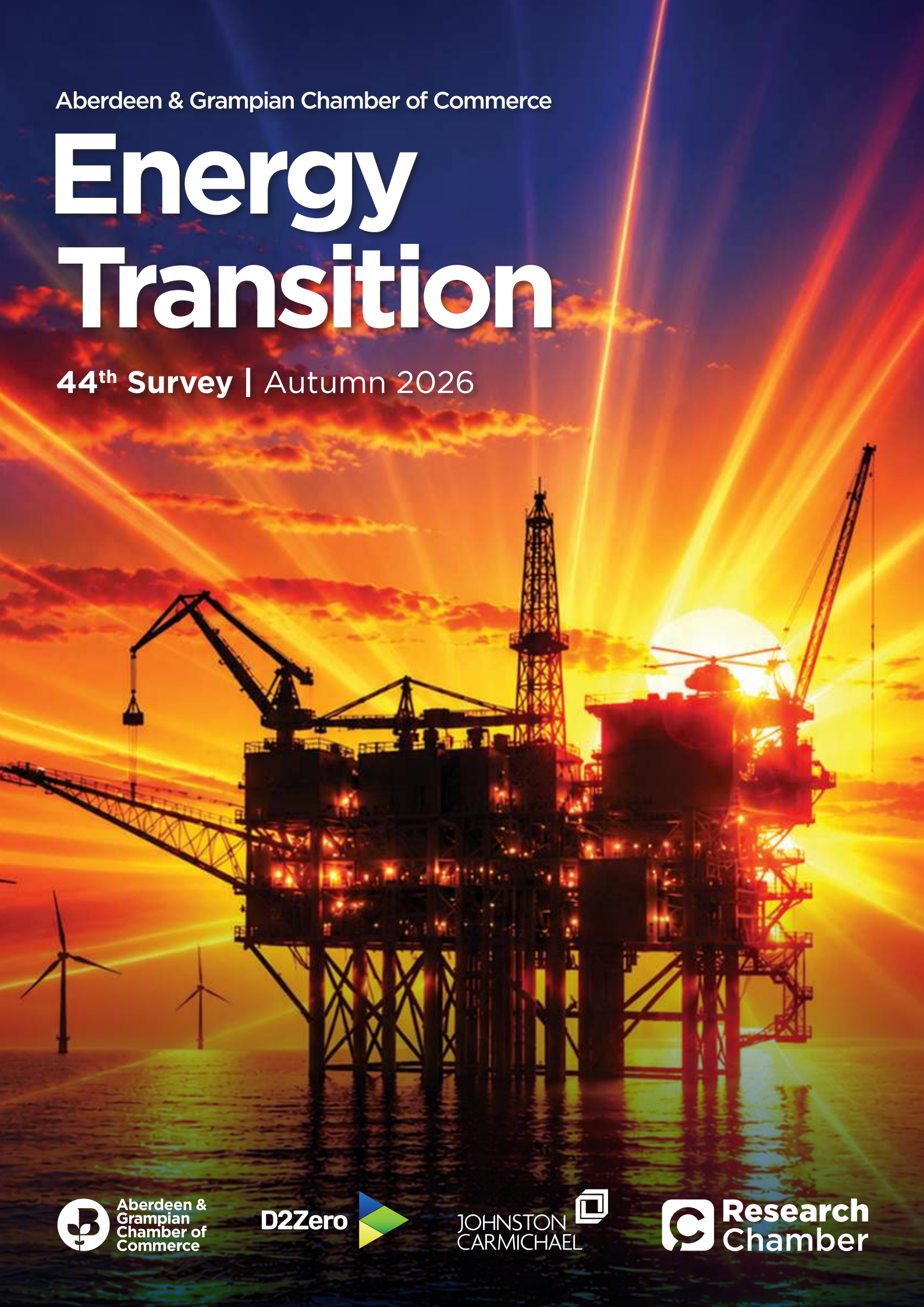
Aberdeen & Grampian Chamber of Commerce

Energy Transition

44th Survey | Autumn 2026



Aberdeen & Grampian Chamber of Commerce

D2Zero

JOHNSTON CARMICHAEL

Research Chamber

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A word from our sponsors

by James Gaskell,
Chief Executive Officer,
Hydrasun, a D2Zero company

This year, Hydrasun has been making its 50th anniversary, which has been an opportunity to reflect not only on how far our business has come, but on the extraordinary engineering industry that has grown around us here in Aberdeen.

