

Climate
Change
Committee

Oil and gas licensing in the North Sea

Key messages

Annex B

Oil and gas prices are set internationally. Any increases to UK extraction of oil and gas would have only a marginal benefit to UK consumers. The best way to reduce the UK's exposure to volatile prices is to cut fossil fuel consumption.



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There is an important role for policies to guard against the risk of oversupply of oil and gas. Policies to limit demand alone are insufficient. At present, global production projections far exceed pathways to 1.5C and 2C.



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We welcome the premise of a climate checkpoint, but the proposed test is too narrow. Equivalent tests should apply to later development stages, such as consenting of production.



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Evidence on the net impact on global emissions of new UK oil and gas production is inconclusive. The greenhouse gas footprint of UK production is presently lower than the global average, but new production will grow the global market for oil and gas.

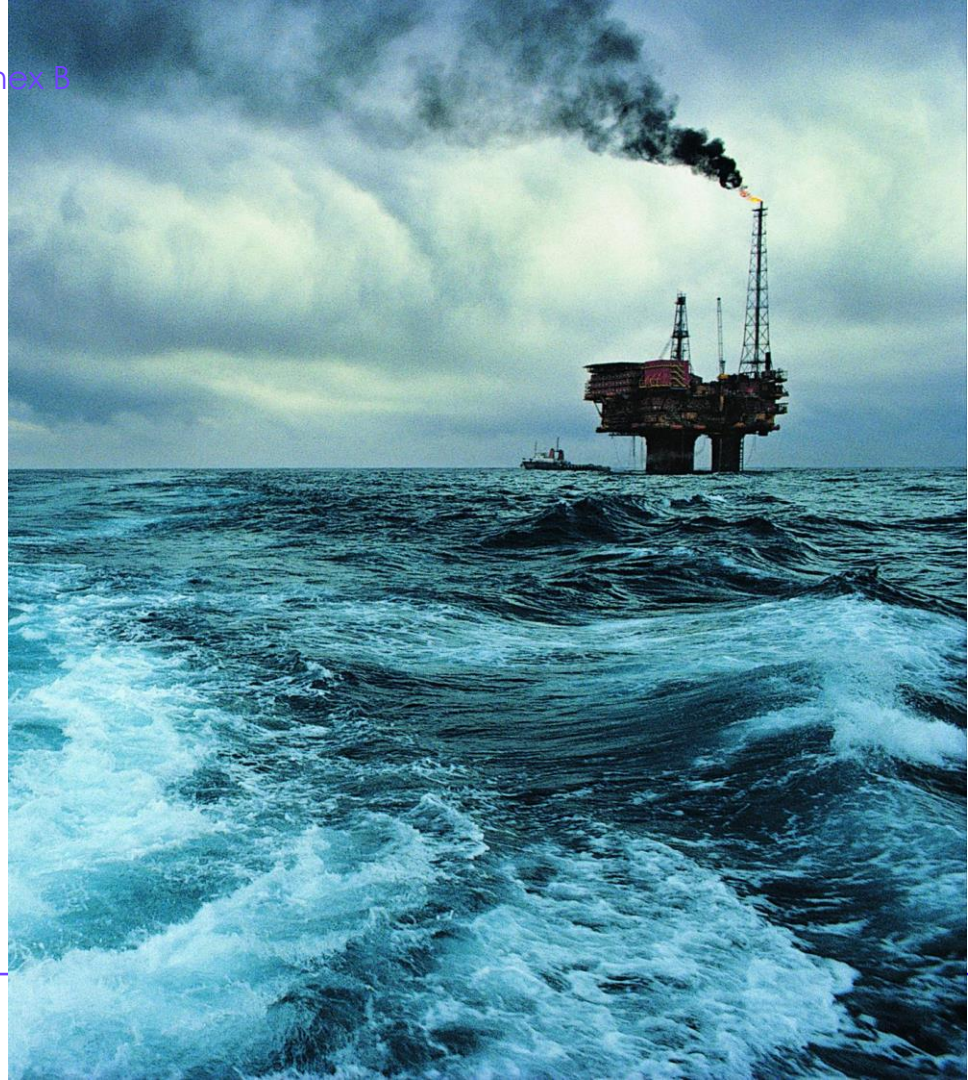


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We would support a tighter limit on production, with stringent tests and a presumption against exploration.



