

article at request of Daily Telegraph re North Sea oil and gas production

I find it bizarre that people oppose the UK producing more of our own oil and gas. By doing so, far from cutting world carbon dioxide output they would increase it. I read of opposition to the development of the Rosebank field, which would make us more dependent on CO₂ rich imports. This field has been at the heart of the controversy over new energy investment in the UK for sometime, with green enthusiasts claiming we should not go ahead with a good project. This makes no sense. If we fail to produce oil and gas from Rosebank we will simply import it from somewhere else. If we import liquified natural gas it will generate more than twice as much CO₂ in the process of compressing it, shipping it and converting it back to gas than simply piping some more home gas down the West Shetland pipe system. These pipelines are already in place with a shortage of gas to use them. If we import more oil that too will require more energy to carry it further by ship from faraway places.

All those who are impatient to see carbon dioxide reduced should look at it globally. The absurdities of carbon accounting mean if the UK stops producing its own fossil fuels, and closes down much of its energy intensive industries it will claim to have reduced CO₂, yet total worldwide CO₂ will go up to cover all our imports and the transport they require. The way to decarbonise is to get more consumers to buy electric vehicles and heat pumps to cut their need for gas and oil. When that happens the oil and gas producers will adjust to the reality of the market place. All the forecasts however show a relatively slow take up of the crucial products of the electrical revolution. The global estimates point to the world needing at least as much oil and gas in 2030 as today whatever the UK does. We should not be arguing that the UK must import everything whilst still being indirectly very dependent on fossil fuels.

The net zero policies being urged on government are damaging to UK jobs, incomes, balance of payments and growth. The Rosebank field itself offers 300 million barrels of oil and 39 million cubic feet a day of gas over the lifetime of the field. It will take an £8.1 bn investment to bring it about with four fifths of that investment spent in the UK, boosting other jobs and incomes. The production of oil and gas will be through a subsea completion tied into a refurbished floating production and storage offloading vessel. Re use of a physical asset already fashioned is a further way of keeping CO₂ down. This has been converted to run off electricity when supplies of renewable power are available. Why should we turn down this investment designed to keep a bit more oil and gas production and the skilled well paid jobs that go with it here at home? Why would we want to farm this kind of opportunity

out to a foreign land and import from them instead? Turning down such an investment also means foregoing large sums in tax revenues, made all the bigger now there are higher rates of corporation tax and windfall taxes for energy companies to pay. Keep these taxes too high for too long and we will lose the opportunity of oil and gas investment at home, which is presumably the aim of some lobbying on this topic.

The damage of high energy prices, bans on production and penal taxes goes wider into the energy using industries. The UK Emissions Trading Scheme is a tougher version of the EU one, giving the UK the highest carbon taxes of any major country. This again does not cut world carbon dioxide output, but shifts where industrial activity can take place. All the time we want to buy steel, glass, ceramics, cement, bricks, petrochemicals and other products that need a lot of energy we will end up importing when UK output becomes too dear. Our industrial landscape is being progressively shrunk by high taxes and regulations against CO₂ output at home. We are once again the losers from misleading accounting. Some of the most competitive countries in the world at these products have no carbon tax at all. Even closer competitors in the EU or parts of the US have lower carbon taxes than we deploy. Meanwhile the lobbying in the UK is geared to raising the price of carbon further in a drive to close down much of what remains of our high energy using industries.

The world does not owe us a living. There are limits to just how much we can import. If we carry on importing so much more than we export, as we did for some years over trade in goods with the continent we will weaken our currency. We also have to sell more and more of our assets to pay the bills, or run up larger borrowings in foreign currencies. Countries that do too much of that end up in financial trouble and have to cut back their consumption to correct the imbalances. The net zero model for the UK is based around a further large increase in imports. Even the green investments themselves are heavily import dependent, with batteries, wind turbines, steel, lithium, copper and the other sinews of the electrical revolution largely coming from abroad. This is the policy that has launched a thousand large ships to bring in the imports. A more balanced policy will bring greater prosperity for the UK, more jobs and investment, and lower CO₂ for the world as a whole.