Over five decades, the North Sea has helped create one of the world's most capable and internationally respected energy supply chains. The expertise developed here now supports customers and industries across the globe, from conventional energy to power, defence and emerging clean energy technologies.

As we look towards the next 50 years, our challenge is to ensure that this remarkable industrial capability is not only preserved, but given every opportunity to evolve, compete and thrive.

That is why the findings of this survey are so important.

More than half of the businesses surveyed expect revenues and profits to grow in the coming year, demonstrating the resilience, adaptability and entrepreneurial spirit that have always characterised our industry.

However, beneath those positive forecasts lies a more challenging picture. Businesses now anticipate that 55% of their revenues will come from international markets within five years, while almost half of respondents are not optimistic about Aberdeen's long-term future as a global energy hub.

International growth is something we should celebrate. At Hydrasun, we see enormous opportunities to apply our engineering expertise and technical capabilities across a growing range of markets and geographies. But international success should complement a strong domestic market, rather than become a necessity because opportunities at home are diminishing.

The survey also highlights the complexity of the energy transition itself. Oil and gas continues to account for almost three-quarters of respondents' current business activity, while the pace of diversification into new sectors remains slower than many had anticipated.

For me, this reinforces an important point: the energy transition is not about abandoning the industries and expertise that have brought us to where we are today. It is about building upon those foundations.

The technologies, engineering disciplines and specialist skills developed to support the North Sea have applications far beyond traditional oil and gas.

Whether in clean energy, defence, industrial infrastructure or power generation, customers increasingly require the same commitment to safety, reliability, technical excellence and innovation. These are areas where Aberdeen's supply chain has a genuine competitive advantage.

At the same time, energy security and decarbonisation must be viewed as complementary priorities. The world will continue to require reliable and affordable energy as cleaner technologies and infrastructure are developed and deployed. A successful transition must recognise both realities.

Achieving that balance requires a stable and predictable environment in which businesses have the confidence to invest, develop new capabilities and create long-term employment opportunities.

Perhaps most concerning is the survey's warning about the future workforce. More than four in ten respondents do not believe the UK will have sufficient skills to deliver its energy transition ambitions if current trends continue.

Engineering expertise takes decades to develop. Once lost, it cannot simply be recreated when the next major project arrives. Protecting that knowledge, attracting new talent and giving the next generation confidence in a long-term career in energy must be priorities for industry and government alike.

Aberdeen has already demonstrated its ability to build world-class businesses, solve complex engineering challenges and compete on the international stage. I firmly believe it can do so again as the global energy landscape evolves.

The next chapter will undoubtedly look different from the last. But with the right investment, ambition and policy environment, there is every reason to believe that the North-east can remain a global centre of engineering excellence for another 50 years.

Our opportunity now is to turn that potential into reality.



James Gaskell,
Chief Executive Officer,
Hydrasun

D2Zero

hydrasun

A word from our sponsors

by Mark Stewart,
Head of Energy, Infrastructure & Sustainability,
Johnston Carmichael

The 44th Energy Transition Survey paints a picture of an industry that remains ambitious and resilient, yet challenged by the gap between political ambition and commercial reality.

There are encouraging signs. Expectations for revenue and profitability have improved, businesses continue to identify opportunities in emerging markets, and Scotland retains extraordinary expertise across energy, engineering and infrastructure. Notwithstanding the challenging policy environment, significant projects are progressing, investment continues to flow into the sector, and businesses across supply chains are demonstrating innovation and determination.

We should recognise and celebrate that progress.

However, the survey also highlights some uncomfortable realities. Confidence in the UK Continental Shelf remains subdued, while international markets continue to offer growth opportunities and businesses increasingly expect a greater proportion of future revenues to come from overseas. Capital is internationally mobile, and investors will always be tempted towards opportunities offering greater certainty and commercially sustainable returns.

That presents a challenge for policymakers. We need a coherent, long-term energy and industrial strategy that transcends political cycles and provides confidence in a pipeline of investable projects.