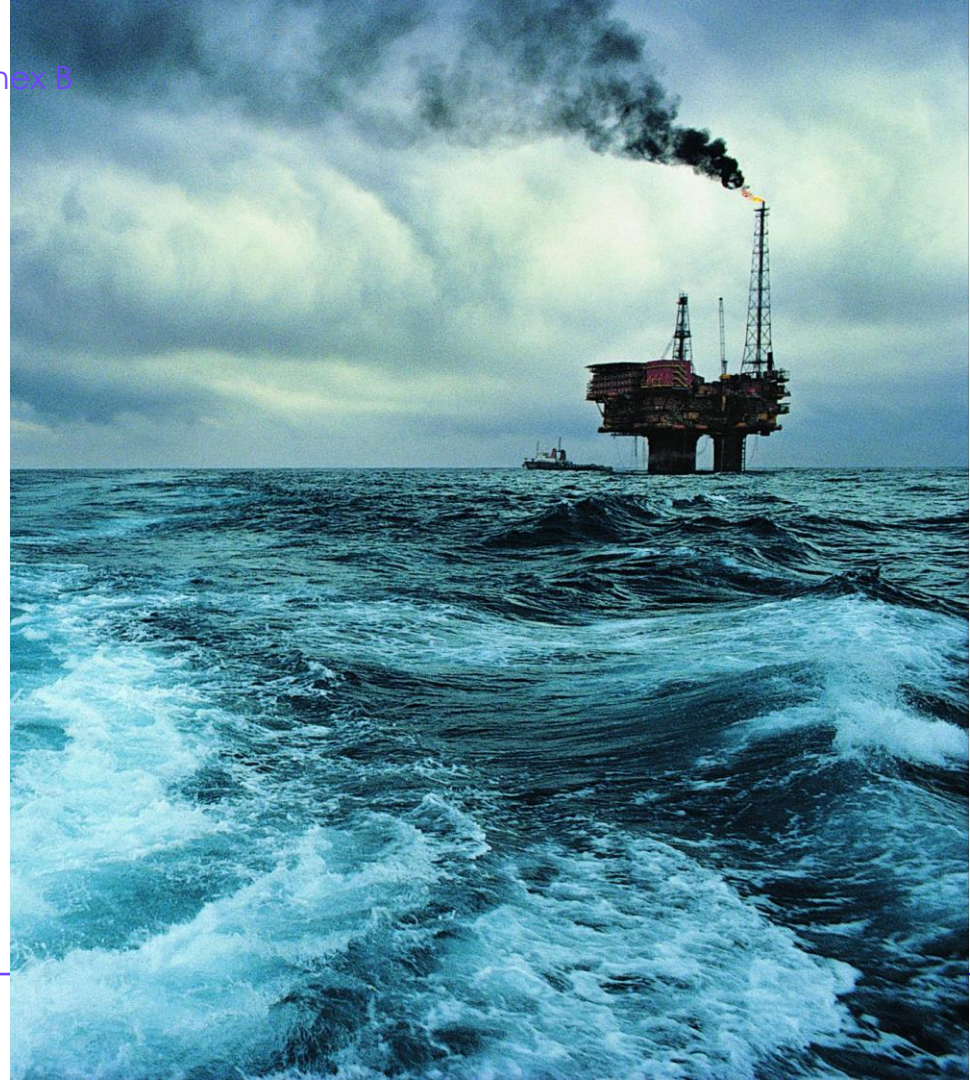
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An end to UK exploration would be a strong signal to investors and consumers that the UK is committed to the 1.5C global temperature goal.



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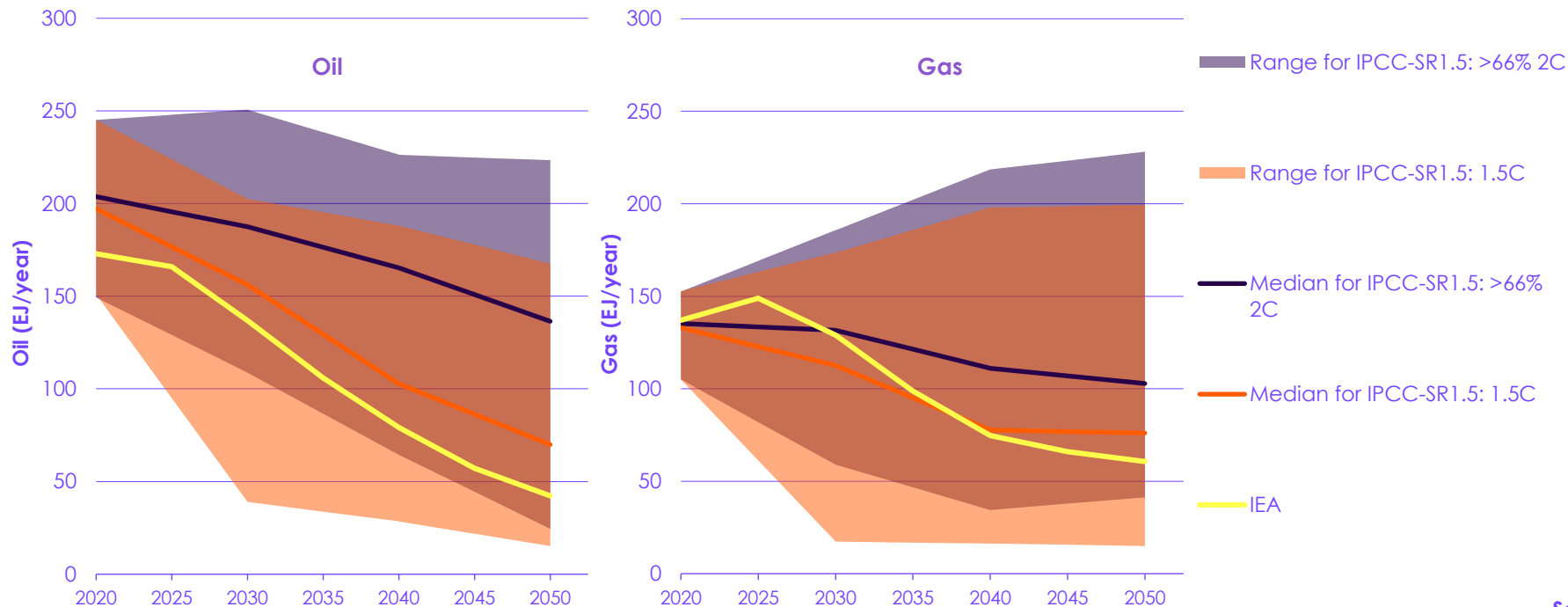
However, we acknowledge the important additional considerations, including the economic impacts and energy security, that lie beyond the statutory remit of the CCC. It is legitimate for Ministers to bring these into their consideration.



