



## **SCCS briefing: A managed wind down of North Sea oil & gas production in line with a Just Transition**

### **October 2022**

#### **Summary**

In line with climate science, **SCCS strongly advocates that there must be no new oil and gas exploration and development**. Thus, the UK Government must ensure that no new licences or approvals are granted, while the Scottish Government should oppose such licences as a matter of policy.

**SCCS supports a managed and just wind down of North Sea oil and gas production as quickly as possible in line with keeping temperatures to 1.5°C and holds that Scotland and the UK must take an equitable approach to this process.** As a wealthy nation with historic responsibility for the climate crisis, and a greater financial capacity to act, an equitable approach would potentially result in the UK ending production as soon as possible thereafter. Some studies have suggested 2031 or 2034 as target dates.

**SCCS therefore calls on the Scottish Government to immediately start planning for a credible managed wind down as part of a Just Transition, with trade unions and communities fully involved in agreeing timescales.** SCCS believes the Scottish Government must take a 'hands-on' approach to ensure a just transition, utilising all powers at their disposal to prioritise the creation of decent jobs in renewables and energy efficiency and put in place strong safeguards for impacted workers transferring from oil and gas jobs to renewables and other work.

Concerns about energy security, resilience and affordability, driven by global events and the current cost-of-living crisis, are best addressed by an energy strategy that is based on demand reduction, clean energy and greater efficiency. A managed and just phase out of oil and gas is not incompatible with such a strategy; indeed, it forms an essential part of a sustainable long-term approach.

The UK and Scottish Governments must act, in accordance with their respective responsibilities, to implement a phase out and Just Transition as described. This will also need to involve a review of current subsidies/tax allowances for the industry, in line with the Glasgow Climate Pact.

Scotland should collaborate with other countries that are phasing out fossil fuels in a responsible way and join the Beyond Oil and Gas Alliance as a Core Member.



## **Introduction**

[Stop Climate Chaos Scotland](#) (“SCCS”) is a diverse coalition of over 60 civil society organisations in Scotland who campaign together on climate change. Our members include environment, faith and belief groups, international development organisations, trade and student unions and community groups. We believe that the Scottish Government should take bold action to tackle climate change, with Scotland delivering our fair share of action in response to the Paris Agreement and supporting climate justice around the world.

The role of fossil fuels in driving the climate crisis is well-known and there is agreement that a transition to ‘clean’ energy is necessary. The challenges are, however, to ensure that this is as swift and widespread as necessary to address the climate crisis – but also appropriately managed to ensure that workers and communities are not left behind.

## **Climate context**

The planet is already over 1°C warmer and on track for a devastating 3°C or more – there is no more time to waste. Climate change is affecting the world’s poorest people now and fuelling a linked nature crisis. In August 2021, hundreds of [scientists from the IPCC issued the starkest warning yet](#) about human impact on the planet amid unprecedented changes, including more intense heatwaves and more extreme weather events, with some changes now inevitable and irreversible. The UN Secretary General branded the findings a “[code red for humanity](#)”. The science is now overwhelming: our planet is on fire and without concerted action we’re headed towards climate catastrophe; with the poorest communities – wherever they live – and future generations suffering the most.

It is, however, not too late to limit global temperature rise to the critical 1.5°C threshold, as agreed at Paris – and just about ‘kept alive’ as a target at COP26 in Glasgow, despite the [generally inadequate outcomes](#). Within the [Glasgow Climate Pact](#), however, was an agreement to “phase down unabated coal power and inefficient subsidies for fossil fuels”.

## **Cost of living crisis**

At a time of surging living costs, it might be argued that this is the wrong time to consider major policy changes affecting a sector supporting many jobs and providing energy. However, measures to address the climate crisis and address the cost of living crisis can, in fact, be aligned and complement one another – in part, because both are caused primarily by the use and cost of fossil fuels. Thus, SCCS strongly supports the recommendation, made in the recent [Financing Climate Justice report](#), that measures to address the cost of living crisis must also reduce emissions, and that well-designed policies will not only help accelerate emissions reduction, but also help to achieve wider social, health and well-being goals. As the report argues: now is the time for policymakers to think boldly and to transform our use of fiscal measures to support urgent action to deliver climate justice.

