

NORTH SEA 2: POLICY TALKS AND COLLABORATION WALKS



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The North Sea 2 event foregrounded three key themes: jobs and skills, decommissioning and offshore wind.

While the topics diverged, some ideas seemed to resonate across all three. Foremost among these was the need for more concerted government action.

POLICY ACTION

It feels like something of an inevitability to call for government action but, for the energy industry, this is not just a truism.

The failure of the AR5 process to capture any new bids for offshore wind, combined with the ongoing pressure on the North Sea of the Energy Profits Levy (EPL), suggests a worrying dislocation between the state and industry.

There are some promising signs. The March budget set out a new pot of cash for offshore wind in a clear recognition of the need to make better progress with the sector. And, while offshore wind failed to make headway in AR5, other sectors did make some notable breakthroughs.

On the EPL – commonly known as the windfall tax – there is scant chance of change. The Conservatives can see little benefit to cutting this tax and have in fact extended it to run for another year, to March 2029. The Labour Party have pledged to increase the pressure further, upping the amount payable but also reducing allowances.

The North Sea is rife with discussion of projects facing an accelerated end as a result of the EPL. Moving into decommissioning faster will provide some opportunities for local work, but it also runs the risk of removing assets before they have a chance at a second life, perhaps as part of the UK's carbon capture plans.

Discussion at the E-FWD event focused on this idea of reclaiming decommissioning, moving it from a focus on end-of-life to playing a part in the circular economy.

COLLABORATION

Companies often find it easier to call for government to take action than find new ways of working with their competitors. To tackle some of the issues raised at the E-FWD event collaboration will be essential.

Around the discussion of jobs and skills, for instance, companies could choose to take the initiative and make the case for the sector. Taking leadership could help make current workers ready to evolve for new roles, while also highlighting opportunities for people at the start of their professional lives.

All three streams recognised many of the challenges seen for local opportunities. There is a sense that the UK, and Scotland in particular, have missed out on a chance to take a role in driving forwards offshore wind and decommissioning.

Too much pessimism is not helpful, but the sector must see where it can find its place. As the pace of projects picks up, both in renewables and decommissioning, a key part of winning over local communities will be in demonstrating tangible benefits.

Industry and government should work together to target industrialisation on areas where the UK and Scotland already excel. Thus far, the country has made little progress in using carrots or sticks to advance local content.

The benefits of new industries, such as offshore wind, will be different from historic industries such as oil. The UK needs new ways of thinking in order to maximise returns, both at a state level but also in creating jobs.

Supporting jobs and skills for local projects – in developing ports, the grid, engineering and construction – will benefit those involved. Creating well-paid jobs was at the heart of the boom days for the North Sea's oil. As we [consider the "North Sea 2" plan](#), these must be returned to their place in the centre once more.

ANALYSIS

NORTH SEA 2: OFFSHORE WIND STRIVES FOR ESCAPE VELOCITY

BY SEB KENNEDY

Offshore wind could enjoy monumental growth this decade, having made big strides scaling up, lowering costs and then weathering a tsunami of inflationary pressures. However, the industry's ability to seize the opportunity is still constrained by lacklustre policy ambition. Capturing the economic opportunity for local supply chains means confronting a smorgasbord of finicky technical, regulatory and cultural challenges that no single stakeholder can tackle alone.

These issues were discussed at length in the offshore wind working group at North Sea 2, the second E-FWD in-person event in Aberdeen recently. Prominent figures from across the industry and the UK and Scottish governments spoke candidly in the dedicated workshop session to identify high-level action points that [could break the logjam, accelerate momentum, unlock investment and reskill the existing North Sea workforce](#).

While there was a diversity of views expressed under Chatham House rules, the following themes emerged as areas with the broadest consensus:

- 1. Change of mindset:** All stakeholders need to adopt a holistic energy system view, to shift the conversation away from siloes and towards an all-encompassing 'ocean energy' supply chain vision
- 2. Industrial strategy:** Government must urgently develop a coherent policy for identifying areas where the UK has a competitive advantage, and focus on industrialising and scaling those supply chain opportunities instead of diluting or wasting precious resources
- 3. Greater knowledge sharing:** Companies that have learned from experience must find a way to share their insights. The industry as a whole stands benefit – and a rising tide lifts all boats
- 4. Boost local supply chain participation:** There was agreement on the need to increase local content, but views diverged over how to do so and what would be the best approach for government, regulators and the seabed licencing regime

1. TAKING A 'WHOLE ENERGY SYSTEM' VIEW

The need to break down psychological and cultural barriers permeated much of the discussion on the night. The offshore wind tent provided a discreet environment for those on each side of the oil/wind supply chain divide to voice their grievances and coalesce around a common cause: the need for mutual respect.