Role of oil and gas in the global transition

Global gas and oil consumption in Paris-compatible decarbonisation scenarios

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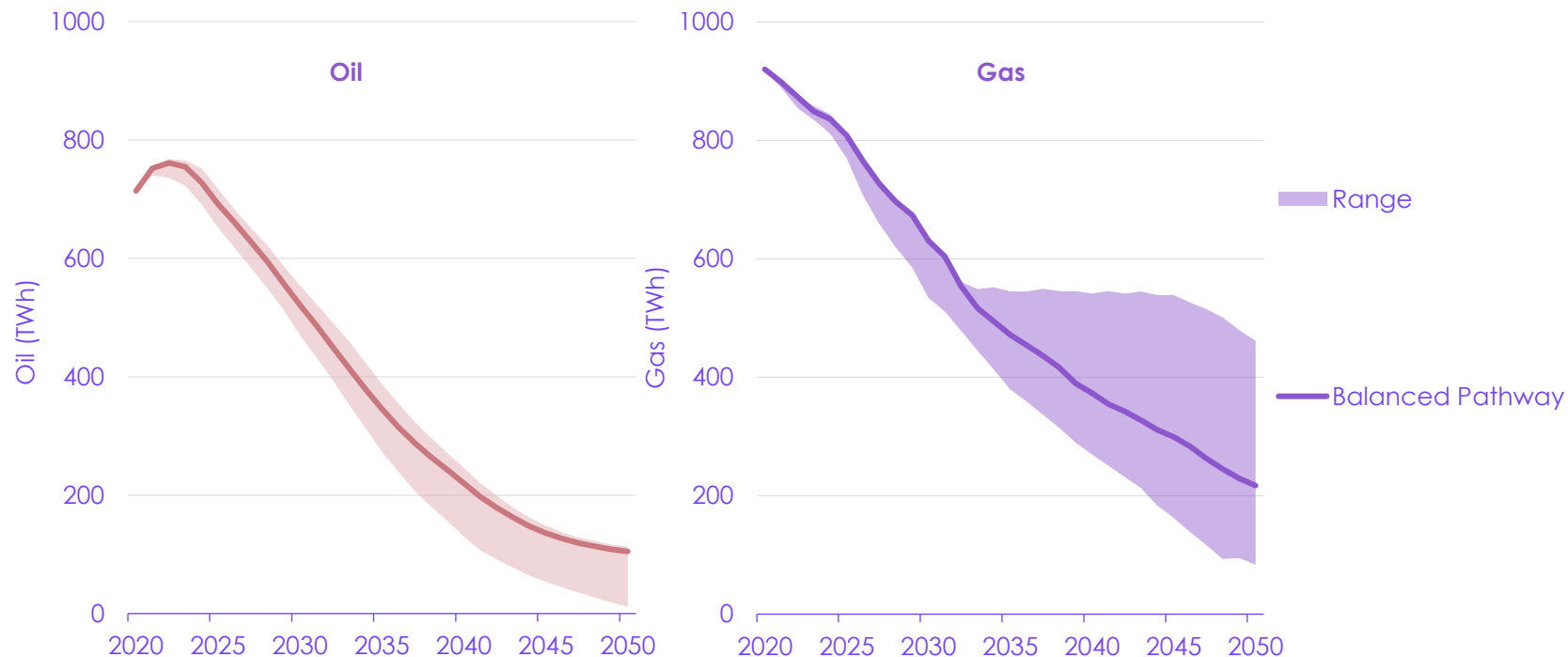
Source

IPCC (2018) Special Report on Global Warming of 1.5°C, IEA (2021) Net Zero by 2050

The declining role of oil and gas in the UK transition

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Consumption of gas and oil in the CCC's Sixth Carbon Budget analysis

