

5 October 2021

Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London
SW1A 2AA

Dear Prime Minister

We write to urge the UK Government to approve the Scottish Cluster as part of the UK Government's Carbon Capture & Storage (CCS) track 1 programme.

The Scottish Cluster has a clear roadmap, ready access to key infrastructure and a series of advanced carbon dioxide (CO₂) reduction projects. A crucial component of the bid is the Acorn CO₂ transport and storage infrastructure project, an ambitious programme based at the St Fergus Gas Terminal in the North East of Scotland designed to tackle climate change by dealing with both power and industrial CO₂ emissions together with those from other 'hard to decarbonise' sectors through the manufacture of Hydrogen and Direct Air Capture. By making use of oil and gas pipelines that are already in place, offshore geology that is ideal for permanently storing CO₂, and a region that is embracing hydrogen as a fuel of the future, Acorn is a vital catalyst for the next phase of the UK's journey to Net Zero.

The Acorn Project, its established infrastructure and its timeline for delivery are just a few of the many reasons why Scotland is a standout location to be amongst the first UK Clusters:

1. The ability to re-use existing Oil & Gas infrastructure (offshore & onshore) to deliver CCS solutions rapidly and cost effectively.

The Scottish Cluster will draw upon 50 years of geoscience and reservoir engineering know-how from the Oil & Gas sector to accelerate the development of CCS. For example, a key focus of the Acorn project is to re-use the Goldeneye and Atlantic offshore pipeline and the Scottish Cluster proposes to re-purpose the onshore Feeder 10 pipeline between St Fergus and Grangemouth.

2. Scotland is home to some of the largest and best understood UK offshore CO₂ storage sites, which can help decarbonise not just Scotland's industries but other UK regions as well

With the potential to address up to 9 million tonnes of CO₂ per year that currently comes from the top emitting sectors in Scotland, the Scottish Cluster also establishes a very large CO₂ transportation and storage solution. This includes shipping CO₂ through Scottish Ports crucial to reducing industrial emissions from areas around the UK, and even Europe, that need access to CO₂ transport and storage facilities. Indeed, 23.8

Gigatons (30%) of UK's total storage resource of 78 Gigatons is within 50 km radius of existing pipelines proposed for the Acorn CCS project.

3. Our skilled Oil & Gas workforce and supply chain already has the expertise required to safely deliver complex projects such as CCS on time and on budget.

The North East of Scotland, through a world-class oil and gas industry, has made an invaluable contribution to the UK's energy requirements over the last 50 years. Now, as this industry matures, we must progress ways to harness and retain the region's existing skill set whilst securing opportunities for new jobs and investment as part of the green recovery. According to May's ETI report, over 90% of the UK's oil and gas workforce, the majority of whom are employed in Scotland, have the necessary skills transferability into energy transition areas such as CCS. The Scottish Cluster will create, safeguard and continue to support tens of thousands of high skill jobs directly and in our vital supply chain.

4. The Scottish Cluster is designed to receive early CO₂ imports from other parts of UK which do not have access to storage sites and from overseas

A key component of the Scottish Cluster bid, unlike other bids, is the prioritisation of CO₂ shipping. UK's capacity of 78 Gigatons equates to approx. 200 years of storage capacity at UK emission rates from 2019 (468 million tons) and the Department of BEIS estimate that CO₂ imports from overseas could be worth £14bn by 2050. Assuming a successful bid, domestic and international shipping customers will be welcome from the start, with Peterhead Port reception facilities being commissioned in 2026 with around 3Mt/pa of domestic CO₂ shipping expected by 2030 and CO₂ from ship imports through Peterhead Port ultimately expected to exceed 9Mtpa. This service will add deep resilience to the evolving UK CCS programme.

5. The Scottish Cluster will unlock a number of other key energy transition concepts, such as Direct Air Capture (DAC) and Hydrogen that Scotland is ideally positioned to take advantage of.

A joint project planned for the North East of Scotland, between UK firm Storegga and Canadian company Carbon Engineering, seeks to remove up to one million tonnes of CO₂ every year through Direct Air Capture (DAC). A successful Scottish bid will accelerate these plans and ensure the UK is home to the largest DAC facility in Europe and depending on the final configuration, potentially the biggest in the world. In addition, the Scottish Cluster can deliver over 20% of UK's low carbon hydrogen (blue hydrogen) target by 2030. Finally, Acorn and the Net Zero Technology Centre are planning to set up a world class test & demonstration facility at the Acorn site, to accelerate the development and deployment of innovative hydrogen and CCS technology and support the development of a UK hydrogen supply chain.

To summarise, Scotland is the most cost-effective place to begin CCS in the UK given the capacity for CO₂ storage in the North Sea and the existing oil and gas infrastructure available to repurpose for CO₂ transport and storage. Vitally, there is also a huge opportunity for UK & Scottish oil and gas firms, domestic supply chain companies and our wider economy to harness the skills and expertise of our current workforces to

create many sustainable jobs in the coming years and contribute significantly to the net zero ambition. It has cross sector support including that of the Scottish Government.

The 'Back the Scottish Cluster' bid has our unwavering support and we strongly encourage the UK Government, for the reasons stated above, to support it as part of the CCS track 1 programme.

Yours sincerely,



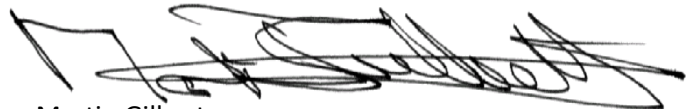
Sir Ian Wood KT GBE
Chairman, ETZ Ltd



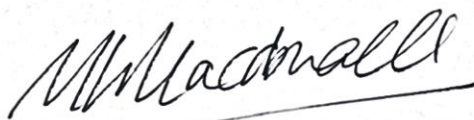
Tracy Black
CBI Scotland Director



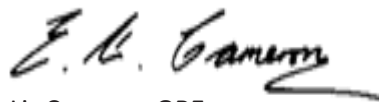
Sara Thiam
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cc. Rt Hon Kwasi Kwarteng MP, Secretary of State for Business, Energy and Industrial Strategy
Rt Hon Greg Hands MP, Minister of State for Business, Energy and Clean Growth
Rt Hon Alister Jack MP, Secretary of State for Scotland