CCSA response to the Energy Security and Net Zero Select Committee's Inquiry into managing the future of UK oil and gas

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The Carbon Capture and Storage Association (CCSA) is pleased to provide a response to the Energy Security and Net Zero Select Committee's Inquiry into managing the future of UK oil and gas.

The CCSA brings together a wide range of specialist companies across the spectrum of Carbon Capture, Utilisation and Storage (CCUS) technology, as well as a variety of support services to the energy sector. The CCSA exists to represent the interests of its members in accelerating the commercial deployment of CCUS in the UK, EU and internationally through advocacy and collaboration to achieve net zero emissions by 2050.

Summary

The region that once powered the UK's industrial growth now stands at the centre of its low-carbon transformation. By harnessing its geological advantages and offshore engineering expertise, the North Sea can once again define the UK's industrial identity – this time as a hub for CCUS, clean innovation and sustainable growth.

UK oil and gas infrastructure is an important asset which must be a central element of the transition to a low-carbon economy, revolving around timely, coordinated investment in CCUS, hydrogen, and infrastructure repurposing - anchored by policy certainty, workforce transition, and energy security. This ensures that the North Sea remains a national asset, not a legacy liability, in achieving net zero.

1. What should be the underlying principles of the UK's strategic policy for keeping the oil and gas sector competitive during the energy transition?

The UK's ability to deliver on its ambition to become a global clean energy superpower rests on unlocking the full potential of the North Sea. With world-class geology across the UK Continental Shelf (UKCS) and a workforce renowned for offshore expertise, the CCSA emphasises that CCUS must sit at the heart of the North Sea transition – reducing emissions, supporting skilled employment and strengthening the UK's international leadership in clean energy.

In order for the UK to benefit from the opportunities associated with the clean energy transition, there needs to be an established clean energy industry to employ workers, build supply chains around and transition expertise. The Government, therefore, needs to continue to make progress with CCUS policy development and provide clarity and certainty to help bring projects and clusters forward in the pipeline.

The CCSA recommends:

- Ensuring timing alignment between the decline of oil and gas activities and the growth of clean energy industries to prevent the loss of skills, expertise, and investment.
- Prioritising CCUS and hydrogen as core pillars of industrial competitiveness, enabling reinvestment of O&G capital, infrastructure, and workforce into low-carbon projects.

Treat oil & gas assets (platforms, pipelines, wells, ports, yards) as re-deployable national infrastructure to maximise efficiency and reduce the cost of the energy transition.

- Maintaining energy security and affordability by recognising that natural gas will play a role in the energy transition through providing flexible, reliable power to complement renewable deployment, but with carbon capture deployed to ensure that harmful emissions are permanently stored and not released into the atmosphere.
- Providing clear and investible frameworks for CCUS projects and future allocations to give long-term market certainty.
- Supporting a just and regionally balanced transition by embedding workforce reskilling, regional investment, and community regeneration in all transition plans.

As Offshore Energies UK's (OEUK) response to this inquiry also reiterates, the risks of inaction are clear. Policy uncertainty and declining investment are already triggering job losses, offshoring of projects, and attrition of high-value skills in the supply chain. The CCSA Delivery Plan Update 2025 shows that the UK now has its strongest ever pipeline of CCUS projects developing, but policy uncertainty is slowing progress, stalling projects and risking investment.[1] Since 2023, 27 capture projects have been cancelled or paused. Additionally, almost all remaining projects have experienced delays averaging 2 years, with 75% of CCUS developers saying they may redirect investment overseas without clearer government policy.

2. How can the UK continue to make best use of its oil and gas infrastructure as an asset while meeting delivering the transition?

CCUS is critical to the UK's energy transition and the North Sea presents a unique opportunity for its deployment, critical for meeting net zero targets while also generating economic growth. With an estimated 78 gigatonnes of Carbon Dioxide (CO_2) storage capacity, the UK holds over a third of Europe's entire CO_2 storage potential. This makes the North Sea one of the most valuable assets for industrial decarbonisation in both the UK and wider Europe.

