

# The Role of the Scottish Government in the Phase Out of Oil & Gas

A Friends of the Earth Scotland briefing  
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**Friends of  
the Earth  
Scotland**

## Summary

The Intergovernmental Panel on Climate Change (IPCC) has identified this decade as our last chance to make the “rapid and deep emissions reductions” required to limit warming to 1.5°C<sup>1</sup>. At the same time, our current energy system, which is delivering billions in profits to oil and gas companies every year, is pushing millions of people in Scotland into fuel poverty. This means that a rapid, yet just, transition away from fossil fuels to clean, affordable, renewable energy is an urgent necessity.

In order to turn rhetoric on climate leadership into action, the Scottish Government must:

- Ensure the new Energy Strategy charts a clear path away from our broken fossil fuel energy system, to a climate-safe future with clean, affordable renewable energy for all.
- Set an end date for phasing out oil and gas production within this decade, and advocate for the UK Government to adopt a similar policy.
- Call on the UK Government to cancel all future licensing rounds for oil and gas in the North Sea, and revoke licences for undeveloped oil and gas fields.
- Reject plans for a new gas power station at Peterhead, and any new infrastructure that would prolong the use of fossil fuels in the energy system.
- Adopt a position of no support for onshore oil and gas fuel extraction, and revoke existing licences.
- Join the Beyond Oil and Gas Alliance as an Associate Member.

## Introduction

At only 1.1°C warming we are already seeing devastating impacts of the climate crisis all around the world, with extreme weather events like the floods in Pakistan, heatwaves across Europe and drought in East Africa made much more likely by warming already locked-in. Global emissions continue to rise, while pledges to cut emissions under the Paris Agreement put us on the path for a deadly 2.8°C heating.<sup>2</sup>

Burning fossil fuels accounts for the vast majority of global carbon dioxide emissions<sup>3</sup>, so it is an urgent priority to phase out extraction in line with the critical 1.5°C target.

Despite much of energy policy being reserved to the UK Government, the Scottish Government has consistently advocated and provided support for the fossil fuel industry. The Scottish Government's 2021 commitment to end support for Maximum Economic Recovery of oil and gas,<sup>4</sup> due to its incompatibility with climate targets, is therefore a welcome and necessary shift in direction.

More recently the Scottish Government has stated its opposition to the UK Government's plans for expanding oil and gas extraction by opening a new licensing round, and deemed the UK Government's Climate Compatibility Checkpoint for new oil and gas licensing 'not fit for purpose'<sup>5</sup>. No new oil and gas extraction can be deemed 'climate compatible', therefore the Scottish Government should oppose all new extraction.

<sup>1</sup> [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

<sup>2</sup> <https://www.unep.org/resources/emissions-gap-report-2022>

<sup>3</sup> [https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC\\_AR6\\_WGIII\\_SPM.pdf](https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SPM.pdf)

<sup>4</sup> <https://www.gov.scot/news/unlimited-recovery-of-hydrocarbons-not-sustainable/>

<sup>5</sup> [https://www.scottishparliament.tv/meeting/meeting-of-the-parliament-november-22-2022?clip\\_start=14:31:54&clip\\_end=14:33:24](https://www.scottishparliament.tv/meeting/meeting-of-the-parliament-november-22-2022?clip_start=14:31:54&clip_end=14:33:24)

This briefing outlines the need for a managed phase out of oil and gas to address both the climate crisis and the cost of living crisis, and sets out the steps the Scottish Government must take to achieve this.

### **Fossil fuels driving the climate crisis**

The IPCC's 6th Assessment Report highlighted this year that "if investments in coal and other fossil fuel infrastructure continue, energy systems will be locked-in to higher emissions making it harder to limit warming to 2°C or 1.5°C"<sup>6</sup>. Furthermore, the International Energy Agency (IEA) report, 'Net Zero by 2050: A Roadmap for the Global Energy Sector', states that there is "no need for investment in new fossil fuel supply" and there should be "no new oil and gas fields approved for development"<sup>7</sup>.

In June this year, a UN Summit - Stockholm 50+ - has for the first time recommended a "phase out of fossil fuels while providing targeted support to the poorest and most vulnerable in line with national circumstances and recognizing the need for financial and technical support towards a just transition."<sup>8</sup>

However, the United Nations Environment Programme 2021 Production Gap report shows that the world's governments are on track to produce 110% more fossil fuels in 2030 than would be consistent with limiting warming to 1.5°C. The report finds that "global fossil fuel production must start declining immediately and steeply to be consistent with limiting long-term warming to 1.5°C."<sup>9</sup>

Climate science is clear that to keep the critical 1.5°C threshold of the Paris Agreement within reach, there can be no new fossil fuel exploration, production or development and that production must begin to decline now and be phased out well within the coming decade in the wealthiest nations<sup>10</sup>.

