



**Aberdeen &
Grampian
Chamber of
Commerce**

Mr Edward Miliband MP

House of Commons

London

SW1A 0AA

Dear Mr Milliband,

I am writing to express concern at misleading remarks attributed to you on the subject of North Sea taxation.

Earlier this week, it was announced that tax refunds related to the decommissioning of old oil platforms meant that rather than paying tax on its upstream operations, Shell attracted a rebate of around £92.6million on previously overpaid taxes.

In response to this, you are quoted in several news outlets as saying the company is "receiving millions from the taxpayer".

This is simply not true. At no point is money being paid from taxpayers to energy companies.

Owing to the fact that decommissioning tax reliefs can only be claimed when decommissioning spends are incurred, companies will, over an asset's productive life, effectively have 'overpaid taxes' and so will be in a 'tax credit' situation at cessation of production.

The Shell story is a great example. Around £57million of the rebate quoted in the media this week relates to decommissioning old platforms in the Brent field. This is a field that has generated an estimated £20billion of tax revenue in today's money.

Filing for these tax reliefs in recent years when income streams have been low due to the pandemic has attracted tax rebates against previous taxes on profits, paid in line with standard business taxation practises. While this can give the appearance that the government is paying towards decommissioning, it is actually just a 'rebalancing' of the tax accounts. It is not cost, it is cashflow.

I think we're entitled to expect better from a former leader of the opposition and someone who has spent time in government. Now is not a time for glib soundbites, it's a time for pragmatism and reasoned debate.

There is undoubtedly additional revenues flowing into hydrocarbon businesses as a consequence of higher prices, but a windfall tax is a blunt instrument which will achieve little.

Instead, we should be focussing on investment in our energy transition.

Shell is investing £25billion in the UK energy system over the next decade, bp is investing £2 for every £1 it makes in the UK and Neptune Energy is looking to go beyond net zero by 2030 - let's focus our efforts on holding companies to these bold promises.

Our energy security (and energy bills) will be far better off for it.

If you would like to visit Aberdeen to meet with some of the innovative companies fuelling the UK's energy transition, I would be happy to make arrangements to host you.

Yours sincerely,

Ryan Crighton

Policy Director

Aberdeen & Grampian Chamber of Commerce