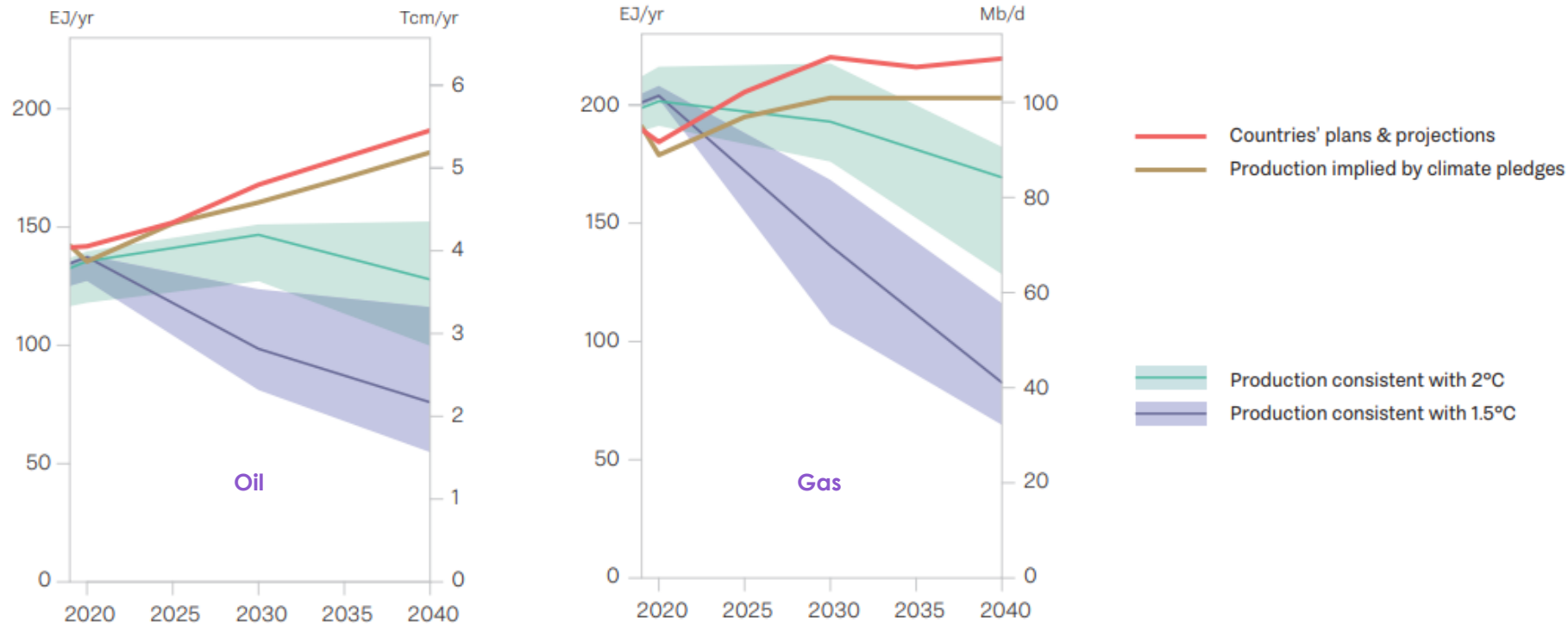


Source
CCC analysis

Role of oil and gas in the global transition

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Gap between planned fossil fuel production and levels consistent with keeping within 1.5°C or 2°C