On the one hand, there was a feeling that the oil and gas supply chain has been 'demonised' by the polarisation of the overarching energy narrative. At the other end of the spectrum, offshore wind is sometimes perceived as an immature sector that has endured avoidable challenges due to its failure to adopt best practices from oil and gas.

Successful integration won't happen unless all sides move beyond unhelpful tropes and unite under a single banner. Suggestions included terms such as 'offshore energy' or 'Team Scotland', but the question then becomes: who is best placed to represent a single unified offshore energy supply chain?

There was criticism expressed of industry bodies that fail to work together to protect their membership, which is often dominated by 'tier one' developers and technology suppliers. Adequate representation of small and medium suppliers could help to promote a holistic view.



It could also rebalance risk allocation, which is pushed onto supply chain companies by the current cost-reduction paradigm propagated by the competitive Contracts for Difference (CfD) auction framework.

The group identified a need for a 'virtual EPC' – an overarching engineering, procurement and construction entity, akin to a systems integrator – that agglomerates several smaller suppliers and service providers. This would enable tier one companies to contract with only one party rather than several, allowing the offshore wind supply base to shift to 'packaged' services instead of the current patchwork. There was no consensus on how this entity should be formed, though, or by whom.

On the positive side, the UK government and the Electricity System Operator (ESO) are developing a Strategic Spatial Energy Plan (SSEP) that will ultimately cover the whole energy system, land and sea, across Great Britain to determine the optimal location of energy infrastructure. This must be accompanied by both an aligned strategy at the top level, and implemented by devolving responsibilities to a more local level, the group concluded.

2. COMPETITIVE ADVANTAGE

Improving the competitiveness of British and Scottish supply chain companies was identified as a common objective. While the need for an overarching industrial strategy was not explicitly mentioned, the conversation veered towards this when the group settled on the need to identify and develop those areas where the UK already has a competitive advantage.

This means focusing and targeting industrialisation of the things where the UK and Scotland already excel. These areas include cables, moorings and other subsea technologies, as well as some niche manufacturing opportunities arising from innovation. By definition, this means excluding aspects of the wind value chain where there is already well-established capability in other markets.

In the absence of leadership on industrial strategy from the current administration, the wind industry has taken the initiative to develop its own industrial growth plan that will be published in the coming weeks. The next government must engage with this blueprint and work with developers to make it a reality.

3. SHARING IS CARING

A perennial obstacle to progress is the (understandable) desire among private companies to keep closely guarded secrets of the lessons learned and data accrued from real-world projects. Some of the most valuable lessons are learned the hard way – through hitting snags or expensive failure – so it is natural for this intellectual property to be held under lock and key.

There are two ways to move beyond the self-interest approach. Companies in a position to share could find a way to do so without compromising their commercial advantage, fostering a culture of sharing for the benefit of the greater good. Or, they could be mandated to do so.

There is a model for the latter: INTOG. The [Innovation and Targeted Oil and Gas leasing round contains clauses](#) in the seabed leases that encourage data-sharing and dissemination of lessons learned. All stakeholders, particularly those at the most senior levels, must get behind the INTOG projects as a vehicle for how to collaborate across industry.

Government should also take the initiative on developing a single central, trusted data source to which all stakeholders sign up. This would end the practice of competing seabed users surveying the same area of marine space and using contradictory data to further their own commercial interests.

4. MAXIMISE LOCAL CONTENT

The group heard a lively discussion on how to boost the participation of local supply chain companies in the offshore wind value chain. All agreed that this is the right objective. How to get there was less clear.

Mandating local content was supported by some but not others. France was cited as an example, where offshore wind farms are often built with up to 100% local content without running into state aid or WTO compliance issues.

However, mandates must be enforced, and this is where things get tricky. The CfD regime includes Supply Chain Plans (SCPs), which will probably be replaced by a Sustainable Industry Reward (SIR) from the seventh allocation round onwards. But no project has ever had its CfD rescinded for failure to deliver on supply chain promises.

The Crown Estate and Crown Estate Scotland are gradually becoming more proactive in this space by scoring supply chain commitments in their scoring of seabed lease bids. This was widely seen as a positive development that is to be encouraged and accelerated.