Mark Stewart,
Partner and Sector Head of Energy, Infrastructure and Sustainability,
Johnston Carmichael

JOHNSTON CARMICHAEL

Equally, we need a coordinated approach to the infrastructure underpinning the transition. Grid capacity and energy networks are crucial, but so too are housing, schools, health, transport links and access to services. Without these, communities will struggle to attract and retain the people needed to deliver projects.

The findings around employment and skills are equally concerning. Scotland has spent decades developing world-class energy capabilities, yet respondents question whether emerging sectors will replace opportunities lost in traditional oil and gas. We cannot afford to lose the very people, businesses and supply chains essential to delivering the transition.

The recently announced £2 billion Energy Wealth Fund is an opportunity to reverse that by connecting North Sea revenues with the next generation of energy investment. Its success should be judged not by the announcement itself, but by its ability to unlock projects, attract private capital and deliver jobs and infrastructure.

One particularly interesting theme emerging from this year's survey is what I would describe as the sustainability paradox. While 58% of respondents would maintain their sustainability commitments even if regulation were relaxed, the proportion without a formal sustainability programme has increased from 16% to 31%. At the same time, those regarding sustainability as commercially essential have fallen from 22% to just 13%.

This suggests businesses have not necessarily lost their commitment to sustainability, but that implementation is being deprioritised. Against a backdrop of rising costs, squeezed margins and wider economic uncertainty, shorter-term commercial pressures may increasingly be crowding out longer-term investment.

The irony is that sustainability should be part of the solution rather than a casualty of those pressures. Greater energy efficiency, resource productivity, reduced operating costs and improved resilience can contribute directly to commercial performance. Our challenge is to reconnect sustainability with tangible business value, moving it beyond a compliance obligation.

The survey emphasises that energy security, affordability, economic growth and decarbonisation must be complementary objectives rather than competing priorities. Delivering them calls for joined-up planning and partnerships between public and private capital.

Ultimately, I remain optimistic about the opportunities ahead. It's clear to me that Scotland and the wider UK possess the expertise, infrastructure, entrepreneurial talent and natural resources to play a leading role in the global energy transition.

Ambition alone will not deliver the transition. Investment, infrastructure and long-term policy certainty will.

A word from our sponsors

by David Wilson,
Aberdeen Office Managing Partner,
Johnston Carmichael

The latest AGCC Energy Transition Survey presents a stark message: the North-east of Scotland has the expertise, businesses and ambition to remain at the heart of the global energy industry, but the UK is at risk of undermining that position through policy uncertainty and a failure to translate ambition into investment.

The numbers speak for themselves. The 44th Energy Transition Survey records a confidence balance for the UK Continental Shelf (UKCS) of minus 48 over the next year and minus 57 over five years. For international markets, the equivalent figures are plus 54 and plus 56. Businesses expect the UK share of their revenues to fall from 56% to 45%. This is not simply a question of sentiment. These numbers reflect where companies believe they can secure work, deploy capital and build their future.

For Aberdeen and the North-east region, the consequences extend far beyond oil and gas producers. Our engineering, manufacturing, technology, professional services and wider supply chains have been built on decades of energy expertise. Losing investment and activity in the UKCS risks eroding that industrial base, taking skilled people and capability elsewhere, and weakening the very foundations on which successful diversification depends.

The transition must clearly be delivered rather than merely promised. There is no question that Scotland must develop new energy industries, but aspirations for offshore wind, hydrogen, carbon capture and other technologies cannot replace established activity until projects are consented, financed, constructed and generating sustainable commercial returns. The danger is that traditional activity declines faster than new opportunities can scale.

Recent developments demonstrate that a more pragmatic approach is possible. The approval of the Jackdaw gas field is a welcome recognition that domestic production, energy security, employment and the transition to lower-carbon energy must be considered together. Other projects are still progressing, including recent investment by Sumitomo Electric at the Port of Nigg, for example.

These are forward steps, but they do not resolve the wider uncertainty facing the basin. The outstanding decisions on Rosebank and the future fiscal and licensing framework remain critically important.

The latest Budget is a missed opportunity and has done very little to reassure the industry or limit any challenges. The Energy Profit Levy has been retained, with its preferred replacement – The UK Oil and Gas Revenue Levy - arriving in 2030, creating continued uncertainty for operators and, importantly, the supply chain.

The argument remains for a credible, balanced approach that recognises continuing domestic demand for oil and gas, the comparative emissions and economic consequences of imports, and the value of retaining industrial capability here in the UK.