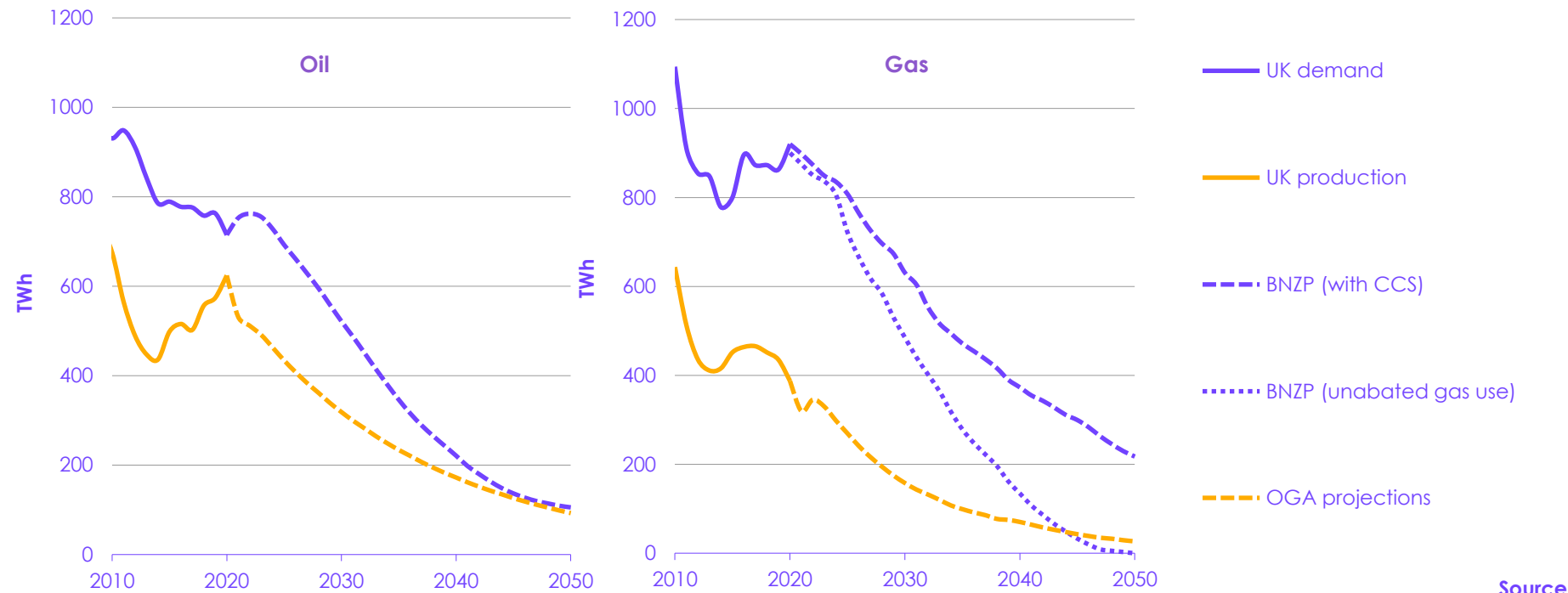


Source
UNEP (2021) The Production Gap Report 2021

The declining role of oil and gas in the UK transition

Oil and gas supply compared to CCC Balanced Net Zero Pathway (BNZP) scenario

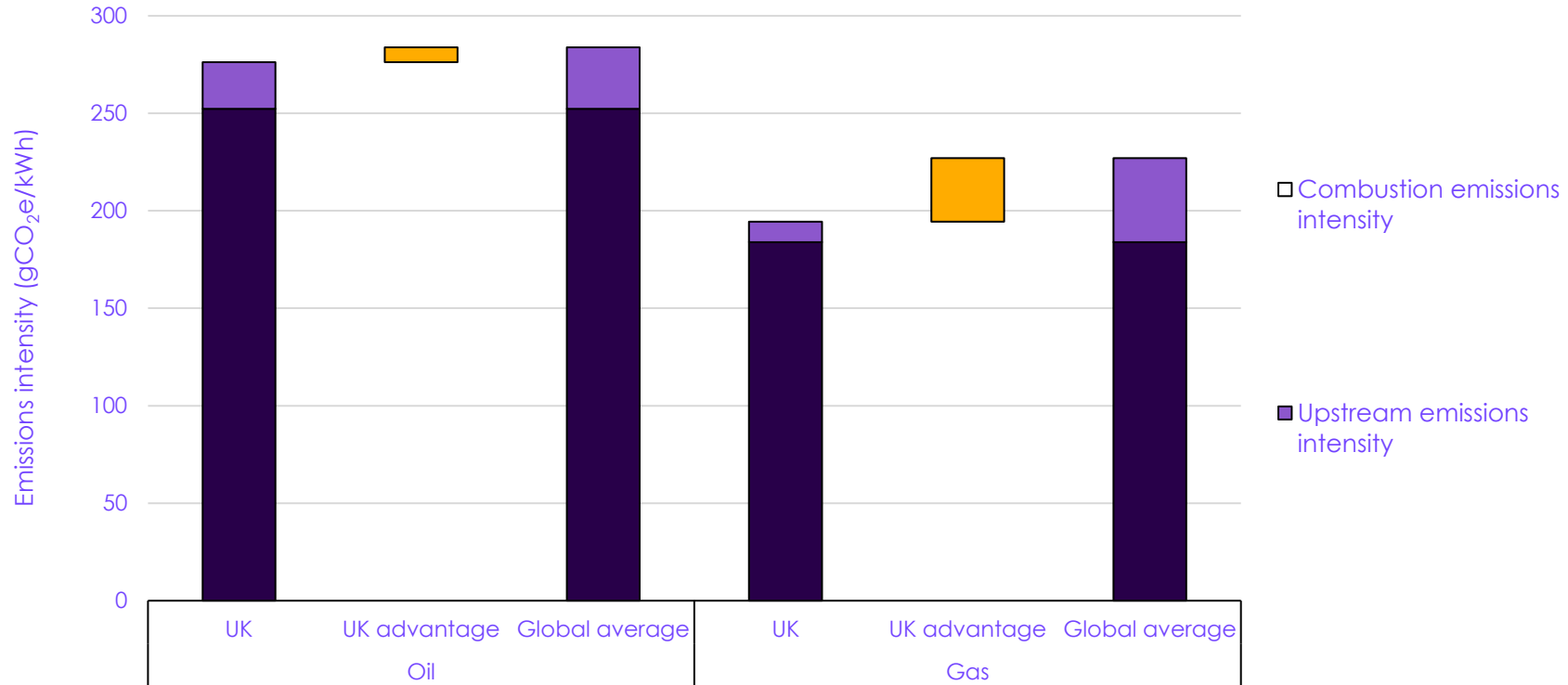
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Source
CCC analysis; OGA (2021) Projections of oil and gas production and expenditure

