

Offshore Petroleum Licensing Bill | Remaining Stages

Summary

- The Offshore Petroleum Licensing (OPL) Bill will have its [remaining stages in the Commons on Tuesday 20th February](#). The Bill was first announced in the King's Speech in Autumn 2023 and passed Second Reading on 22 January 2024.
- The OPL Bill effectively requires annual licensing rounds for offshore oil and gas extraction in the UK. Yet the NSTA already has the power to issue licences when it sees fit and there have been annual [licensing rounds](#) for most of the past decade. The NSTA Board unanimously agreed that legislation requiring annual licensing rounds [was unnecessary](#).
- New licensing will have minimal impact on UK supplies of oil and gas: the North Sea's [dwindling reserves](#) are predominantly oil not gas, 80% of which is exported, and between now and 2050, new licences are expected to provide just four days worth of current gas use a year [1]. As a consequence, new licensing won't significantly boost tax revenues, secure energy supplies, nor prevent the decline of jobs in the oil and gas sector. The Secretary of State for DESNZ has confirmed that the OPL Bill will [not lower bills](#).
- New licences will not support the net-zero transition and pose a real threat to the UK's reputation on climate ambition; and the [NSTA](#), shows that UK oil and gas production is dirtier than average compared to other major producers. The North Sea is a declining basin, and the number of jobs in the sector have already dropped by [more than half](#) from 2013 to 2023 despite hundreds of drilling licences being issued by the government.

Opposition to the Bill

Opposition to the Bill is widespread. In January this year, [34 cross party MPs and Peers](#) called on the Energy Secretary, Claire Coutinho, to withdraw the bill, the former Conservative energy Minister who signed net zero into law, Chris Skidmore, [stood down from Parliament](#) in protest over it, and COP26 President, Alok Sharma MP, labelled the Bill a total ["distraction"](#) from expanding renewables. Metro Mayors have also [voiced their opposition](#) to the Bill.

Following its passage at Second Reading, senior cross-party parliamentarians, environmental leaders, fuel poverty campaigners, as well as over 30 academics and scientists [argued the Bill's main two achievements](#) are that it sows political division and undermines UK climate leadership. At COP28 last year the UK joined nearly 200 countries in agreeing to "transition away from fossil fuels", however, this Bill undermines that promise. Notably the [G77 President, Pedro Pedrosa, said](#) the deal will fail unless rich countries move quickly away from fossil fuels, citing new UK North Sea oil and gas licences as a failure. Since COP28 the Climate Change Committee [has said](#) the UK should reassess its approach to new fossil fuel exploration.

Further, the head of the NSTA has said that new licences would only make a difference to gas production ["around the edges"](#). And the former [Executive Director of BP](#) has said that the government's decision to expand North Sea drilling is "not going to make any difference" to Britain's energy security.

Amendments which support climate, energy security and jobs

New oil and gas licences will not support UK climate goals, energy security or protect jobs. Cross-party parliamentarians have [introduced several amendments](#) designed to prohibit new oil and gas, reduce production emissions, consider marine habitats and ensure a just transition for oil and gas workers.

1 - Prohibition of new oil and gas, 18 - climate change test, and NC1 - Duty to phase out UK petroleum

- These amendments seek to limit the expansion of oil and gas by prohibiting further oil and gas licences and/or consents for new oil and gas fields, and instead set forward a just transition.
- There is already a vast oversupply of oil and gas to limit global heating to 1.5 degrees. Indeed governments [plan to produce around 110% more fossil fuels](#) in 2030 than would be consistent with a 50-50 chance of limiting global heating to 1.5°C.
- The [Climate Change Committee](#) (CCC) has confirmed that the expansion of fossil fuel production is not in line with net zero, acknowledging that — although the UK will continue to need some oil and gas until it reaches net zero — “this does not in itself justify the development of new North Sea fields”.

NC3 and NC4 - Maximising Economic Recovery

- These amendments seek to move the UK away from a position of Maximising Economic Recovery of oil and gas from the North Sea, and instead supporting the UK’s energy security and net zero commitments, and maximising the low-carbon economic potential of the North Sea basin in order to secure a managed and fair transition for North Sea workers.

12 - Prohibition of venting and flaring

- This amendment would prevent any new oil and gas licences being issued from 2030, until the ban on flaring and venting is enforced through legislation.
- Flaring and venting is a major source of greenhouse gas emissions globally, and the UK is currently lagging behind other countries that are leading the way. Norway banned the routine flaring of unwanted fossil gas over half a century ago [in 1971](#).
- Flaring is still commonplace in the UK and is used to save money by burning unprofitable gas at sea, rather than sending it back to shore. North Sea oil companies currently [waste enough gas to supply at least 760,000 average UK homes](#) through venting and flaring.
- Current targets are not reflected in legislation. Last year, the NSTA granted approval for the [Affleck oil and gas field](#), permitting operators Neo to burn off unprofitable gas until 2037. This is despite guidance that new developments should be developed on the basis of zero routine flaring and venting, and that there should be zero routine flaring and venting by 2030- showing the need for meaningful legislation on venting and flaring.

NC2 - Duty to prioritise marine spatial planning

- This amendment would introduce a duty for the Secretary of State to publish a marine spatial prioritisation policy before awarding any new oil and gas licences.
- The UK Government has committed to delivering [50GW of offshore wind](#). At the same time, under the Global Biodiversity Framework, the UK has committed to protect at least 30% of UK waters for nature by 2030 and recover 70% of protected features within our Marine Protected Areas.
- Further, oil and gas licences cover swathes of the seafloor, including [a third](#) of the 900 locations in the latest offshore oil and gas licensing round overlapping with MPAs.
- This amendment would ensure enough seaspace is allocated for nature recovery and climate change mitigation. Otherwise, there is a risk that industrial activities could crowd out these important environmental purposes.

14 - Introduction of a just transition test

- There is an urgent need for the government to create a genuine, long-term plan for supporting workers and communities through the energy transition.
- This amendment would see the introduction of a just transition plans test to the Bill that could support a broader government strategy, mandating 1.5C-aligned transition plans for the entire oil and gas workforce and ensuring that workers are not left ill-prepared for the UK's journey to becoming a green economy.
- The oil and gas industry is in decline, with 200,000 jobs supported by the UK oil and gas industry [lost in the past decade](#), despite hundreds of drilling licences being issued by the government.
- Around [Aberdeen](#), this decline in jobs has not been effectively offset by increased jobs in other parts of the energy sector, revealing a failure to invest in transitioning the workforce.

Further reading The Climate APPG's [Second Reading Briefing: Offshore Petroleum Licensing Bill](#)

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Endnotes

[1] Uplift analysed [North Sea Transition Authority projections for UK oil and gas production](#), which estimate the total amount of gas projected to be produced without the development of any new fields, as well as with the development of undeveloped discoveries, and the development of future discoveries. Projections for gas production from the development of future discoveries were compared against gas demand estimates for 2023 under the [Climate Change Committee's Balanced Net Zero Pathway](#) to quantify the relationship between estimated production and demand.