However, the group also heard that a better alignment of interests would be to boost the competitiveness of the supply chain so that large developers – and their shareholders – are encouraged to use local suppliers simply because they offer the best value for money. Achieving this means delivering on the second point on the list above, regarding targeted support of strategic industrial sub-sectors.

OTHER CRITICAL ACTIONS

Aside from the above themes, the group also heard of the need to “concertina” the current patchwork of skills classifications into fewer pots with greater commonality.

A common training and standards certification for workforce could be modelled on OPITO, the global network of oil and gas training providers that offers courses and guidelines for industry safety. The slow implementation of the Energy Skills Passport was cited as an unnecessary hindrance in this space that needs “industry push” to get it over the line.

If the UK does not get its house in order on skills, training and standards, there is a risk that it will end up importing best practice from abroad. While this is not inherently bad, the danger is that large foreign companies use their heft and influence to impose their standards here, which may or may not be in the best interests of domestic UK supply chain companies.

The discussion also addressed the problem of rolling out new grid infrastructure. There is a degree of cross-party alignment here, but the industry itself has its work cut out to communicate the benefits of new substations, transmission lines and future energy supply in the media and to local affected communities. The industry needs to find a compelling answer to the common question of ‘why do we need this here?’

ANALYSIS

NORTH SEA 2: A COMMON FRONT FOR JOBS AND SKILLS

BY ED REED

The North Sea's future relies on having the jobs and skills required to deliver change. There is an opportunity to be seized, in distributing skills to existing workers and delivering jobs to new entrants. All too often, though, a lack of shared vision has hampered the development of a consistent plan for the future.

- 1. A consistent plan:** This would demonstrate, to government and those outside the industry, what is needed and what the opportunities are
- 2. Signposts:** Existing workers need to be able to see a future in the North Sea. Some skills will be transferrable, while some will need reskilling, but direction will be essential
- 3. New entrants:** Energy transition jobs may attract new workers that "traditional" oil and gas prospects cannot
- 4. Community focus:** Local jobs will help deliver local support for projects that may otherwise simply seem intrusive and disruptive. Jobs must be meaningful, but industry must also acknowledge the limits to what we can do in the UK and what we cannot

Underscoring nearly all the discussion in the tent at the E-FWD event was a need for a plan. There is clearly scope for a consistent and aligned plan from those in the sector, even while finding agreement was sometimes a challenge.

Different companies – and people – have their own takes on how well the energy sector has tackled the question of jobs and skills, which at times hinders progress.

MOVING OVER

A move away from trying to find a single, perfect answer and towards a plan that was "good enough" for the time being is much needed. Indeed, while the problem feels like an energy sector specific problem, the challenge is actually one for the country as a whole.

X-Academy, in [a study released in December 2023](#), suggested there were currently 335,000 jobs in the energy sector. Based on their analysis, this could increase to 408,000 by 2030. However, it also suggested the industry would lose around 80,000 jobs in oil and gas, nuclear, coal and decommissioning.

There is a need to retain these experienced workers in our oil and gas industry. In addition, there must be a route for oil and gas workers to transition seamlessly to the renewables sector and develop those new skills that are needed for renewable energy in the next generation of workers.

Within the report, X-Academy recommends eight steps to enable the acceleration of these new energy jobs. This includes the creation of more visible jobs now, showcasing the sector as an attractive and diverse place to work, and amplifying regional contexts with life-long careers.

MAKING A PLAN

Communication of the fundamental importance of the sector, in its various different iterations, would provide a way forward for planners.

There is always a tendency to call for government action. We have seen a strong focus from government on how we create the skills we need to deliver renewable energy projects, and this is important work.

The recent report of the independent review of Scotland's skills delivery landscape, written by James Withers, is a welcome step forward. Skills bodies must understand the skills needed in the workforce, the gaps that currently exist and need to be filled while also targeting the development of the skills that will help cement Scotland's place as a global green energy leader.

We must progress these reforms at pace and the private sector has a role to play in working with public bodies to identify skills needs.

Industry can – and must – shoulder some amount of responsibility in working out what it wants, in order to be able to ask most effectively.



Secretary of State for Energy Security and Net Zero Claire Coutinho [spoke recently about steps the government was taking for energy security](#) and remarked that most people's only point of contact with the energy industry was paying a bill. This represents a mountain to climb, but there is also an opportunity, in that people can take more ownership of the industry and come to understand more about how the sector works through greater exposure.

