



North Sea
Transition
Authority

Energy Security & Emissions Reduction: The Regulator's Perspective

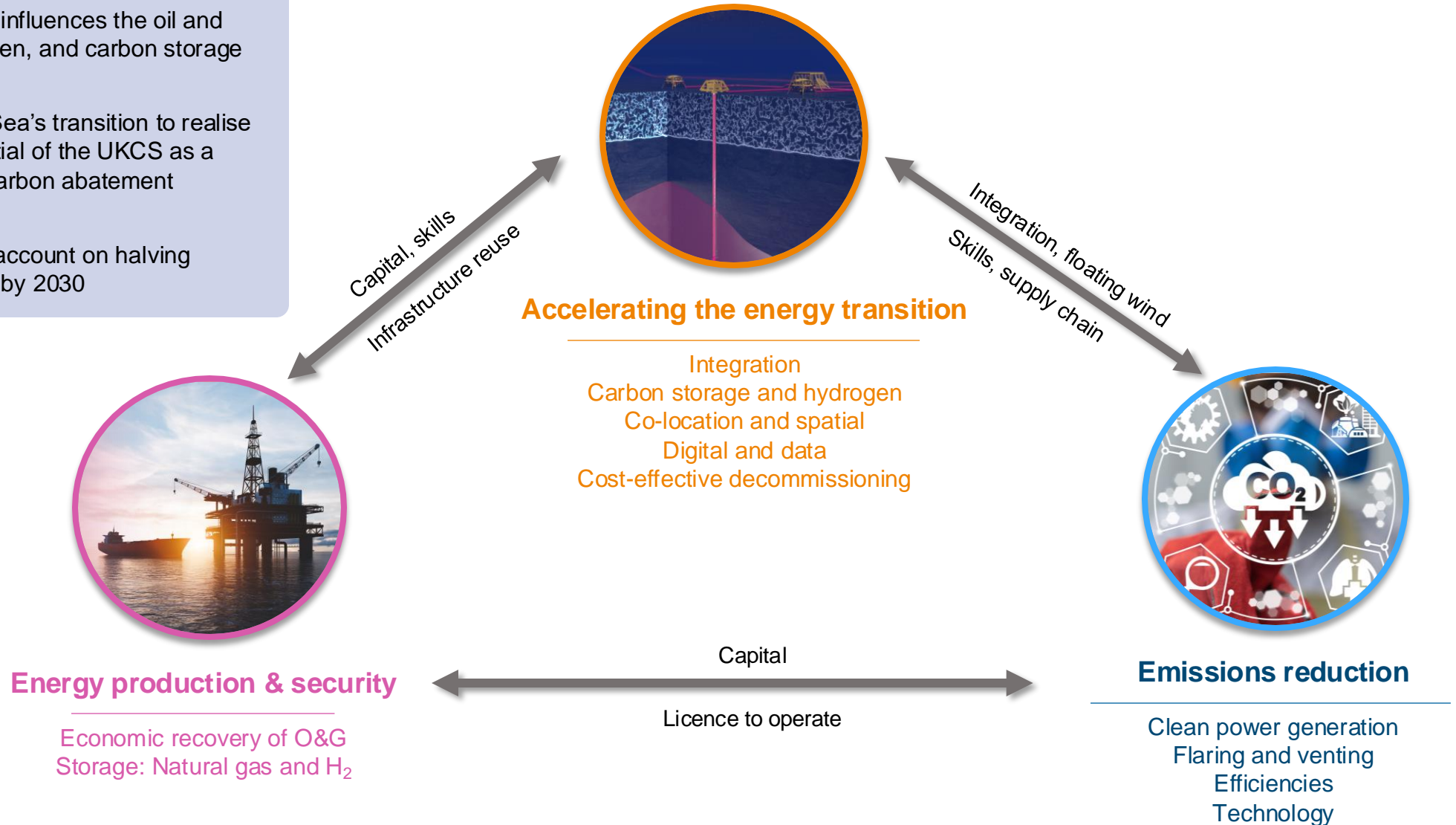
Tom Wheeler, Director of Operations

6 November 2024

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- NSTA regulates and influences the oil and gas, offshore hydrogen, and carbon storage industries
- We drive the North Sea’s transition to realise the significant potential of the UKCS as a critical energy and carbon abatement resource
- We hold industry to account on halving upstream emissions by 2030