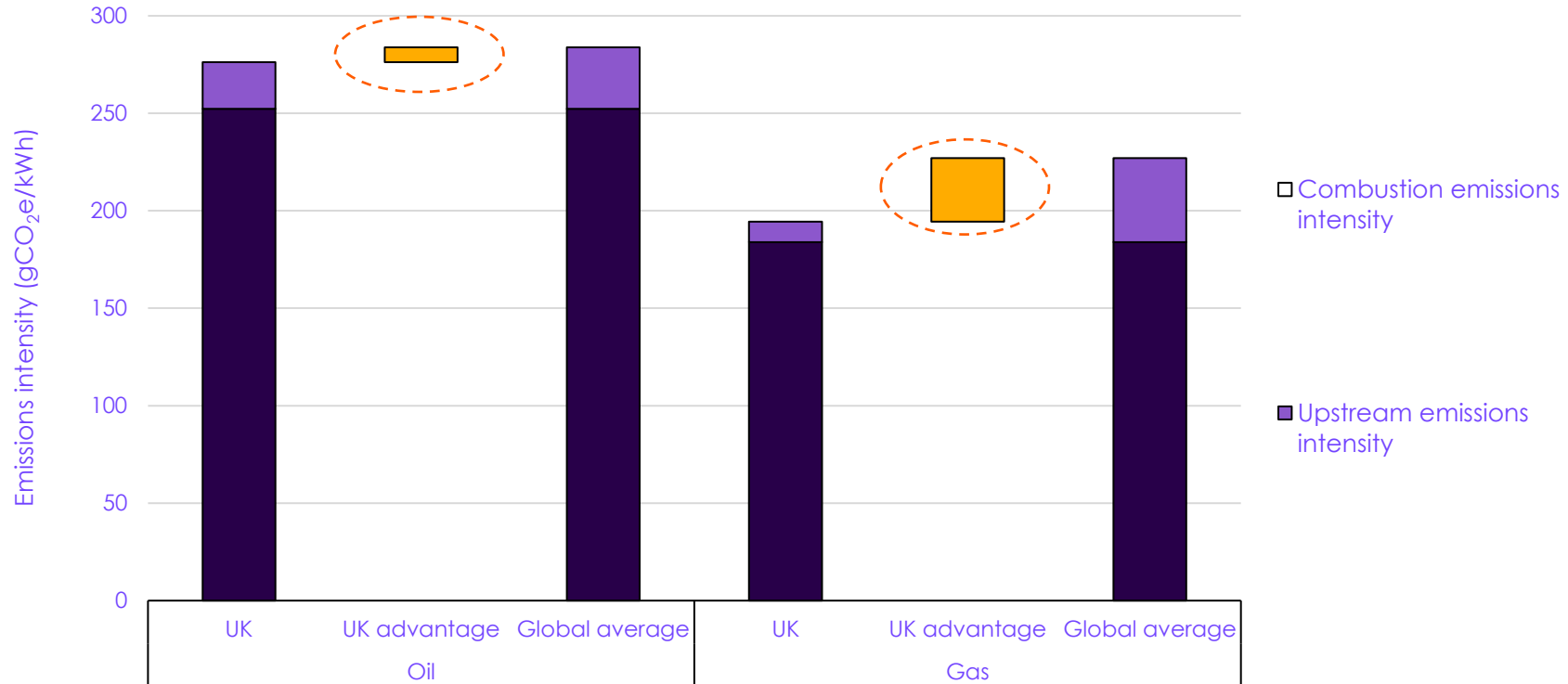
Evidence on the emissions impacts of UK extraction of oil and gas