Thus, an ambition to ensure a just transition from oil and gas to climate-friendly alternatives should be viewed as a contribution to addressing the cost of living crisis. The current crisis should not be seen as a reason to reduce or delay that ambition.



## **Climate limits to oil & gas**

The International Energy Agency (IEA) report, [‘Net Zero by 2050’](#) published in 2021, outlined the clear scientific consensus that to limit global warming to 1.5°C and reach ‘net zero’ by 2050, that **“no new oil and natural gas fields are needed** in the net zero pathway”. It states that to reach global net zero by 2050, there should be **“no new oil and gas fields approved for development”** and “no need for investment in new fossil fuel supply”.

In responding to the pre-COP26 report from the IPCC report, [UN Secretary-General Antonio Guterres said](#) that it “must sound a death knell for coal and fossil fuels, before they destroy our planet. **Countries should end all new fossil fuel exploration & production**”.

In June this year, [the UN’s Stockholm 50+ summit recommended](#) a **“phase out of fossil fuels** while providing targeted support to the poorest and most vulnerable in line with national circumstances and **recognising the need for financial and technical support towards a just transition**”.

In the light of this scientific evidence, and widespread international opinion, **SCCS strongly advocates that there must be no new oil and gas exploration and development. Thus, the UK Government must ensure that no new licences or approvals are granted, while the Scottish Government should oppose such licences as a matter of policy.** This is especially important in Scotland where existing oil and gas reserves/developments already have the potential to contribute to exceeding our climate targets.

## **An equitable approach**

As suggested above, [a 2016 study demonstrated that](#) the emissions from oil and gas in already developed reserves around the world would take us beyond 1.5°C. The [2021 UN Production Gap report](#) states that governments around the world are planning to produce more than twice the amount of fossil fuels by 2030 than is compatible with 1.5°C and that, “to meet Paris Agreement goals, all countries will need to wind down fossil fuel production, some more rapidly than others”.

The March 2022 Tyndall Centre report *“Phaseout Pathways for Fossil Fuel Production”*, which takes into account countries’ differing levels of wealth, development and economic reliance on fossil fuels, and finds that:

- For a 50% chance of 1.5°C, the UK and other rich nations must end oil and gas production by 2034
- For a 67% chance of 1.5°C, the UK and other rich nations must end production by 2031

The principles of equity and climate justice, which are enshrined in the UN climate regime, mean that wealthy, developed nations who have a greater capacity to pay for the transition and a lower economic dependence on fossil fuels – like Scotland and the rest of the UK – must phase out more rapidly.



In the light of this, **SCCS supports a managed wind down of North Sea oil and gas production in line with limiting temperature rises to 1.5°C and holds that Scotland and the UK must take an equitable approach to this process.** As a wealthy nation with historic responsibility for the climate crisis, and a greater financial capacity to act, an equitable approach would potentially result in the UK ending production as soon as possible thereafter.

[As of July 2021](#), there was an estimated 6.55 billion barrels of oil and gas in UK fields which are already open and producing, or which have permission for development, and 13.5 billion barrels in as yet undeveloped fields. The IEA recommendation that there should be “no new oil and gas fields approved for development” means that the 13.5 billion barrels of *as yet undeveloped* UK oil and gas needs to stay that way, with no further exploration, licensing or development. In October 2021, SCCS applied this approach to the debate over the proposed Cambo development, and [wrote](#) to the First Minister, saying: “*We urge you to quickly, clearly and publicly call for the rejection of Cambo and all new oil and gas projects, and support a managed phase-out from the North Sea in line with keeping global temperature rises to 1.5°C, while increasing renewables and ensuring a just transition for affected workers and communities.*”

### **Other countries**

Elsewhere in the world, this transition is already underway with a number of jurisdictions ruling out new oil and gas developments. [The Beyond Oil and Gas Alliance](#) launched at COP26 in November 2021, bringing together a number of countries, including New Zealand, Ireland, France, Portugal and Greenland that have already banned new oil and gas drilling on climate grounds.

