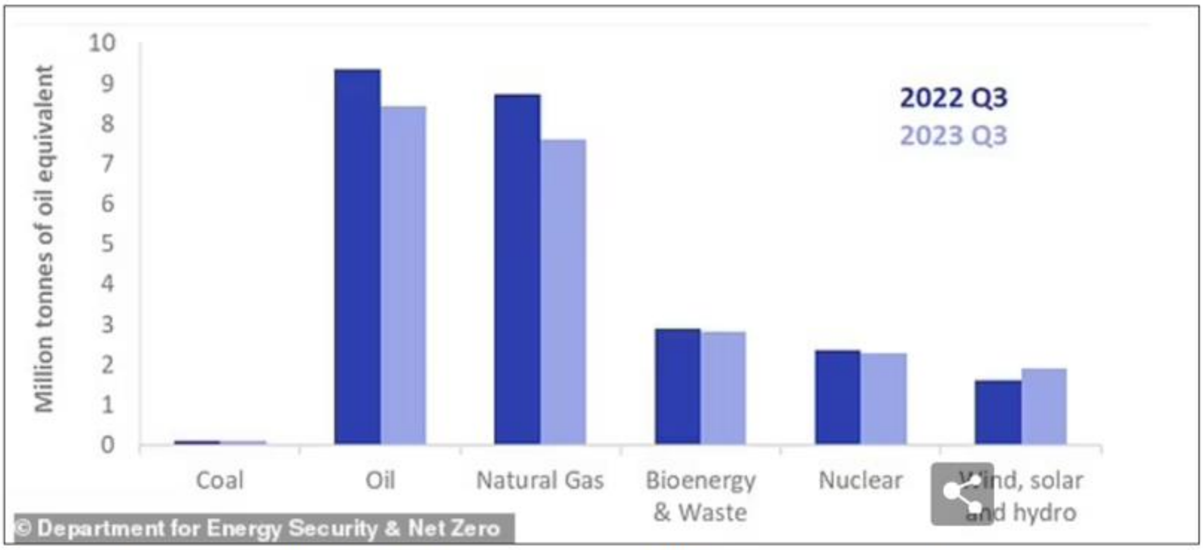
UK Energy “Rumours of its death are greatly Exaggerated”

The O& G Industry is no longer the vehicle of legislation it has become a legislation taker.

Transition, Emissions, CCS etc that and scrabbling about raising capital for existing and future investment.

I along with many of my colleagues remain concerned about the manner and content of industry comms in the post O&G space, and the public sentiment it engenders.



Dominant providers: Oil and natural gas remain the UK's largest sources of energy

We are in an election year Oil and Gas is not a vote winner. The UK economy continues to flirt with a technical recession. The OBR warns the politicians that the room for Fiscal Policy incentives is severely constrained.

The recent doubling down on the Windfall Tax, for the current administration, was possibly the only source of available funds, despite the anguish in the NE.

Governments or Govt Agencies will always speak to the Oilco’s, collectively OEUK, and dependent upon Market Cap, Volume, strategic geography etc, to individual Oilco’s.

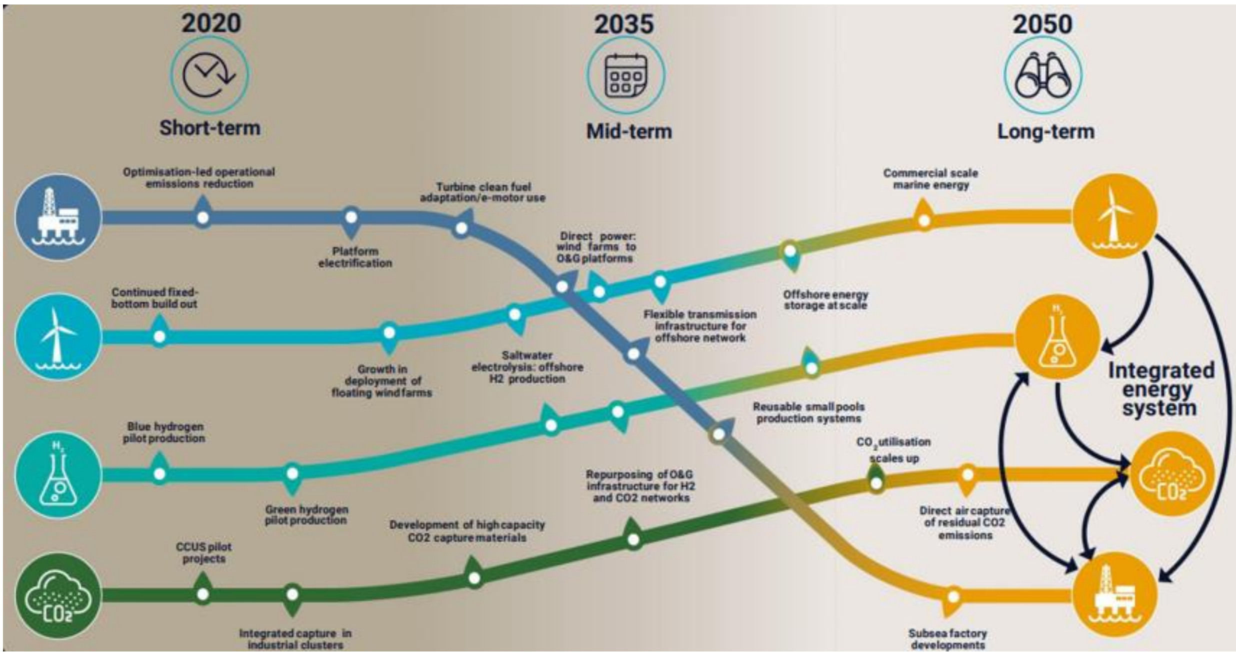
An incoming Administration, whatever the hue, is unlikely to pump public funds into Upstream O&G. In terms of policy the Government, and the public will choose the NHS, schools and education, affordable housing, and defence.