The survey should be read as a warning to policymakers. Businesses are making choices today about investment, recruitment and where to pursue future growth. Once capital, people and supply-chain capability have moved elsewhere, rebuilding them will be difficult, expensive and time-consuming.

The North-east has repeatedly demonstrated its ability to adapt and lead. Now it lacks a policy environment that gives businesses the confidence to invest, supports a competitive domestic energy industry and ensures that the transition creates tangible economic opportunities.

The UK cannot afford a managed decline in existing capability while waiting for an uncertain replacement. The opportunity remains significant but we need ambitious action now, not tomorrow, that secures investment, protects skills and delivers new industries at pace.



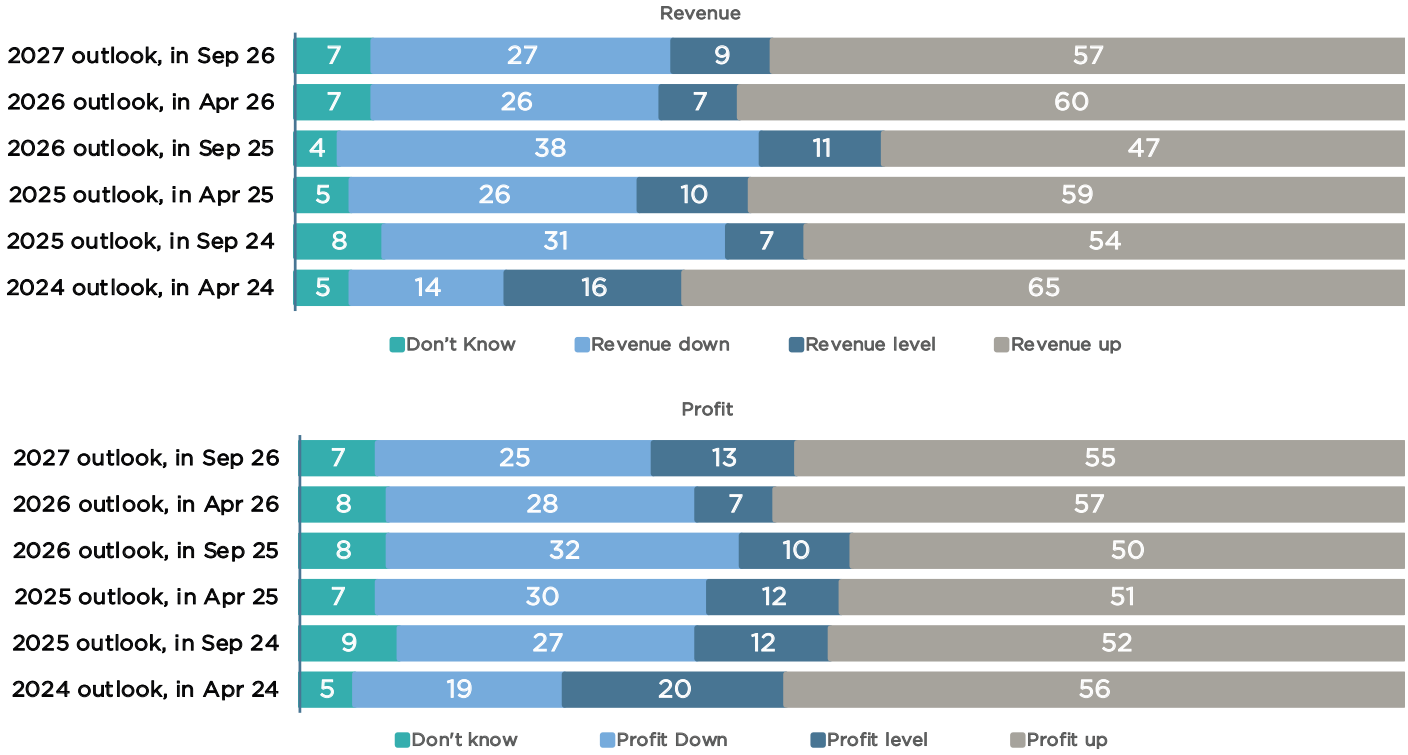
Sector trends and outlook talking points