Current operating context is challenging, but there are opportunities

NSTA understands the challenges operators and the supply chain faces and is playing a role in mitigating these

Technical Challenges

- UKCS is a mature basin with declining production
- Many technical challenges



Policy Ambiguity

- Future of offshore oil and gas licensing
- Impact of Finch case ruling (consideration of Scope 3)
- DESNZ Consultations

Sarah Finch judgement impacts North Sea oil and gas

BY RUTH HAYHURST ON AUGUST 29, 2024

The implications of a landmark legal challenge about climate emissions from onshore oil have spread to the offshore industry.



Fiscal Uncertainty

- Budget – October 2024
- Increase and extension to 'windfall tax' as expected
- Capital Allowances and Decarb Allowance retained at higher than expected levels

Rishi Sunak announces £5bn windfall tax on energy firms

"Temporary, targeted" levy part of £15bn package intended to soften impact of cost of living crisis

Reeves confirms higher tax on North Sea oil and gas, pauses expensive roads schemes

Chancellor Rachel Reeves has made a string of measures to plug gaps in the UK Government's finances, including new taxes and funding suspensions relating to the nation's low-carbon energy and transport transition.

Protecting Social LTO

- NSTA requiring emissions reduction conditions are met if developments are to be approved
- Ensuring industry can retain it's SLTO



North Sea Transition Authority

OGA Plan to reduce UKCS greenhouse gas emissions

Date of publication 27 March 2024

UKCS remains an important asset to the UK

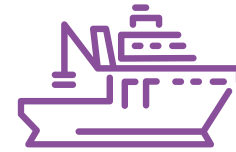
NSTA is working to protect the sector and the wider benefits it brings to the country



Over **200,000** jobs supported*



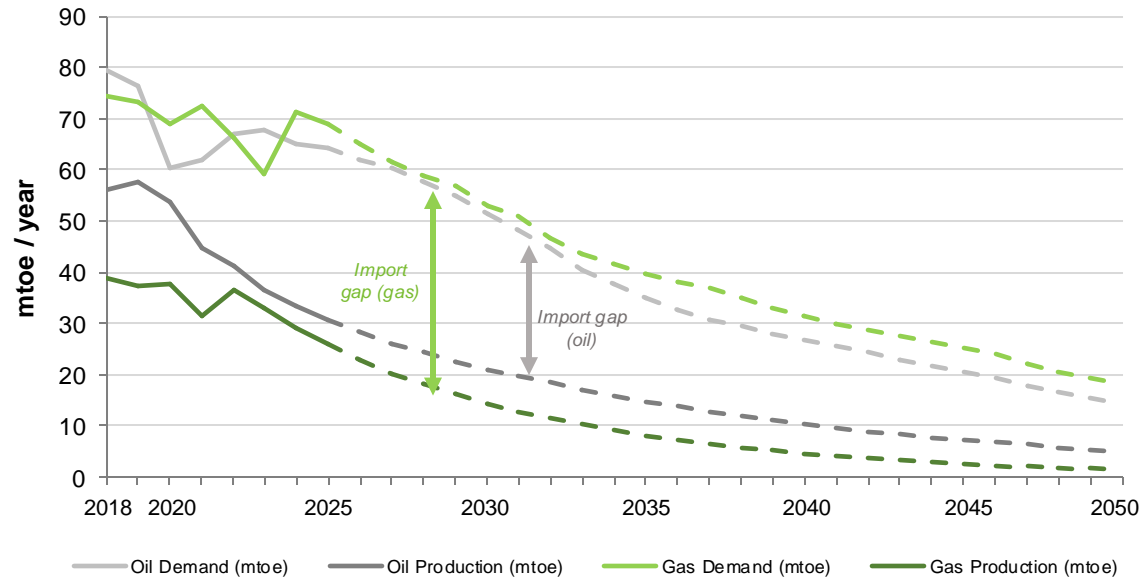
£15bn tax contribution over the last two years