Both the Republic of Ireland and (the devolved government of) Wales are [core members of BOGA](#) and [the Scottish Government has said](#) it is considering joining as a “friend” of BOGA. Denmark, Spain, Costa Rica and the state of California have gone further to set end dates for oil and gas extraction. Given the international momentum on this issue, and our ambition to be seen as world leading, Scotland should collaborate with other countries phasing out fossil fuels in a responsible way and join the Beyond Oil and Gas Alliance as a Core Member.

The March 2022 Tyndall Centre report “[Phaseout Pathways for Fossil Fuel Production](#)”, also highlighted that the UK and other rich nations must provide “substantial and ongoing financial transfers to poorer nations to facilitate their low-carbon development, against a backdrop of dangerous and increasing climate impacts.” SCCS fully supports and advocates for the UK, including Scotland, to [support climate justice](#) in the global south.

### **Just Transition**

The transition away from fossil fuels towards renewable energy must be a Just Transition that does not leave anyone behind. Much of Scotland's progress in reducing emissions has been as a result of de-industrialisation, and policies to deliver the zero-carbon economy have failed to realise the full potential of creating decent, green jobs in Scotland.



Meanwhile, when/if oil prices are low, resultant job losses are damaging to workers and communities in the North East.

If the transition to a low carbon economy is left to market forces, we risk a repeat of the devastating social dislocation and high unemployment experienced as a result of de-industrialisation and coal mine closures. By contrast, there is evidence that there will be a considerable demand for labour, including for [skilled workers, in a low carbon energy system](#) and tools such as [offshore training passports](#) can help facilitate the transition.

The Scottish Government [no longer supports unlimited recovery of oil and gas](#), often known as “Maximum Economic Recovery” (MER). This position has been welcomed by SCCS. However, it is only a first step towards the necessary long term phase out described above. SCCS, therefore, urges the Scottish Government to prioritise the shift away from MER in the forthcoming Energy Strategy and Just Transition Plan for the Energy Sector, and introduce instead a policy in support of phasing out oil and gas production over the next decade or as soon as is credibly feasible after that, in line with 1.5°C.

However, to ensure a Just Transition, it is essential this work includes the trade unions, workers and communities affected being involved in agreeing final timescales. This would include job guarantees for impacted workers and proper financial support [for the installation of low carbon heating systems and energy efficiency measures](#). The wind down and phase out must be done in conjunction with protections for workers and for consumers, with realistic funded plans for affordable renewable heating solutions nationwide. A massive programme of work delivered through municipal energy companies would be one way to carry this out. It is essential, particularly with the cost of living emergency, that low income households are not expected to bear the burden of the transition. Proper retrofit and conversion to low carbon heating programmes must become a requirement – but must also be affordable. So, it must be funded by governments for those unable to afford such measures. Without such support only the better off will be able to have comfortable warm homes and we will not be able to tackle the climate emergency in time. Clean affordable energy for all is key.

**SCCS therefore calls on the Scottish Government to immediately start planning for a credible managed wind down as part of a Just Transition, with trade unions and communities fully involved in agreeing timescales.** SCCS believes the Scottish Government must take a ‘hands-on’ approach to ensure a just transition, utilising all powers at their disposal to prioritise the creation of decent jobs in renewables and energy efficiency and put in place strong safeguards for impacted workers transferring from oil and gas jobs to renewables and other work. The Just Transition Commission should, in turn, hold the Government to account for the delivery of its commitments, such as the skills guarantee for workers in carbon intensive industries.

### **Demand reduction and energy security**

Emissions from the use of oil and gas arise, primarily from their role in fuelling our transport and heating our buildings. Scotland’s Climate Change Plan has ambitious targets to decarbonise these sectors – targets that, to date, have been regularly missed.



As illustrated above, further investments in these de-carbonisation efforts can also contribute to a just transition – by providing opportunities in sectors such as renewables, energy efficiency and public/active transport. Such an approach also has widespread public support, with insulation and energy retrofit measures [recommended by Scotland's Climate Assembly](#).

The UK [Climate Change Committee \(CCC\) has indicated](#) that, UK wide, oil consumption must halve by 2035 and unabated gas consumption fall by 65% by 2035. Scotland's more ambitious targets require such reductions even earlier – and thus Scotland must lead the way on demand reduction measures. In doing so, energy security is also enhanced as reliance on fossil fuels is reduced.

