

Briefing for MPs · September 2023

Energy Bill | Commons Report Stage

Background

Hailed by the government as <u>"the most significant piece of energy legislation in a generation"</u>, it is imperative to secure an Energy Bill that creates an energy system fit for the future - moving the UK beyond oil and gas, whilst scaling up renewables and tackling the root cause of the cost of living crisis.

This summer has seen extreme global temperatures, causing heatwaves, wildfires and heavy rainfall worldwide, resulting in an <u>increase in concern</u> about climate change in the UK. However, the transition away from fossil fuels can bring benefits - Opinium has found that renewable energy and clean technology is seen as the sector most likely to <u>create long-term growth</u>. Indeed net zero businesses are already contributing £70bn to the UK economy.

The following are a selection of amendments put forward by MPs involved in the Climate APPG. They aim to align UK oil and gas production with international climate targets, whilst boosting energy security by scaling renewable alternatives.

NC29 - Prohibition of new oil and gas

- This amendment would limit the expansion of oil and gas by prohibiting new field developments and licences for new exploration and project scoping.
- In their most recent <u>progress report to Parliament published in June 2023</u>, the <u>Climate Change Committee</u> (CCC) made clear that new fossil fuel production is not in line with net zero. The UK must continue pushing forward strongly with new low-carbon industries whilst rapidly moving away from high-carbon developments including stringent restrictions on new oil and gas.
- Lord Deben, the CCC's outgoing Chair, has <u>labelled</u> new oil and gas developments as

 'unnecessary' and a 'bad example' to the world. Rosebank, the UKs largest undeveloped oil field,
 has the potential not only to blow past UK climate targets for the oil and gas sector, but produce
 the equivalent annual <u>CO2 emissions of 28 low-income countries</u> combined.
- More than 50 cross-party MPs and Peers recently wrote to former <u>Secretary of State, Grant</u> <u>Shapps, urging him to stop the development of Rosebank, the UK's largest undeveloped oilfield.</u>
- The Environmental Audit Committee (EAC) has urged the government to set a clear end date for oil and gas licensing. Their report summarises the need to end the UK's reliance on fossil fuels which would reduce exposure to the energy price crisis that Russia's war in Ukraine has provoked.

NC30 - Duty to phase down UK petroleum

- The North Sea Transition Authority (NSTA) currently has a duty to Maximise Economic Recovery (MER) of oil and gas from the North Sea. This amendment would remove the principal objective of MER and replace it with a new principal objective to deliver a managed and orderly phase down of UK oil and gas, advance the UK's climate targets, and support a just transition for oil and gas workers.
- This would ensure that UK oil and gas operations align with the UK's net zero ambitions, as well
 as recommendations from the <u>International Energy Agency</u>, the <u>UN Secretary General</u> and <u>700</u>



<u>scientists</u> to limit the global average temperature increase to 1.5°C. It would also encourage forward planning so that oil and gas workers and their communities are not left behind.

NC12 - Prohibiting venting and flaring

- This amendment moves to ban the practice of venting and flaring of methane from oil and gas
 operations by 2025, as recommended by the <u>Environmental Audit Committee</u> and <u>Mission Zero</u>,
 the Government's independent review of net zero.
- Flaring and venting is a major source of greenhouse gas emissions, resulting in 500 Mt CO2 equivalent emissions globally in 2022.
- Prohibiting venting and flaring is a no-brainer, North Sea oil companies currently <u>waste enough</u> gas to supply at least 760,000 average UK homes through venting and flaring.
- Other countries are currently leading the way, and our North Sea neighbour Norway banned the routine flaring of unwanted fossil gas over half a century ago in 1971.

NC7 - Withdraw from Energy Charter Treaty

- This amendment instructs the government to withdraw the UK from the controversial Energy
 Charter Treaty (ECT). The ECT is an outdated investment agreement from the 1990s. Under the
 ECT's investor-state dispute settlement (ISDS) mechanism, fossil fuel companies can sue
 governments for huge sums over policies that could affect their future profits.
- The UK's Climate Change Committee (CCC) recently <u>said</u> that the ECT poses "risks to both a timely climate transition and to the taxpayer" and that the UK "should announce intent to withdraw".
- The EU is set to withdraw from the ECT following a recent European Commission <u>proposal</u>. Germany, France, the Netherlands, Spain, Poland, Slovenia, Denmark and Luxembourg have all announced they are leaving. Italy already left in 2016.

Other amendments to support

Beyond these amendments, we encourage parliamentarians to support the following amendments to the Energy Bill which are backed by <u>Warm this Winter</u>, a coalition of over 40 of the UK's leading charities calling on the government to act to help people struggling with energy bills.

• Create a secure energy system with cheap, domestic energy (NC43, NC6, NC32)

Help to upgrade homes and cut energy waste (NC18, NC38)

• Support vulnerable households (NC15)

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