Innovative supply chain

Domestic production will continue to be important, but industry needs to play its part in meeting UK Net Zero targets

Domestic Production vs. Demand Forecasts



All sectors need to reduce emissions to help the UK achieve net-zero by 2050



GHG emissions from upstream oil and gas activity accounted for **3%** of UK's total GHG emissions in 2022†



*Source: OEUk

† Source: NAEI

What is NSTA doing to protect energy security?

Protecting existing assets

 technology leadership board


 

Proven technology uptake : drone and ROV usage

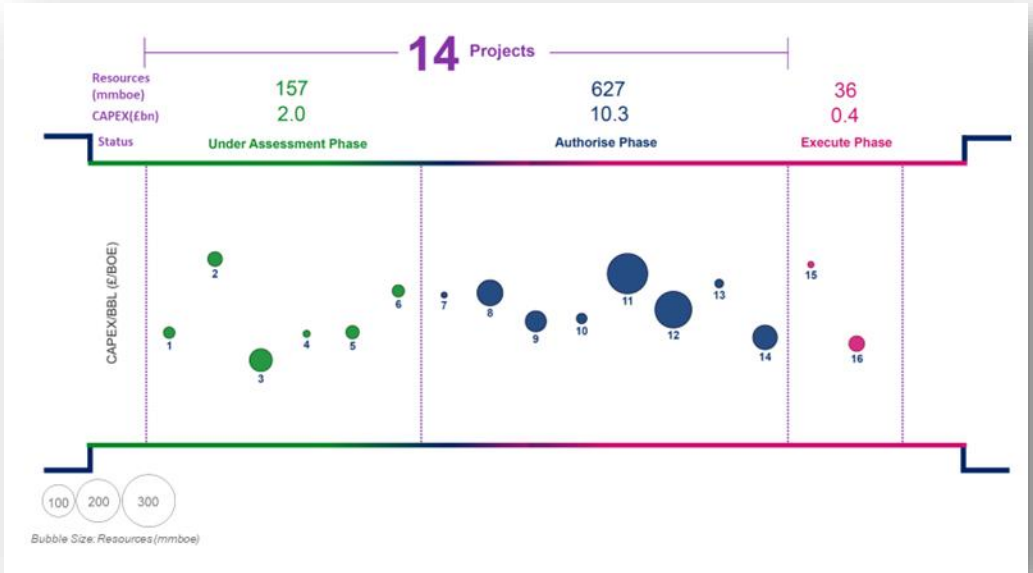
 ASSET STEWARDSHIP TASK FORCE

 Culture  Hub Strategies

Well Interventions

 200 wells identified
Potential to unlock 20mmboe of additional production

Progressing new barrels

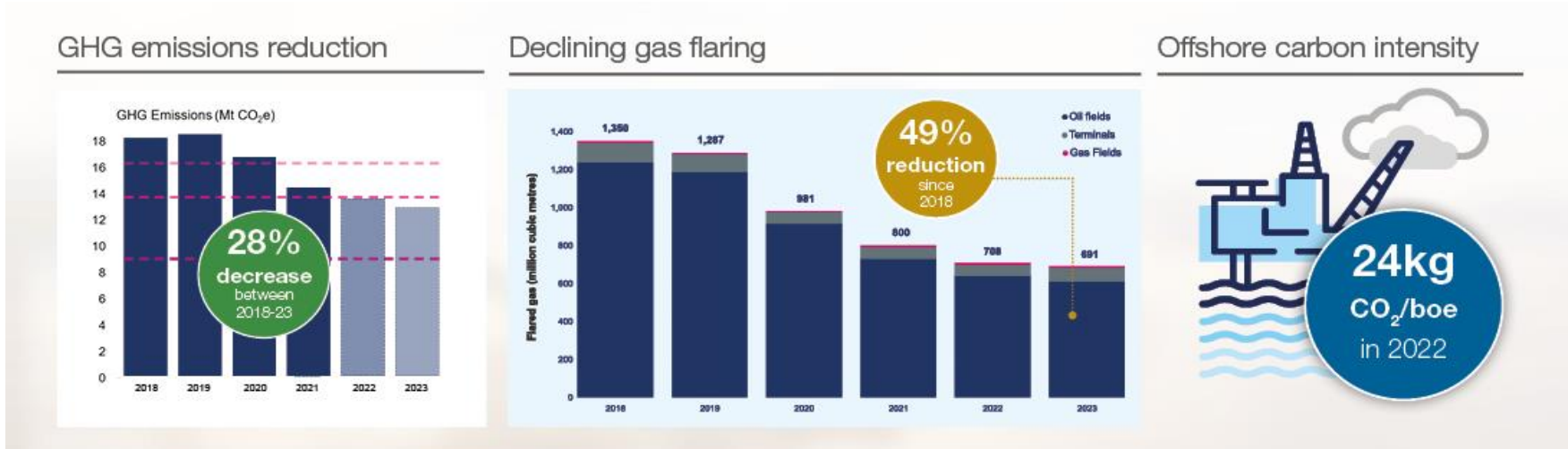


Exploration, new developments and near-field tie-backs