### **Fossil fuels driving the cost of living crisis**

Our reliance on oil and gas has left us vulnerable to fluctuations in its market price, which is set on the international market. Volatile oil and gas prices have helped cause the cost of living crisis and push approximately 7 million people in the UK into fuel poverty<sup>11</sup>. Oil companies are making astronomical profits from high prices, while millions of households are struggling to pay their energy bills<sup>12</sup>.

The UK Government is responding by ramping up oil and gas extraction, but this will only exacerbate the problem by prolonging reliance on fossil fuels, and do nothing to reduce energy bills in the short term. 80% of oil extracted from the North Sea is exported and sold on the open market, meaning that increasing domestic extraction makes no difference to domestic energy prices<sup>13</sup>. Renewable energy, on the other hand, is nine times cheaper to produce than energy from fossil fuels, and far less volatile<sup>14</sup>.

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<sup>6</sup>[https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

<sup>7</sup> <https://www.iea.org/reports/net-zero-by-2050>

<sup>8</sup><https://wedocs.unep.org/bitstream/handle/20.500.11822/40110/Key%20Messages%20and%20Recommendations%20-%20Formatted.pdf?sequence=1&isAllowed=y>

<sup>9</sup> <https://productiongap.org/2021report/>

<sup>10</sup>[https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

<sup>11</sup><https://www.endfuelpoverty.org.uk/about-fuel-poverty/>

<sup>12</sup><https://www.theguardian.com/business/2022/may/13/oil-gas-producers-first-quarter-2022-profits>

<sup>13</sup><https://www.theccc.org.uk/publication/letter-climate-compatibility-of-new-oil-and-gas-fields/>

<sup>14</sup><https://www.carbonbrief.org/analysis-record-low-price-for-uk-offshore-wind-is-four-times-cheaper-than-gas/>

To address the climate crisis and the cost of living crisis, a rapid and just transition to renewable energy is needed, coupled with a mass rollout of energy efficiency measures to reduce energy demand. **The Scottish Government must ensure its new Energy Strategy charts a clear path away from our broken fossil fuel energy system, to a climate-safe future with clean, affordable renewable energy for all.**

### **A managed and equitable phase out**

The UN Framework Convention on Climate Change enshrines the principle of common but differentiated responsibilities, meaning that wealthy countries like Scotland and the UK who have done most to cause the climate crisis should cut emissions faster than the global average, to give those countries with low historic emissions more time to decarbonise.

The Phase out Pathways for Fossil Fuel Production report by the Tyndall Centre for Climate Research has calculated equitable phase out dates for oil and gas producing countries, and finds that for a 67% chance of limiting warming to 1.5°C, the UK and other rich nations must end oil and gas production by 2031<sup>15</sup>.

Moreover, to avoid the social and economic consequences of a sudden deferred collapse of the oil and gas industry as climate impacts worsen, and instead ensure a planned and just transition for workers and communities currently dependent on the industry for their livelihoods, a managed phase out is essential. Setting an end date for oil and gas is a necessary part of this, in order to give a clear signal to the sector and investors about the direction of travel.

As a country with historically high emissions, and relatively low dependence on revenue from oil and gas exports, Scotland has a duty to be among the first to equitably phase out fossil fuel extraction and demand in order to reduce emissions rapidly. **The Scottish Government must set an end date for phasing out oil and gas production within this decade, and advocate for the UK Government to adopt a similar policy.**

### **Opposing new oil and gas licences and permits**

A managed phase out of oil and gas must start with an end to new extraction. However, the UK Government has recently announced a 33<sup>rd</sup> licensing round for North Sea oil and gas<sup>16</sup>. This would issue over 100 new licences to explore for new oil and gas, extending the lifetime of North Sea oil and gas, and therefore our reliance on fossil fuel infrastructure, decades into the future.

There is no climate-safe scenario in which new licences for exploration and drilling in the North Sea can be issued. The UK Government's Climate Compatibility Checkpoint is woefully inadequate for assessing the compatibility of new oil and gas fields with the 1.5°C target, as it fails to include emissions from burning the oil and gas extracted, despite this making up the vast majority of emissions of the fossil fuel industry. Furthermore, the average time between a licence being issued and any oil or gas being extracted is 28 years, meaning that issuing new licences will not alleviate the current cost of living crisis, yet it will ensure that oil and gas is still being extracted well beyond Scotland and the UK's legally binding targets for net-zero emissions<sup>17</sup>.