- A relatively stable picture over the last six surveys with over half of businesses still forecasting revenue and profit growth. Worth noting that in 2022/23 this figure was around 80%, demonstrating the impact of current policy.
- The trend of sector revenues increasingly being generated from overseas activity continues and only 45% will come from UK projects by 2031. As a result, it is becoming more of a 'heart' rather than a 'head' decision to retain HQs and significant operational bases here.
- Some respondents report an uptick in exploration related work although this remains net negative. We also see small increases in the values of decommissioning and renewables work in the period.
- Interestingly while the value of all work scopes in international markets are net positive, each saw a small decline in the period.
- Licencing and regulatory policy has now overtaken tax policy as the biggest factor in determining future activity.
- Meanwhile, factors determining overseas activity are market, not policy focused. Note the contrast with UKCS. 7b.
- Signs of a bottoming out of business optimism in UKCS? 12-month and 5-year net confidence levels have improved slightly over the last two years but remains heavily net negative. Meanwhile, confidence in overseas business prospects over next 12 months and 5 years remains high.

1. A relatively stable picture over the last six surveys with over half of businesses still forecasting revenue and profit growth. Worth noting that in 2022/23 this figure was around 80%, demonstrating the impact of current policy.

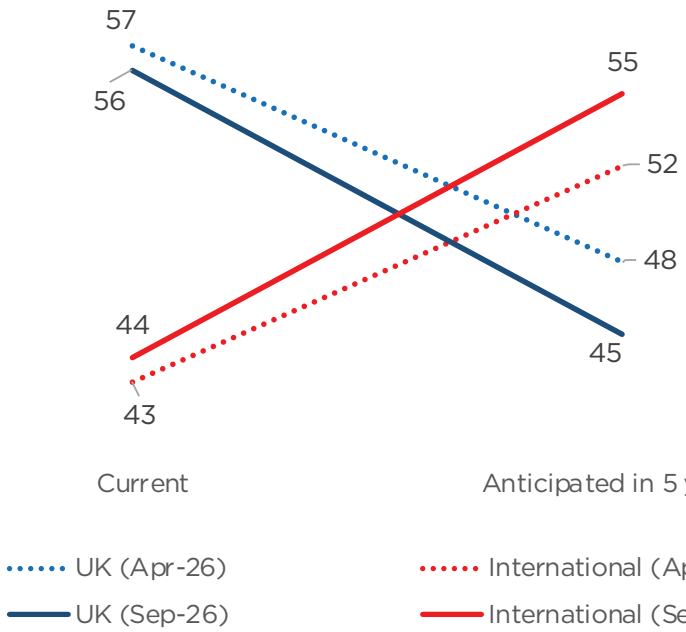
Q: To what extent do you expect your organisation's revenue / profit to change in 2026, compared to 2025



(% sector view of revenue/profit change v previous year)

2a. The trend of sector revenues increasingly being generated from overseas activity continues and only 45% will come from UK projects by 2031. As a result, it is becoming more of a 'heart' rather than a 'head' decision to retain HQs and significant operational bases here.

Q: What proportion of your revenue is in:



	Current (2026)	Anticipated in 5 years
UK	56	45
Europe	11	16
Rest of the world	33	39

2b. And the following comments provide background to the data.

