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Briefing

Cambo, North Sea oil and a Just Transition

Introduction

Siccar Point Energy and oil giant Shell have applied to the UK government for permission to drill the new Cambo oil field, 80 miles west of Shetland. Cambo is the second largest undeveloped field on the UK Continental Shelf, containing 800 million barrels of oil. If approved, drilling would begin next year.

The initial licence for exploration of the Cambo field was granted in 2001, allowing the licence-holders to search for oil and assess viability of the site for extraction. However, this does not guarantee an automatic right to develop the field for production. The licence-holder must then apply for consent to extract the oil and gas in the field, and the Secretary of State and the Oil & Gas Authority may withhold consent.

The climate impacts of Cambo field

Phase 1 seeks to extract 170 million barrels, the climate equivalent of running 18 coal-fired power stations for a year and would continue until 2050, 5 years after Scotland's goal of reaching net zero emissions.

Phase 2 would continue beyond 2050 and aims for "full-field development". It is estimated that the emissions from burning all 800million barrels of oil in the field would be ten times the annual emissions of Scotland.

Scottish government position on new oil and gas

While the decision on Cambo and future North Sea licences lies with the UK government, Scottish government policy remains to encourage new exploration and maximise production of oil and gas from the North Sea.

Its Energy Strategy states "There are still significant opportunities in the North Sea, with up to 20 billion barrels of oil equivalent remaining – which could sustain production for at least another 20 years. That is why we continue to support Maximising Economic Recovery from the North Sea. We will go on working constructively with the industry, to **encourage new exploration in the North Sea.**"

The Scottish government must show climate leadership ahead of UN climate talks in Glasgow by opposing the Cambo development and all new oil and gas developments. Furthermore, the Scottish government must change its oil and gas policy and its energy strategy to end support for new exploration and instead back a managed phase out of North Sea oil and gas extraction in line with the Paris Agreement of limiting global warming to 1.5°C.

No need for new oil and gas

Our SeaChange report showed that the 5.7 billion barrels of oil and gas in already-operating UK oil and gas fields will exceed our permitted share of emissions as per the Paris Agreement. This is more than enough oil and gas to see the UK through the energy transition over the next decade with significant investment channelled into increasing renewable energy. However, both the UK and Scottish governments support drilling for all 20 billion barrels in the North Sea.

Climate science is clear that to limit global warming to 1.5°C, no new fossil fuel frontiers can be opened anywhere in the world:

- The International Energy Agency (IEA) is the world's most influential energy forecaster. Their recent report "Net Zero by 2050: A Roadmap for the Global Energy Sector" states that to reach global net zero by 2050, "there is **no need for investment in new fossil fuel supply**" and that there should be "**no new oil and gas fields approved for development**".
- The UN Secretary General Antonio Guterres said in August 2021 that the "[IPCC] report must sound a death knell for coal and fossil fuels, before they destroy our planet. **Countries should end all new fossil fuel exploration and production**".

Other countries are already banning new oil and gas

A growing number of countries, including New Zealand, Ireland, France, Portugal and Greenland, are already banning new oil and gas drilling on climate grounds. Denmark, Spain, Costa Rica and the state of California have gone further to set end dates for oil and gas extraction. Scotland was much lauded for banning fracking, it must now do the same on oil and gas.

Cambo oil for export

While industry body Oil & Gas UK has claimed that Cambo is needed to support UK energy demand and reduce reliance on imports, the current situation is that over 80% of UK crude oil is exported. Cambo crude oil would be offloaded at sea and is likely to be exported to the Netherlands for onwards trading and refining on the global market.

Jobs and a just transition

Cambo is unlikely to bring significant jobs to Scotland. Siccar Point Energy has already indicated that engineering and construction work would be outsourced to a firm based in Singapore. Operation is designed to need just 100-150 staff, with the nature of the industry meaning that these could be contract staff drafted in from anywhere in the world.

The focus instead should be on a just transition for oil and gas workers already in the sector. In 2020-2021, more than 10,000 workers were made redundant from the oil and gas industry with many reporting that they have been unable to transfer their existing skills and experiences to jobs in the renewables industry. A clear plan is essential to creating decent green jobs and building accessible pathways for those currently working in oil and gas, including funded retraining.

Research shows that with the right government policies and support, up to 3 jobs could be created in clean industries for every oil and gas job at risk. Our survey of offshore workers found that most would consider moving to renewables but face significant barriers in terms of access to and cost of training, and availability of good green jobs.

To deliver a just transition for workers and communities in Scotland, the Scottish government must commit to turning just transition rhetoric into action. Conditionality on support and approval for new renewables projects must ensure the growth of domestic renewables supply chains and a Public Energy Company can drive change by creating decent jobs in renewables that are open to the existing oil and gas workforce to move into.

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