The UK should:

- Repurpose rather than decommission existing O&G assets - pipelines, platforms, and wells - for CO_2 and hydrogen transport and storage (T&S). This is cost-effective and accelerates deployment of CCUS.
- Enable regulatory flexibility via the NSTA and DESNZ to streamline approvals for infrastructure reuse and storage licensing.
- Promote cross-border CO_2 T&S markets, using depleted UK O&G fields as European hubs for CO_2 storage. This would attract foreign investment, support regional industry, and harness the UK's storage capacity.
- Invest in enabling infrastructure, such as ports and water systems, to support CCUS and hydrogen clusters.

Ultimately, infrastructure repurposing should be planned in a way that supports local economies - extending the productive life of ports, fabrication yards and offshore facilities - and creating both new and repurposed job opportunities in regions where O&G underpins prosperity as a foundation of economic activity, supply chains and livelihoods.

[1] CCSA (2025) https://www.ccsassociation.org/all-news/ccsa-research-reveals-uk-carbon-capture-sector-at-a-critical-juncture-as-project-pipeline-grows-but-policy-uncertainty-slows-progress/

3. **How can the UK ensure that critical services that currently rely on a reliable fuel supply chain (from hospitals generators, to freight logistics, to food supply) can transition to low carbon alternatives without any disruption.**

Ensuring security of supply should continue to be prioritised by Government and policy should clearly reflect this.

Natural gas with will remain a crucial part of the UK's energy mix to ensure security of supply during the transition, providing flexible power to balance and complement intermittent renewables as capacity grows. The development of strategic gas storage sites is therefore essential for enhancing the UK's energy resilience.

- NESO modelling shows natural gas with CCUS will continue to play a crucial balancing role for the energy system, complementing the deployment of renewables.
- The repurposing of gas storage sites for hydrogen and other low-carbon gases, would ensure continuous and reliable supply for critical services, such as hospitals.
- Create multi-commodity storage (gas + hydrogen) to smooth supply shocks as renewables scale.
- Prioritise early market support for low-carbon back-up fuels: ensure Contract for Difference (CfD), grant or tax incentives for hospital/critical-infrastructure pilots of hydrogen/diesel replacements together with reliability testing.
- Operational readiness funds: small, targeted funds to support conversions (e.g., generator retrofits to hydrogen or synthetic fuels) for public services and critical supply chain nodes to prevent disruption during fuel mix changes

4. **What does the Government need to do to ensure that the transition from oil and gas does not simply de-industrialise areas and damage the communities that currently benefit from the fossil fuel industry?**

The CCSA warns that delayed CCUS deployment risks the closure of key industrial sites and job losses, as seen in recent UK refinery and steel plant shutdowns, as well as carbon leakage and offshoring of emissions.

CCUS enables heavy industries to decarbonise while retaining production and high-skilled, well-paid jobs in our industrial communities, avoiding "carbon leakage". It provides a pathway for foundational sectors - cement, glass, lime, refining, and chemicals - to remain competitive in a low-carbon global economy.

The refining sector, responsible for 96% of UK transport fuel, relies on CCUS to produce low-carbon fuels, sustainable aviation fuel (SAF), and hydrogen. As Fuels Industry UK (FIUK) highlight in their submission to this inquiry, refineries support over 100,000 jobs and collect £37 billion in tax revenues last year. It is therefore important that we do not lose any further capacity.

The cement and lime industries alone could generate £1.8 billion in GVA and safeguard 13,000 jobs through deployment of CCUS clusters such as Peak | MNZ Cluster, which will alone unlock £5 billion in private capital, decarbonise 40% of the sector and strengthen product security in the UK.

To avoid de-industrialisation, the Government should:

- Accelerate CCUS project deployment to provide immediate alternative employment for O&G and industrial workers, recognising that any gap risks the loss of investment, skills, supply chains and critical industrial capability, with knock-on effects for regional economic activity.
- Deliver reskilling funds and regional training hubs (e.g., through initiatives like CATCH and the Energy Transition Skills Hub) to retrain workers in clean-energy trades. This would avoid the "cliff" where jobs vanish before new projects arrive.
- Expand the Energy Skills Passport to CCUS/hydrogen, include job matching and regional demand forecasting so workers and trainers can plan.
- Ensure 'timing alignment' of investment, so new clean energy projects are ready before fossil operations wind down.
- Promote local content and supply chain participation, keeping economic activity within regional industrial clusters such as Teesside, the Humber, Scotland, Derbyshire & Staffordshire, and South Wales.
- Example: the East Coast Cluster and Hynet offer immediate regional job support (each project supporting thousands of jobs in supply chain) and are anchors for local industries.

