

Government launches review into future offshore oil and gas licensing regime

The Government today announced it will review its policy on the future UK offshore oil and gas licensing regime as part of the wider aim of achieving net zero emissions by 2050.

The review will ensure the Government has the information needed to plan for future oil and gas production in the UK, in a way that is aligned with tackling climate change. Initial findings and next steps will be published in the upcoming Energy White Paper.

Over half of the UK's electricity comes from clean sources including wind and solar energy. However, oil and natural gas are still required for heating, cooking and transport, and vital to the production of many everyday essentials like medicines, plastics, cosmetics and household appliances. This is likely to remain the case over the coming decades as the UK transitions to low carbon solutions.

The independent Committee on Climate Change has recognised the ongoing demand for oil and natural gas, including it in all scenarios it proposed for how the UK meets its target for achieving net zero emissions by 2050.

The oil and gas sector supports 270,000 jobs across the UK and plays a key role in developing the infrastructure and capability for green technologies such as carbon capture and storage and hydrogen power. The oil and gas sector is also a major source of tax revenue for public services and has provided over £330 billion to the UK Government from production taxation alone in today's prices.

The review comes as the Oil and Gas Authority announces the outcome of the 32nd licensing round for North Sea exploration. This is important for the country's ongoing energy security and economy, while ensuring that much-needed supplies are maintained even as the UK cuts carbon emissions.

Business and Energy Secretary Alok Sharma said:

Over half of our electricity now comes from low-carbon sources, power from coal is at an all-time low, and we have more installed offshore wind capacity than any other country in the world.

While we have decarbonised our economy faster than any other major country over the past two decades, the oil and gas sector will continue to be needed for the foreseeable future as we move toward net zero carbon emissions by 2050.

Our review into future oil and gas licensing rounds will ensure we are able to meet our net zero target, while protecting jobs across the country as part of our plan to build back better with a

greener, cleaner economy.

The review is in keeping with the future direction of the Government's regulation of oil and gas in the UK.

The Oil and Gas Authority is currently reviewing its core strategy to ensure that it can assist in working with industry to support the UK's climate change goals.

Alongside this, the upcoming North Sea Transition Deal will be published within this Parliament, and will also set out more details later this year of how Government plans to work with the sector and key stakeholders to achieve the aim of supporting a transition to low carbon energy sources, while getting the benefit from the limited reserves in the North Sea and protecting highly skilled jobs.