Comparison of oil and gas emissions intensity UK vs Global Average



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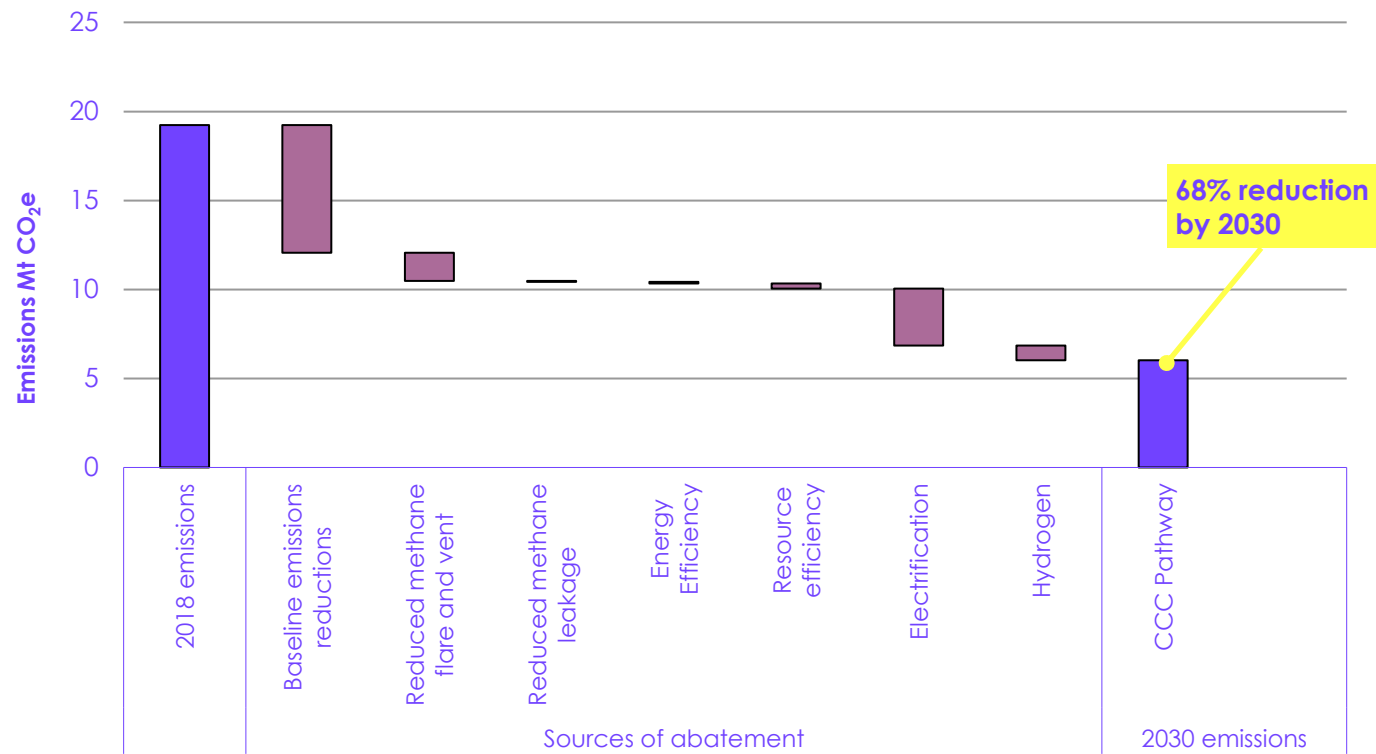
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Evidence on the emissions impacts of UK extraction of oil and gas

Emissions reductions in UK oil and gas production and processing in the CCC Pathway & the North Sea Transition Deal

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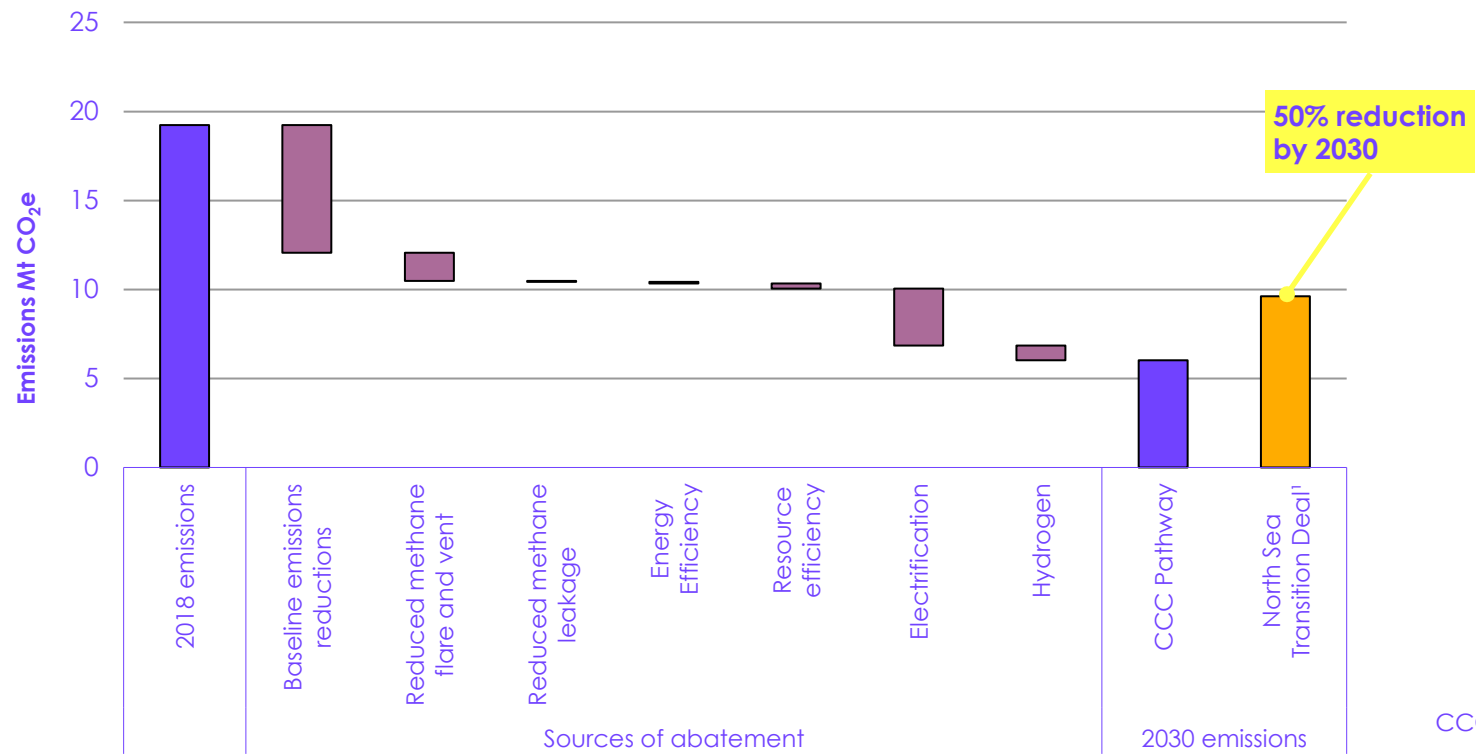