As well as ending new licensing rounds, there is an urgent need to revoke licences for oil and gas fields not yet under development. There are currently over 30 licenced oil and gas fields awaiting approval from the UK Government which would not be affected by a ban on new

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<sup>15</sup>[https://www.research.manchester.ac.uk/portal/en/publications/phaseout-pathways-for-fossil-fuel-production-within-pariscompliant-carbon-budgets\(c7235a8e-e3b1-4f44-99de-c27958c03758\).html](https://www.research.manchester.ac.uk/portal/en/publications/phaseout-pathways-for-fossil-fuel-production-within-pariscompliant-carbon-budgets(c7235a8e-e3b1-4f44-99de-c27958c03758).html)

<sup>16</sup><https://www.gov.uk/government/news/uk-government-takes-next-steps-to-boost-domestic-energy-production>

<sup>17</sup><https://www.theccc.org.uk/wp-content/uploads/2022/02/Letter-to-Kwasi-Kwarteng-Climate-Compatibility-of-New-Oil-and-Gas-Fields.pdf>

licences<sup>18</sup>. For example, the Rosebank oil field which is currently being assessed by OPRED is expected to extract nearly 500 million barrels of oil equivalent, producing the same emissions as the 28 lowest income countries combined, was discovered in 2004 and so already has a licence<sup>19</sup>. **The Scottish Government must call on the UK Government to cancel all future licensing rounds for oil and gas in the North Sea, and revoke licences for undeveloped oil and gas fields.**

### **Rejecting new fossil fuel infrastructure**

Infrastructure that will prolong the life of the oil and gas industry should also be rejected. For example, the proposed new gas-fired power station at Peterhead would require the North Sea to still be producing gas for decades to come, and is reliant on expensive and unproven Carbon Capture and Storage, a technology with a long history of repeated failures.

According to the Global CCS Institute, less than fifth of CCS capacity under development in 2010 was operational by 2019. Further, deployment has also been far slower than predicted, with sites in development in 2010 with a potential capacity of 150Mt a year ultimately resulting in just 39Mt by 2020.<sup>20</sup>

The Tyndall Centre for Climate Change Research<sup>21</sup> state that during the initial deployment of CCS in the power sector, capture rates are often around 65% and that fossil fuel-based CCS is not capable of operating with zero emissions due to “increased energy use and cost penalties” meaning that “current projects usually target 90% capture rate at peak capacity”. Carbon Capture and Storage (CCS) is therefore highly unlikely to be operational at 90% capture rates from the beginning of the Peterhead project and may never be operational at this level or even at all. **The Scottish Government must use planning powers to reject this proposal, as well as any new infrastructure that would prolong the use of fossil fuels in the energy system such as CCS and blue hydrogen.**

### **Onshore fossil fuel extraction**

Although decision making on offshore oil and gas extraction is reserved to the UK Government, the Scottish Government has powers to ensure that no new fossil fuel extraction can take place onshore in Scotland. Devolved planning powers have long been used to implement an effective moratorium on new nuclear, and are relied on by the Scottish Government in its recent preferred policy position of no support for coal extraction, despite coal licensing being reserved. Meanwhile, onshore oil and gas licensing is devolved to Holyrood and should be used to extend the moratorium on fracking to include all onshore oil and gas extraction.

**Building on the moratorium on fracking, and the position of no support for coal extraction in Scotland, the Scottish Government must ban onshore conventional oil and gas extraction and revoke existing licences.** These positions should be set out in the forthcoming Energy Strategy.

### **Building the Beyond Oil and Gas Alliance**

A growing number of countries around the world have started to move away from oil and gas extraction. Spearheaded by Denmark and Costa Rica, the Beyond Oil and Gas Alliance brings together countries to accelerate phase out of oil and gas production, setting end dates in line with the Paris Agreement goals. **The Scottish Government should signal its commitment to phase out oil and gas by joining BOGA as a Core Member, and inspiring other nations to do the same.**

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<sup>18</sup><https://policy.friendsoftheearth.uk/print/pdf/node/237>

<sup>19</sup><https://www.stopcambo.org.uk/updates/what-is-the-rosebank-oil-field>

<sup>20</sup><https://foe.scot/resource/report-carbon-capture-storage-energy-role/>

<sup>21</sup><https://foe.scot/resource/report-carbon-capture-storage-energy-role/>

**A fossil free energy future for real climate leadership**

The Scottish Government's acknowledgment that "*unlimited extraction of fossil fuels is not consistent with our climate obligations*" is a welcome shift away from its previous policy of support for squeezing every last drop of oil and gas from the North Sea. Now, Ministers need to turn rhetoric into action and work towards a climate-safe, fossil-free future that prioritises people and planet, using all available powers and influencing the UK Government.

**For more information contact:**

*Malachy Clarke*

*Public Affairs Manager, Friends of the Earth Scotland*

*mclarke@foe.scot*