

Oil and Gas Industry Leadership Group
Minute of Meeting
Tuesday 7 May, 08:15 – 11:45
The Village, Aberdeen

Members present:

- Paul Wheelhouse MSP, Minister for Energy, Connectivity and the Islands – Co-chair
- Melfort Campbell, Chief Executive, IMES Group – Co-chair
- Jim Savege, Aberdeenshire Council
- Trevor Garlick, ONE Deirdre Michie, OGUK
- Collette Cohen, OGTC
- Andy Samuel, OGA
- Andy McDonald, SE
- Esther Hayes is attending for Peter Black, EnergySYS
- Neil Gordon, Subsea UK
- Paul De Leeuw, RGU
- Emma White for Hedda Felin, Equinor
- Terry Savage, Global Energy
- Nigel Lees, Wood Group
- John McDonald, OPITO
- Steve Phimister, Shell
- Richard Knox, EC-OG
- Ariel Flores, BP
- Gordon McGuinness, SDS
- Jake Molloy, RMT
- Tommy Campbell, UNITE

Observers: Kersti Berge, Director Energy & Climate Change, Scottish Government
Jenny MacDonald, Skills Development Scotland
Rachel Elliot, OPITO
Kevin Taylor, SE
Mike Allan, XODUS Group (FILP)

Secretariat: Linsey Wilson, Scottish Government
Scott Bradley, Scottish Government
Laura Graham, Scottish Government

Apologies: Murdo McIver, Peterson
Neil Sims, Expro
David Rennie, SE
Grahame Smith, STUC
David Brooks, Ineos
Ian Donald, Enpro

1. Welcome, Apologies and Actions, Melfort Campbell

- Welcome, thanks, apologies noted above.
- Previous minute from ILG on 11 December 2018 approved with actions completed.

2. Ministerial update

- Recognised the continued strength of the sector and the recent achievements within the OGUK 2019 Business Outlook report.
- Recognised the role that Vision 2035 will play, particularly around energy transition.
- Highlighted recent activity on transition within Scottish Parliament including recent debates and motions led by the Green party.
- This group can and should actively support the delivery of the Vision.
- Welcomed the commitment from the group in sharing their knowledge and expertise to address some of the ongoing challenges facing the sector.

3. Supply Chain Update

- The group are focused on increasing productivity in the supply chain and increasing efficiency and collaboration. A short term working group will be created which will link into Vision 2035 and the work of the TLB.
- There are other initiatives in this area, this work group should ensure that it is not duplicating work. It should consider a role that unifies the other supply chain work in the sector.
 - i) **Action: Bill Cattenach, OGA to be included in the group to connect with Pathfinder.**

4. Energy Transition

- The Minister opened this session by referencing the following activities:
 - First Minister will provide an Energy Statement update at the All Energy conference next week, which will include an update on key statistics within the energy sector and Scotland's energy targets.
 - The Scottish Governments response to the Climate Change Committee report where amendments have been made to our Climate Change Bill to set a net zero greenhouse gas emissions target for 2045 and increase the targets for 2030 (to a 70% reduction) and 20140 (to a 90% reduction).
- The views of this group on energy transition will be shared with the Scottish Energy Advisory Board, ahead of the next SEAB meeting scheduled for June.
- Deirdre Michie, OGUK, provided an update on Vision 2035. The Vision reinforces security of energy supply and the role that the industry can play in supporting a move to a low carbon economy and energy transition.
- The Vision 2035 Steering Group are working with RGU to help inform the campaign and develop a roadmap.
- UKCS upstream production emissions are 3% of total GHGs, whereas oil and gas consumption is 70%. The industry asks for:
 - A more strategically focused energy policy
 - Rely more on market mechanisms via carbon pricing
 - Vision 2035 is integral to the energy transition.
- Deirdre also referenced an OGUK campaign to encourage people to know where their energy comes from - #knowyourenergy.
 - ii) **Action: ILG members to be encouraged to sign up to supporting Vision 2035 – All**

iii) Action: Continued Ministerial and Government support for the Scottish oil and gas sector taking up its full role in, and fully contributing to, the energy transition – Minister for Energy, Connectivity and the Islands, and SG secretariat.