Demand reduction also forms a key part of any sustainable strategy for greater energy security, which is further enhanced by greater reliance on varied renewable resources. **Concerns about energy security, resilience and affordability, driven by global events and the current cost-of-living crisis, are best addressed by an energy strategy that is based on demand reduction, clean energy and greater efficiency. A managed and just phase out of oil and gas is not incompatible with such a strategy; indeed, it forms an essential part of a sustainable long-term approach.**

### **UK and Scottish Government action**

Energy policy, especially oil and gas, is generally a reserved matter and the responsibility of the UK Government. However, there are also a range of devolved issues that also impact energy issues and, of course, the Scottish Government can be a strong advocate for a new approach by the UK (and other) governments. This was illustrated, for instance, when the First Minister said that Cambo development should '[not get the green light](#)'.

The COP26 President Alok Sharma gave [an impassioned speech at the COP27 closing plenary](#), calling out the final agreement for a lack of “clear follow-through on the phase down of coal” or a “clear commitment to phase out all fossil fuels.” This strong rhetoric must be reflected in UK Government policy positions and decisions on fossil fuel projects. However, actions to date appear not to live up to the rhetoric, with the recent announcement of [new licencing rounds to allow oil and gas companies to explore for fossil fuels in the North Sea](#). By contrast, Labour's [recent commitment to overturning this policy if elected](#) is welcome.

At present, the Scottish Government is developing its new “Energy Strategy and Just Transition Plan”. Such an approach is welcome and is an ideal opportunity for the Scottish Government to set out a clear position on oil and gas, as well as the actions it will take to encourage and support a just transition. In the light of the above, the Scottish Government's strategy (and actions by the UK Government) should include: –

- an immediate end to [new](#) oil and gas exploration and development. This means no new licences or approvals should be granted.
- a managed wind down of North Sea oil and gas production in line with limiting temperatures rises to 1.5°C and holds that Scotland and the UK must take an



equitable approach to phasing out oil and gas production. As a wealthy nation with historic responsibility for the climate crisis, and a greater financial capacity to act, an equitable approach would potentially result in the UK ending production by 2031 or as soon as possible thereafter.

- An immediate start to planning for a credible managed wind down as part of a Just Transition, with trade unions and communities fully involved in agreeing timescales. The Scottish Government must take a 'hands-on' approach to ensure a just transition, utilising all powers at their disposal to prioritise the creation of decent jobs in renewables and energy efficiency and put in place strong safeguards for impacted workers transferring from oil and gas jobs to renewables and other work.

The strategy should also address concerns about energy security, resilience and affordability, driven by global events and the current cost-of-living crisis. These are best addressed by demand reduction, clean energy and greater efficiency. A managed and just phase out of oil and gas is not incompatible with such a strategy; indeed, it forms an essential part of a sustainable long-term approach. As much of the oil and gas production, in Scotland, is an offshore activity, this wind-down, transition and decommissioning should be reflected in the forthcoming revision of the Scottish National Marine Plan (alongside provision for increased marine renewables and [protection of blue carbon](#)).

Both governments should also address the issue of fair taxation of the oil and gas industries and, in line with the Glasgow Climate Pact, to end "subsidies for fossil fuels". Thus, current budgets and plans should be closely reviewed for their contribution to meeting climate change objectives – and to ensure both a Just Transition and an end to support for oil and gas. This may need new fiscal measures including new or different forms of taxation. Such fiscal measures were explored in a report [Financing Climate Justice](#), commissioned by SCCS, and published in October 2022. In [a briefing, published to accompany the report](#), SCCS highlighted a number of short term fiscal measures that should be taken; this included that the UK Government should:

"Significantly increase taxes (and remove tax reliefs), both short and long-term, on the extraction and production of fossil fuels and invest the revenue in measures to reduce demand for them and to support a faster and just transition. During the current cost-of-living crisis, this should include serious consideration of the use of windfall taxes on the excess profits of energy companies to protect those paying spiralling energy bills."

Stop Climate Chaos Scotland  
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