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Dear Dustin,

Many thanks for your letter outlining suggested business support measures, and for your time during our very valuable call on 30th April. Firstly, I would like to apologise for the delay in responding to you in writing. You will appreciate that in this anxious and fast moving situation we are continuing to receive a significant volume of correspondence.

This is an extremely difficult time for most businesses in Scotland and we recognise the need to do all that we can to help key sectors recover. The Scottish Government is committed to supporting a resilient and sustainable future for the sector. The oil and gas industry remains a critical component of the Scottish economy, employing more than 100,000 directly and indirectly, and the sector has a crucial role to play in the energy transition required to move to an economy and society that generates net zero greenhouse gas emissions.

As you rightly say in your letter, it is vital that the long-term viability of the industry is supported and key skillsets are not lost. The industry's pool of skills, knowledge and expertise will be invaluable in pursuing essential low carbon technologies for the transition, such as Carbon Capture Utilisation and Storage, hydrogen and floating wind generation of electricity. This is key to helping the sector decarbonise and to achieving a just transition for those working in or dependent upon the sector.

Thank you for sharing your suggested sector specific support measures developed in consultation with your Members. The Scottish Government understands the significant challenges faced by companies in the sector including reduced revenue and the need to defer projects. This has been discussed in detail at recent meetings of the Oil and Gas and Energy Transition Strategic Leadership Group (SLG). The Scottish Government welcomes suggestions from industry on practical actions which can be taken to support the sector, its supply chain and its workforce and will continue to consider these as part of the SLG.

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I am pleased to confirm that the Scottish Government launched a £62 million Energy Transition Fund in July to support our energy sector and help us make significant progress on energy transition as we move towards a net zero society by 2045. The investment will benefit the wider Scottish energy sector and broader supply chain, working with local businesses to maximise the economic benefits, support sustainable jobs and contribute to inclusive economic growth across the country.

It is the industry's expectation that the £62 million of Scottish Government funding, which is in line with your suggestion to incentivise research and development projects, will be a key lever, alongside any UK Government and industry contributions, to yield a total investment in excess of £900 million to support the energy transition, with the bulk of investment in CCUS and hydrogen. Key projects that we are supporting include the Energy Transition Zone promoted by Opportunity North East, which, subject to planning, would capitalise upon the Aberdeen South Harbour development, alongside an Aberdeen Hydrogen Hub, OGTC's Net Zero Solutions Centre, investment in hydrogen production at the ACORN Project at St Fergus, and the Global Underwater Hub in the region.

To date the Scottish Government's support package for businesses totals over £2.3 billion and we will continue to work closely with the UK Government, the trade unions, and the wider industry to consider what further support can be provided to individuals and companies in the longer term.

In addition, The Oil and Gas Authority, through their Supply Chain and Exports Taskforce, are looking at a number of different projects which could support recovery, stimulate activity and help the sector get back to work in the immediate term including opportunities for maintenance work and decommissioning, as well as opportunities for diversification and exports. We are having ongoing discussions with the OGA on how the Scottish Government can provide further support to the sector through the Energy Transition Fund.

It is critical that the industry and its supply chain continue to have a sustainable future in the longer term and that it can fulfil the important role we need it to perform in the energy transition, and we welcome your continued engagement on how to make this a reality.

The Scottish Government will continue to engage with the UK Government and key stakeholders to ensure there continues to be a tripartite approach to supporting the oil and gas sector, including on the delivery of a sector deal, and moving forward into the future. I want to assure you that internal and external discussions are being progressed at pace, in recognition of the scale of the challenge.

Kind regards



Paul Wheelhouse

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