In the context of the UK General Election, the NE of Scotland has ceased to be a standalone political entity, its subsumed into a Scotland perspective. The election will be won or lost in the West Central Belt.

Some time ago we posted this diagram courtesy of Malcolm Forbes Cable, WoodMac VP.

It attracted a huge amount of interest.

The North Sea Super Basin: Global Leadership Integrated Energy Systems

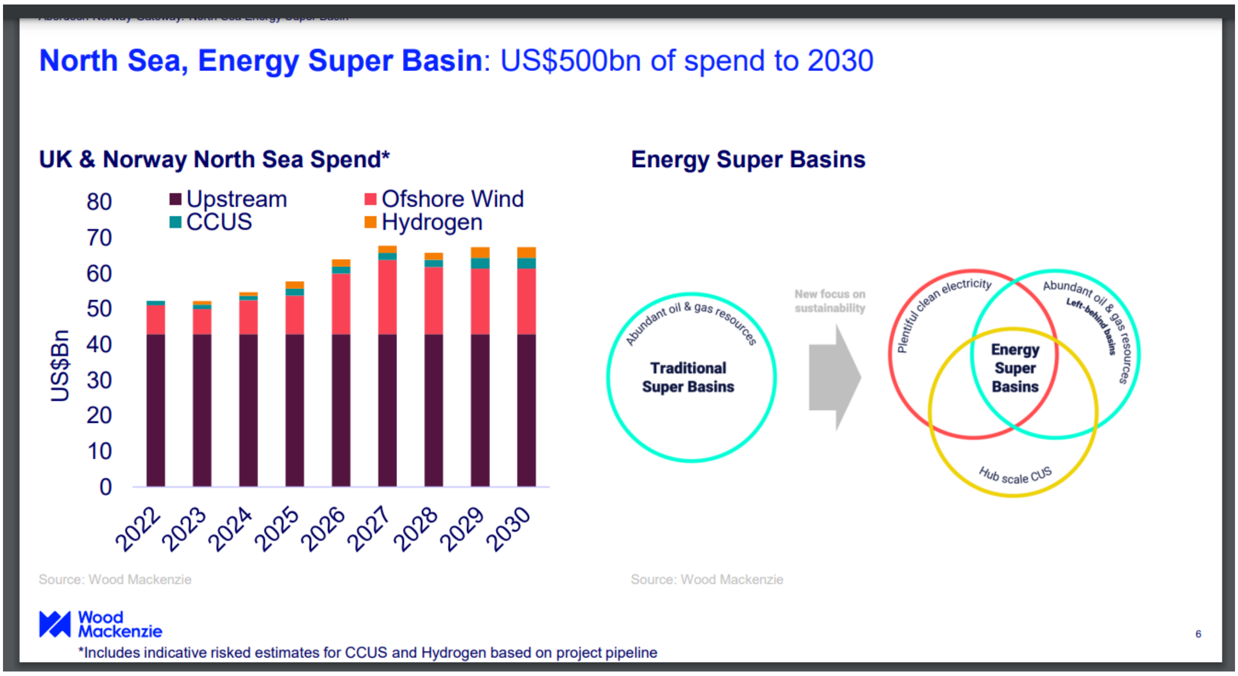


There is an interesting article on the website "the Money". https://www.thisismoney.co.uk/

The Death of the North Sea oil and gas? Britains windfall tax hammers investment

One of the contributors is Alex Campbell: Avant Comms;

Campbell says, "capital-intensive industries going through cyclical periods of over-earning generate surplus cash that create capacity to cross invest into transition renewables and infrastructure modernisation."



Campbell also says that “three-quarters of oil and gas firms' profits be reinvested in modernising the National Grid or building wind farms and nuclear power plants.”

The significance of this proposal is that the “over earning” of profits would be retained by the Opco, funds reinvested in, for example CCUS, which in turn reflects on the Opco Balance Sheet, keeps the Opco P&L fluid and attracts new investors, optimises risk.

“Those billions are unlikely to come from mid-sized oil and gas businesses with high exposure to the North Sea as long as the Energy Profits Levy remains in place.”

Campbell is right, such a solution for the industry short circuits the punitive EPL whilst at the same time opens up a direct connection to Transition Renewables etc.

Importantly, it changes the form content and direction of the Industry Comms narrative. It creates a platform where our messaging is greener, non-threatening, its engaged with Govt and the Community at large.

Campbell notes that “There's a huge opportunity for bold and disruptive policy to secure the UK's energy future.”

F J Kiernan

Aberdeen

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