- Colette Cohen, OGTC founding objectives are to encourage innovation, support Maximising Economic Recovery (MER) and anchor the supply chain within the North East. The OGTC is driving forward technology innovation and positively impacting MER but there is an opportunity for OGTC to do more to support climate change whilst still delivering economic opportunities. OGTC support projects in robotics, remote ops and operations efficiency **which** they will consider through the lens of carbon efficiency moving forward.
- Andy Samuel, OGA noted that the OGA is fully supportive of energy transition, and referenced the role of gas and security of energy supply going forward. He highlighted that the OGA also regulate flaring and venting. Andy noted that MER fits within and is consistent with the CCC oil and gas demand forecasts. The important role for CCS to play was noted, and a short update was provided on the Energy Integration project that the OGA are leading on behalf of UK Government.
- Vision 2035 was recognised as a vehicle to clarify and define a role for oil and gas in the energy transition, recognising that there is a role for the sector in enabling the development of CCS and Hydrogen economies.

iv) Action: Vision 2035 task force to provide an update on energy transition activities at the next meeting– Vision 2035 Task force.

- With the increasing focus of the Oil and Gas ILG on the industry's role in delivering our transition to a carbon neutral economy, and the new industrial and supply chain opportunities which this represents for the sector – through leadership and skills development, technological innovation, the development of Hydrogen and the establishment of CCS in Scotland. Consider Scottish Government energy groups structure to unify, leverage and communicate effectively to deliver the best outcomes for all sectors involved in the energy transition to a net-zero economy.

v) Action: ILG views to be fed into the next SEAB meeting, and an update to be provided to the ILG – SG secretariat

- The current CCS landscape is lacking organisations that have the competency to operate and the requisite balance sheet. Oil and gas companies have infrastructure and are looking for re-use opportunities, but the policy landscape and frameworks are not in place. For energy intensive industries the concept of net carbon footprint may be a helpful concept to broaden the debate and enable conversation.
- The importance of the Just Transition Commission and Fair Work Convention was highlighted to protect workforce rights, with a request for collective bargaining agreements to be respected.
- Recognition that MER strategy has brought £30 billion in revenues to the UK Exchequer. There is a concern that without an authentic dialogue and debate the sector will be side-lined and there will be a risk of offshoring GHG emissions and energy transition opportunities will be missed. The success of MER should be celebrated, continued domestic oil and gas production is required for security of supply, can support the energy transition and aligns with climate change ambitions.

- OGTC is planning how it can more directly support the sector in the energy transition. This will be taken to their board for consideration at the end of May.
- Mike Allan, FILP representative commented that there is still a lack of empowerment and engagement within the workforce. In particular middle management do not have tools to demonstrate the value of low carbon technologies.

vi) Action: OGTC and OGUK with support from SE to discuss further the development of tools that demonstrate the value of decarbonisation.

5. ILG Industry Support

- Summary papers circulated of post-taskforce legacy workstream actions and support.
- Mike Allan, FILP provided an update on the success of the Future Industry Leadership Programme.

vii) Action: Mike Allan to be involved in the supply chain sub group to capture the views of the future industry leaders - SE

6. Workforce Dynamics

- OPITO have developed The Skills Landscape 2019 - 2025 route map to bring organisations together to deliver on targeted actions.
- OPITO view these collective activities as the starting point to delivering the four strategic components – Retain, Retrain, Recruit and Renew – and will change, adapt and develop over time as OPITO continues to engage with the workforce, industry employers, trade unions, training providers, governments, trade bodies and educational institutions.
- The focus of the discussion will be on the next steps on the action to be taken to deliver action on the OPITO / RGU findings through the creation of a Skills Alliance.

viii) Action: Skills, Leadership and the next steps of the OPITO/RGU route map to be discussed at the next ILG meeting – SG Secretariat and OPITO

7. AOB, including Future ILG Agenda Items

- At the last biannual meeting (31 October) between STUC and FM, the unions raised some issues around Fair Work in the Oil and Gas sector. They noted some good work had been done in this area but that, in their view, there was some prominent inappropriate behaviour and some employers had, allegedly, used the economic downturn to change workers terms and conditions. There was an action for Fair Work to be included onto the ILG agenda.
- The group agreed that Fair Work should be added as a standing item to the agenda to seek updates on positive developments or issues that have arisen in relation to Fair Work (provided this is the appropriate forum to raise these).

ix) Action: SG secretariat will contact the group in advance of each meeting to understand if there are any Fair Work best practices or issues that would benefit from discussion – SG Secretariat.

Date of next meeting – Tuesday 17 September, 08:30 – 11:30