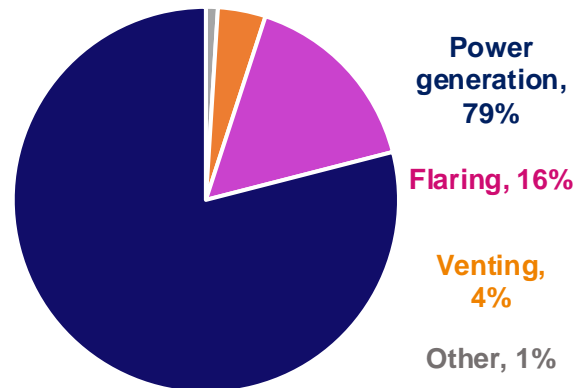
Potential to unlock over £12bn and 800mmboe from new projects

What is NSTA doing about emissions?

NSTA is overseeing emissions reduction progress and taking a robust approach, utilising OGA Plan. More progress is needed.



Offshore Oil & Gas Production Emissions Sources



OGA Emissions Reduction Plan - Overview

Flaring and venting

Ambition for zero routine flaring for all developments by 2030 – flaring currently accounts for 1/6 GHG emissions from production

Electrification and low carbon power

Power generation is largest contributor to GHG emissions from o/g production. Electrification required, with other low carbon power options also considered

Inventory

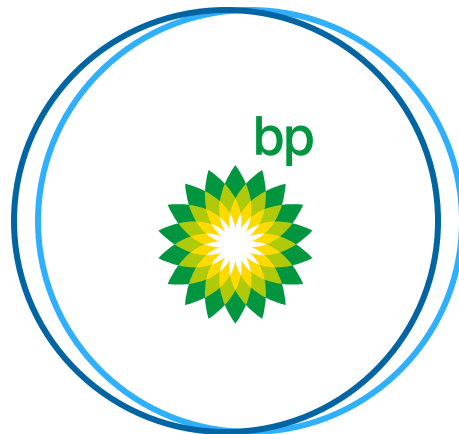
Closure of some low-producing, carbon-intensive installations may allow cleaner production to come online