DEBATE

The invasion of Ukraine in 2022 put energy security in the spotlight. The threat of losing access to oil and gas left consumers at home feeling anxious. The topic dominated headlines for months.

However, two years on from the invasion, conversations around this have dwindled. The cost of energy continues to spark debate – impacting economic growth while straining the finances of households and businesses – but energy security as a challenge feels like a concern of the past.

What this calls for is industry engagement to reinforce the challenge with consumers again. The public must learn about the risk we still face, while galvanising support for energy transition projects and the opportunities these present. This can provide not just a secure future, but a boost for local economies and recruitment.

A common plan, linking together the different faces of the energy industry, would help make the case for the sector.

It is clear that the energy transition will have an impact on jobs and skills. Rather than focusing on potential topline numbers, though, the industry would be better served by digging into the details to determine exactly what the jobs are and how to connect people with business.

SIGNPOST

Every worker in the energy sector is aware of changes coming. Quite how this will work out on an individual basis is unclear.

Workers are faced with a quandary. Without knowing how fast things will change, it is hard to take decisions on being ready for the future.

For instance, those in the oil and gas sector offshore are making a good living. Would reskilling for a career in the wind industry be feasible? Questions around salaries, work contracts and more make such changes daunting.

The case can be made, again, for more direction from government. But companies can also take the lead in showing what their plans and how careers can evolve. The industry is able – and better placed in some regards – to drive progression.

And it is the companies that will struggle to execute their new plans if they cannot access the mature pool of talents already available.

This sense of uncertainty helps drive people out of the sector, to work onshore, but also out of the basin. While the UK's attitude towards oil and gas is challenging, other destinations are more welcoming.

NEW ENTRANTS

Attracting children and students to consider the energy sector for a career is in some ways more straightforward. A more coherent communication plan would provide benefits.

All must take further action on diversity. While middle-aged white men may dominate the industry, the sector has much to gain from looking further afield.

To attract a more diverse pool of candidates, the industry must put more effort into foregrounding people who do not conform to the stereotypes of energy workers.

Attracting new workers has sometimes seemed like a box-ticking exercise. Graduates want information about potential opportunities. Industry can certainly improve how it delivers this.

Amid the energy sector plans, there must be a recognition that not everything can be done domestically.

COMMUNITY

ScotWind is cited as an instance of how to focus on opportunities. Applicants to the offshore wind round made supply chain commitments intended to bolster local involvement in these major works.

This is not just about opportunities. For ScotWind, and other major projects to succeed, they will need onshore links such as substations, to deliver power to the grid. Local jobs would do well in compensating impacted communities for disruption. Support for [these routes to employment is tangible, with targeted skills programmes](#) employing people within regions to accelerate projects that will sustain energy sector employment and sustain a region's economic performance and contribution to net zero emissions.

Historically, the oil and gas sector has been a boom-to-bust industry. While the booms pull new people in, busts throw them out – and turn off potential newcomers. It may be that a move to offshore wind – and other areas such as carbon capture and hydrogen – may have some immunity from this cycle.

Some steps will be needed to unlock local participation in the next wave of jobs. Perhaps most critically, port facilities can serve a number of uses. These will provide a means to connect onshore manufacturing with offshore installation.

Overall, there is a need for collaboration. The word is overused. However, for the industry to succeed, companies must come together with each other and work out how to take the next step, to inform people, politicians and workers of how to deliver the coming change.

ANALYSIS

NORTH SEA 2: DECOMMISSIONING IS JUST THE BEGINNING

BY ANDREW DYKES

Discussions of energy transition too often exclude the role of decommissioning and oil and gas expertise. They fail to close the gaps between the UK's carbon storage ambitions and its existing infrastructure, delegates at E-FWD's most recent event in Aberdeen heard.

Issues were discussed at length in a decommissioning and life extension working group at North Sea 2, the second event held in Aberdeen. Prominent figures from across industry and the UK and Scottish government spoke candidly in the dedicated workshop session.

Key topics of discussion spanned recruitment and the development of talent to service both decommissioning and the basin's future carbon capture, utilisation and storage (CCUS) capabilities. They also investigated how the sector can retain and grow its supply chain and foster the right investment climate to fund it all.

