scotland Director



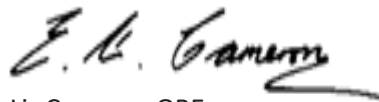
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Deirdre Michie  
Chief Executive, Oil & Gas UK

- cc. Rt Hon Kwasi Kwarteng MP, Secretary of State for Business, Energy and Industrial Strategy  
Rt Hon Greg Hands MP, Minister of State for Business, Energy and Clean Growth  
Rt Hon Alister Jack MP, Secretary of State for Scotland  
Rt Hon Michael Gove, Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations
- Nicola Sturgeon MSP, First Minister of Scotland  
Michael Matheson MSP, Cabinet Secretary for Net Zero, Energy and Transport