Investment and efficiency

Investment in GHG emissions reduction should be made by industry

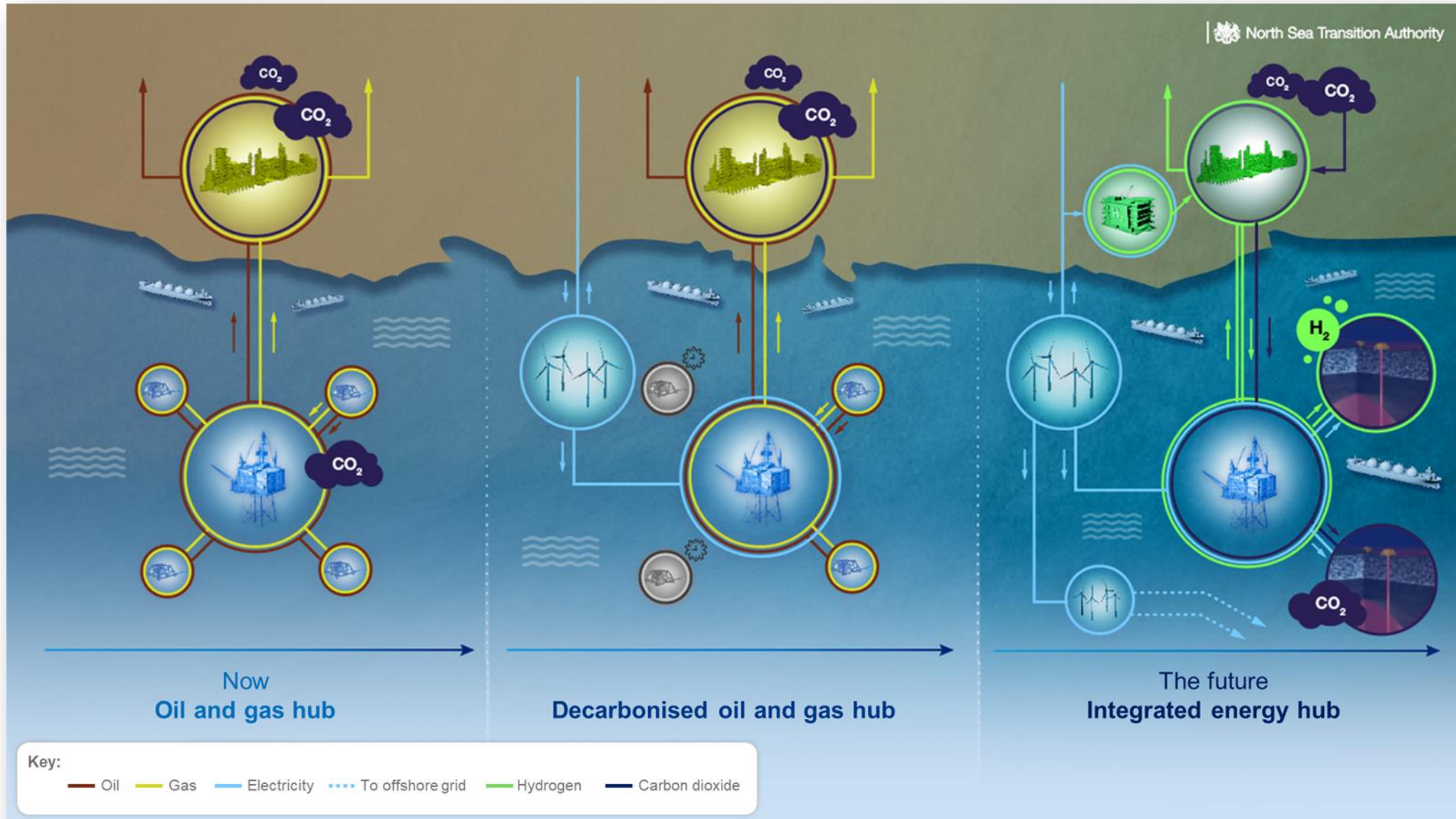
Industry is in action

Lots of exciting projects happening in industry which are making a material difference



Feel free to share your own examples and stories with your NSTA focal point

In summary...





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Thank you