Source
CCC analysis, BEIS (2021) North Sea
Transition Deal

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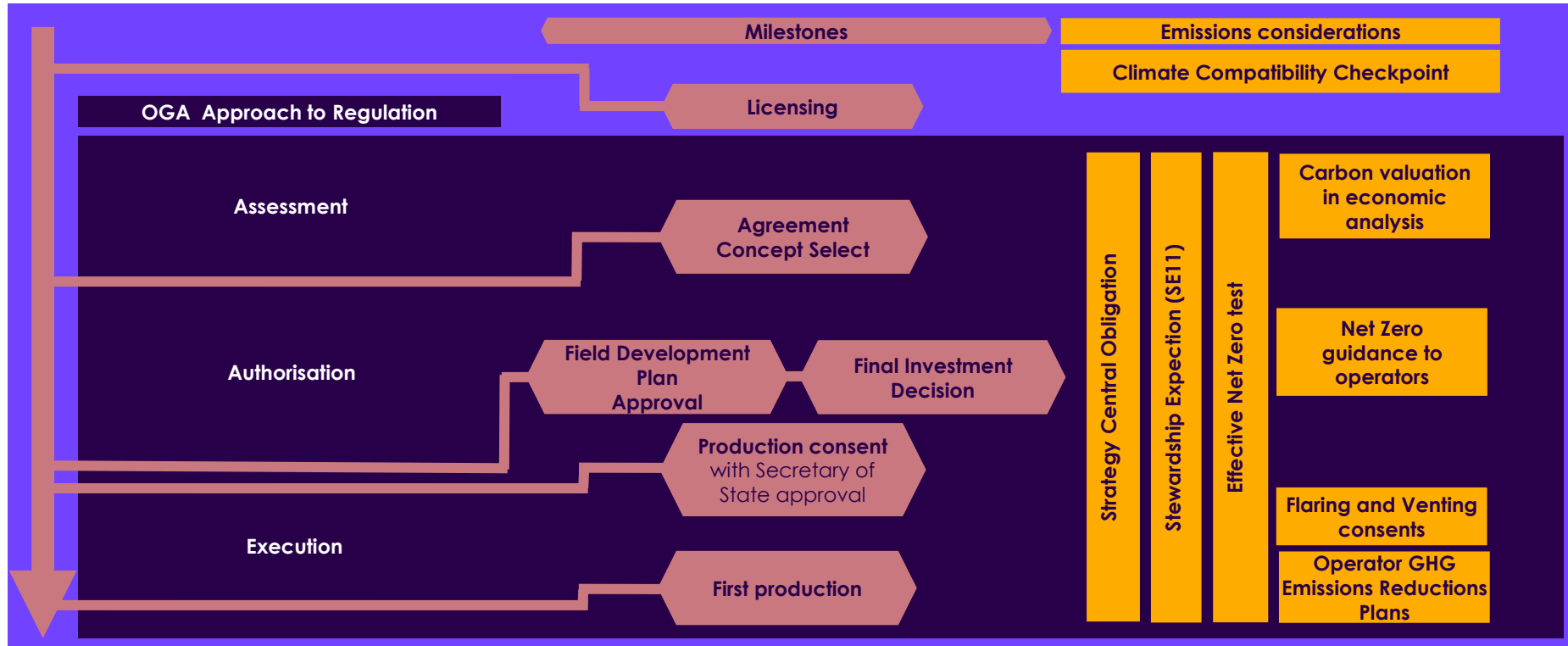


Source
CCC analysis, BEIS (2021) North Sea
Transition Deal

The role of a climate compatibility checkpoint

Emissions considerations in the process from licensing to production

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