CCUS investment will strengthen industrial clusters such as Teesside, the Humber, Merseyside, South Wales, Scotland, and Stafford & Derbyshire, therefore anchoring long-term prosperity in historically high-carbon regions.

5. How should the UK manage a declining domestic market in gas, including how the gas infrastructure can be partially, or completely, decommissioned without putting the burden on a shrinking number of consumers?

The decline of domestic gas production must be managed alongside the rapid scale-up of CCUS and hydrogen. It is also important to flag that CCUS is complementary to other low-carbon, technology-neutral pathways. CCUS offers a major opportunity for the oil and gas industry to redeploy its skills, supply chains and investment power.

However, timing alignment is critical - if clean energy projects are not available as gas production falls, (for instance if O&G extraction operations experience a steeper decline than the corresponding increase in clean energy industries, or there is limited opportunities for further O&G investment once decommissioning activities in depleted fields get underway), the UK risks losing skilled workers, supply chain capabilities and investment due to the inevitable hiatus in work. Moreover, maintaining security of supply should remain a priority for Government.

It is critical to note that CCUS has the potential to become a multibillion-pound sector by 2030, safeguarding and creating tens of thousands of jobs in our industrial heartlands, while facilitating the just transition for regions that continue to depend heavily on the fossil fuel industry. It can attract large-scale UK investment, strengthen competitiveness and anchor new low-carbon industries in communities that need them most.

O&G companies are currently leading the development of many of UK CO_2 T&S systems, meaning much of the projected £26bn of private investment by 2030 will come from within the existing sector.

The CCSA recommends:

- Strategic reuse of gas infrastructure for CO_2 and hydrogen T&S, avoiding unnecessary decommissioning costs.
- Phased decommissioning strategies that align with CCUS and hydrogen deployment timelines, to prevent stranded assets and cost burdens on remaining gas consumers.
- Equitable cost recovery frameworks, ensuring that the expense of transition is distributed fairly and not placed on a shrinking customer base.
- Policy coordination between NESO, NSTA, and Ofgem to ensure regulatory alignment and prevent market distortions as gas demand declines.
- Where reuse is under consideration, allow for temporary regulatory protection from decommissioning obligations while a feasibility/FEED decision is completed

6. What should the Government be doing to ensure the supply chains for the oil and gas sector are sustained as North Sea outputs decline and they transition to supporting the renewables sector?

Declining North Sea activity makes it imperative for the Government to act decisively to align supply chain readiness with project deployment. Without this coordination, there is a real risk of losing skills, capacity, and competitive advantage, particularly among small and medium-sized enterprises.

To protect and grow the UK's world-class supply chain, the CCSA urges the Government to:

- Deliver demand certainty - supply chains need a predictable, sequenced pipeline of projects, beyond the initial CCUS clusters to be rolled out, to give investors the confidence to invest in maintaining capability and retooling.
- Protect existing supply chain capabilities, particularly in engineering, offshore operations, and manufacturing, which can supply up to 80% of the CCUS value chain.
- De-risk early investments in "high-value" areas like CO_2 T&S, offshore storage, and advanced manufacturing, using funds such as the National Wealth Fund and Green Industries Growth Accelerator.
- Back sector-wide initiatives. For example, the CCSA's *Good Practice Guidance* targets 50%+ UK content by 2030. ~80% of the CCS value chain is targetable by the UK O&G supply chain; CCUS could deliver £26bn private investment by 2030 and support 50,000+ jobs by 2050 if policy stimulates demand.
- Engage continuously with industry to adapt support as new opportunities emerge, and develop an export strategy leveraging the UK's competitive edge in offshore engineering and CCUS services.

The CCSA has called for measures that provide investors with confidence and continuity: a clear CCUS project pipeline, support for early movers, and targeted efforts to protect existing industrial capabilities. It also emphasises the need to address workforce challenges – including skill shortages, an ageing workforce, and limited access to training – through long-term, strategic planning. With the right support, the UK can develop a skilled, future-ready workforce capable of delivering CCUS at scale and speed.