From this discussion came a series of asks:

1. **A new language:** The connotation of decommissioning as an end-of-life sector sends the wrong messages to government and the workforce. Instead, it must be seen as part of the wider energy transition and a crucial component in enabling a 'circular economy'
2. **Faster decision-making:** The regulatory frameworks do not allow efficient and timely planning to match up decommissioning and CCUS. Decision making must be faster and include a more strategic thought around wider future energy requirements
3. **Pipeline visibility:** A clear view of what will be needed and when, offers security to the supply chain, investors and the retention of equipment and capabilities in North Sea
4. **Protect the UK supply chain:** Talent and equipment are already leaving the region for higher rates and greater certainty elsewhere. Providing a pipeline of work will help ensure the UK does not risk being left without vital skills and assets
5. **A future for talent:** These certainties must also be in place to attract and retain talent – and the sector must also be more flexible and open in exploring retraining routes and labelling jobs correctly
6. **Tax that works:** Differing UK tax regimes are unfavourable for a mobile workforce, while changing fiscal policies are acting as a major disincentive to investment

REPOSITIONING DECOMMISSIONING

Much of the workshop's early discussion focused on the erroneous understanding of decommissioning as an end point for the energy sector. This is an issue that has an impact on everything from infrastructure planning to recruitment. The group called for decommissioning to be seen as an intrinsic part of the energy transition and as a vital enabler for a circular economy.

The North Sea's existing oil and gas assets will be essential to building out emerging industries such as carbon storage and hydrogen, not to mention potential re-use cases for infrastructure as envisioned in the 'North Sea 2' blueprint.



For those considering a career in the sector, participants also emphasised the need to show longevity in decommissioning. Such skills such as managing wells, asset integrity and reservoir management would all be highly prized and transferrable to a future carbon storage industry.

DON'T DELAY

The group made the case that government and industry should not be delaying decommissioning plans but should instead accelerate CCUS technologies to meet the assets at the end of their initial life. Failing to develop demand for storage in time will mean wells, platforms and pipelines are either removed or shut down entirely – curtailing any re-use opportunities – or they will cease production and be left in situ for longer periods to degrade, again potentially compromising their suitability for repurposing.

Planning and regulation was identified as central to achieving this. Participants contended that some of the North Sea's regulatory frameworks could act as a blocker rather than an enabler to streamlined decommissioning and/or repurposing.

This is further complicated by the legal frameworks that govern decommissioning and re-use. There are various complexities around the transfer of licence ownership and liabilities if an oil or gas field is to change hands and become a carbon storage reservoir.

It was recognised that both these issues are already being [addressed by parties such as the North Sea Transition Authority \(NSTA\)](#). However, further progress would likely require a collective approach from both industry and regulators – and must be centred on a more holistic approach to the energy transition that is able to link the various offshore energy sectors.

STICK TO THE PLAN

Part of the success in reducing North Sea decommissioning costs in recent years has been a clearer picture of what and when work will be carried out, enabling the supply chain to invest and scale accordingly.

The NSTA's Pathfinder database is helpful in highlighting these opportunities, and emerging potential for CCS projects. However, it risks being undermined by tardy delivery. Projects are not always executed as originally planned, eroding the potential value of the system.

With trust in execution dates beginning to slip, supply chain confidence is undermined. This leads to a weaker case for investment in facilities, staff and the deployment of new technologies. Ensuring timelines are visible and adhered to was therefore a key recommendation.

There is value in extending this visibility and co-operation to North Sea neighbours too. A looming resources crunch in 2025 and 2026 is likely to affect the availability of every element of the decommissioning supply chain, touching everything from talent to vessels, rigs and equipment. There is a general recognition that demand will likely exceed supply.

More strategic planning around resources including how and when decom and CCUS work can be executed not just in the UK but in Denmark, the Netherlands and Germany – all of whom have significant storage ambitions – is a must. Could a pan-North Sea Pathfinder help guide this process?

TAX AND TALENT

A running theme throughout discussions was the availability of talent. As well as physical resources, the poor visibility of pipeline and growing demand in other markets could be a potential drain on North Sea skills.

One route to arrest that is the closer linking of decommissioning and CCS. This would offer a transition-aligned route for drillers, well engineers, petrophysicists and geologists who will be essential both to plugging old oil and gas wells and repurposing or drilling new ones for carbon storage.

Underlining all these discussions were concerns that a continually shifting fiscal and policy landscape did little to foster confidence in the sector. This extends to the personal – varying levels of income tax between UK regions was seen as a disincentive for a workforce who may be drawn elsewhere – and to the wider industry, as the extension and potential revision of the Energy Profits Levy (EPL) again dampened the UK's outlook across the upstream and CCS industries.



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