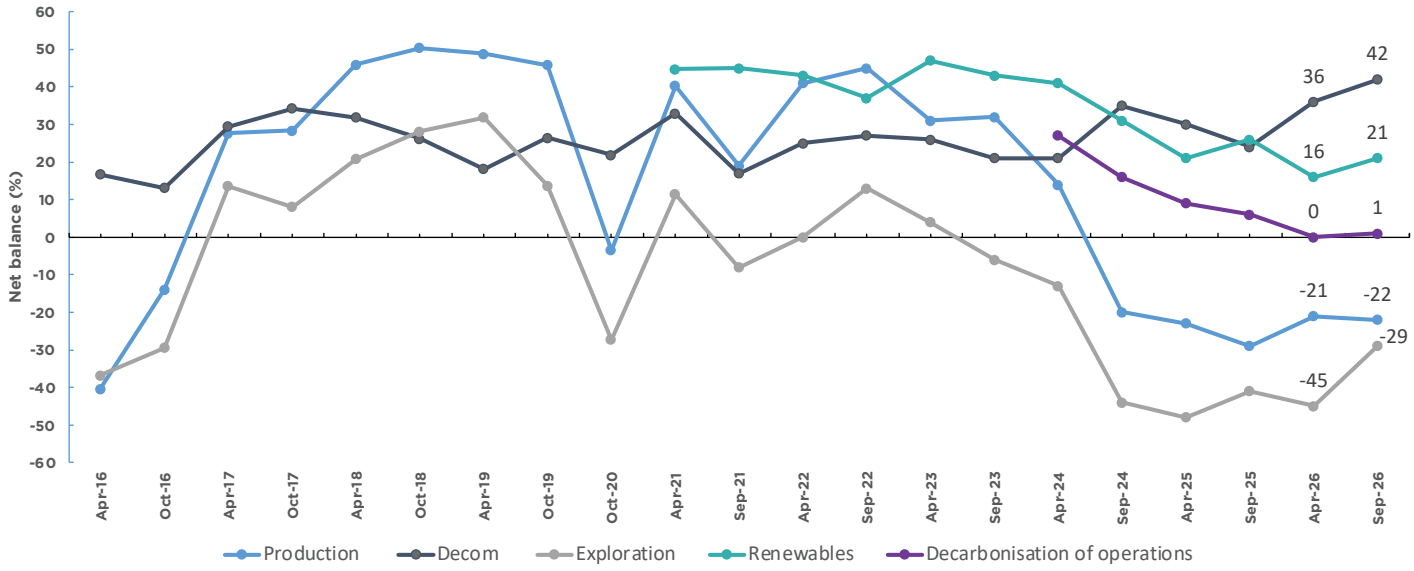
Q: Can you say what driving this and which markets are offering most opportunity?

Segment (revenue shift)	Typical change pattern	Key drivers	What's driving the shift	Markets offering most opportunity
UK / North Sea Oil & Gas	Revenue declining or expected to decline	Lower activity, reduced investment and fewer new developments	Declining UKCS production, limited drilling and development activity, and reduced customer spending	UK remains important for existing activity, decommissioning and mature assets
International Oil & Gas	Revenue increasing as businesses follow activity overseas	Stronger demand and investment outside the UK	International markets offer greater growth and customers are moving investment overseas	Middle East, Americas, Africa, Norway, Australia and Asia
Geographical diversification	Greater share of revenue expected from overseas markets	Need to reduce reliance on the UK/ North Sea	Businesses are deliberately expanding internationally to offset declining UK demand and diversify their customer base	Middle East, USA, Brazil, South America, Europe, Africa and APAC
Energy transition & new sectors	Growth in new-energy and non-traditional markets, although from a smaller base	Development of new technologies and demand for specialist capabilities	Businesses are seeking alternatives to traditional Oil & Gas, including renewables, CCUS, hydrogen, decommissioning and other sectors	UK & Europe for transition opportunities; international markets for wider growth
UK policy, fiscal & investment environment	Shift away from UK revenue towards international markets	Policy uncertainty, taxation and lack of investment confidence	Respondents repeatedly cited government policy, fiscal pressures and uncertainty as making the UK less attractive for investment and activity	Middle East, Americas, Europe and Africa, where respondents perceive stronger investment and growth prospects



3. Some respondents report an uptick in exploration related work although this remains net negative. We also see small increases in the values of decommissioning and renewables work in the period.

Q: What are the trends in the total value of your organisation's work in the UKCS of:

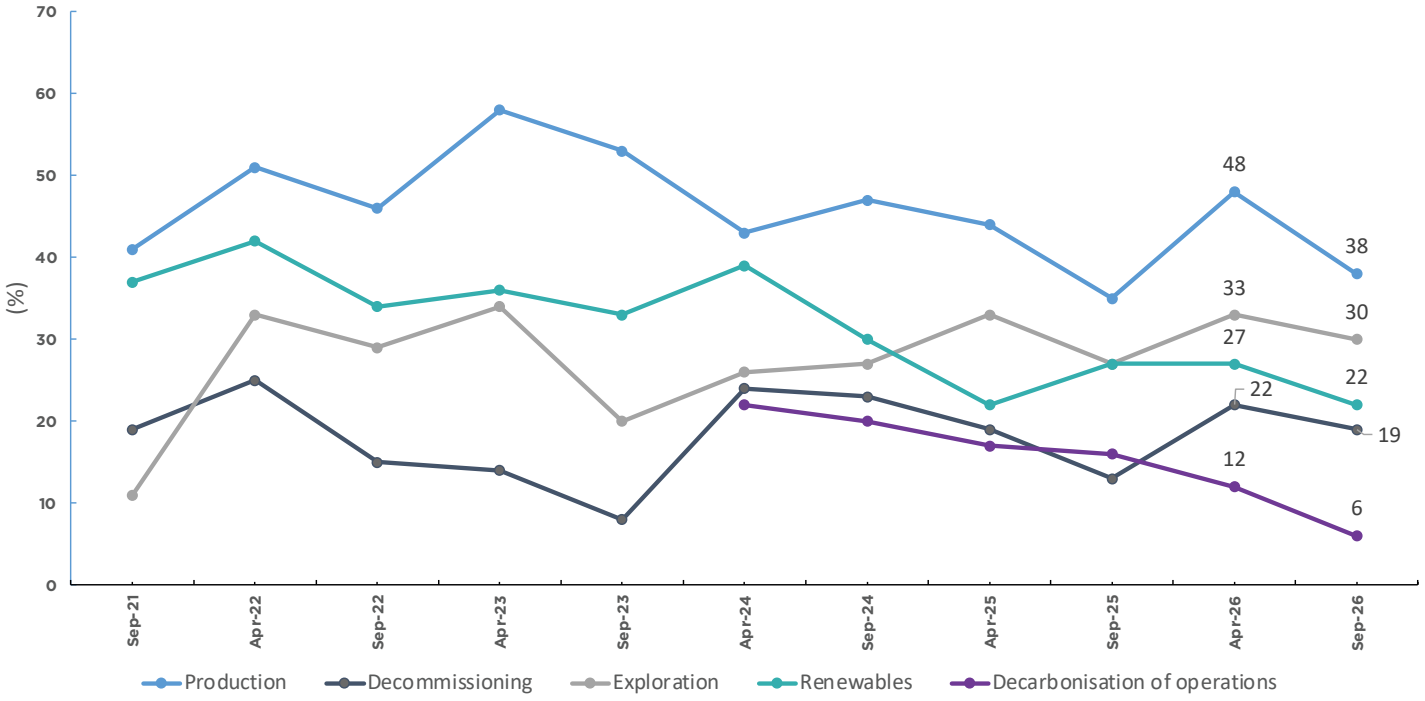


(% up minus % down)

Note that we only know the direction of the trend not the value/proportion of the work

4. Interestingly while the value of all work scopes in international markets are net positive, each saw a small decline in the period.

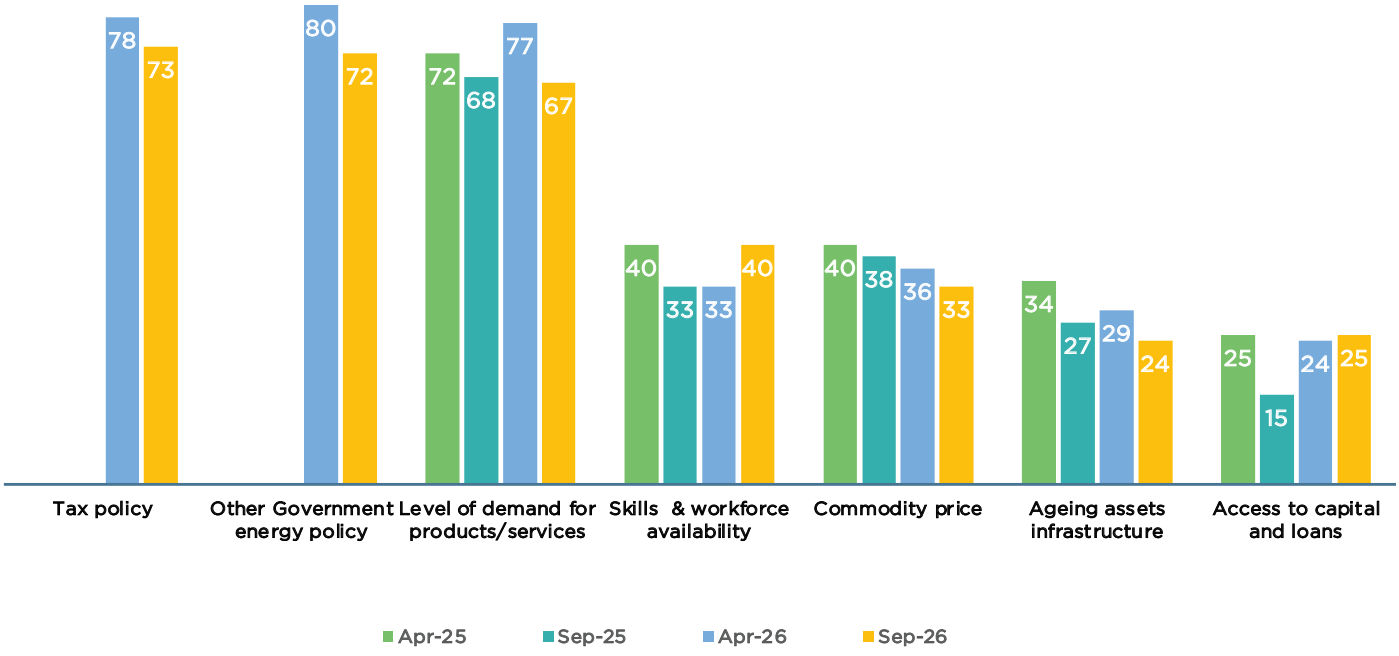
Q: What are the trends in the total value of your organisation's work outside the UKCS:



(% up minus % down)

5. Licencing and regulatory policy has now overtaken tax policy as the biggest factor in determining future activity.

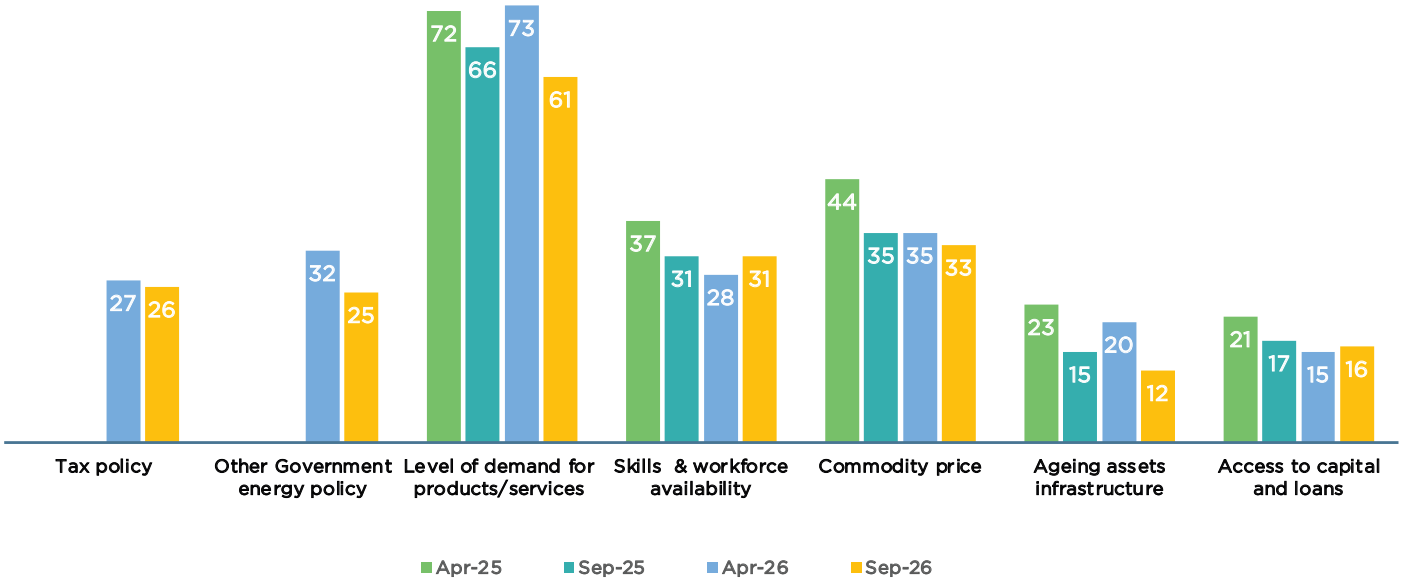
Q: **UKCS;** How important are the following factors in the level of activity over the next year?



(% saying very important)

6. Meanwhile, factors determining overseas activity are market, not policy focused. Note the contrast with UKCS.

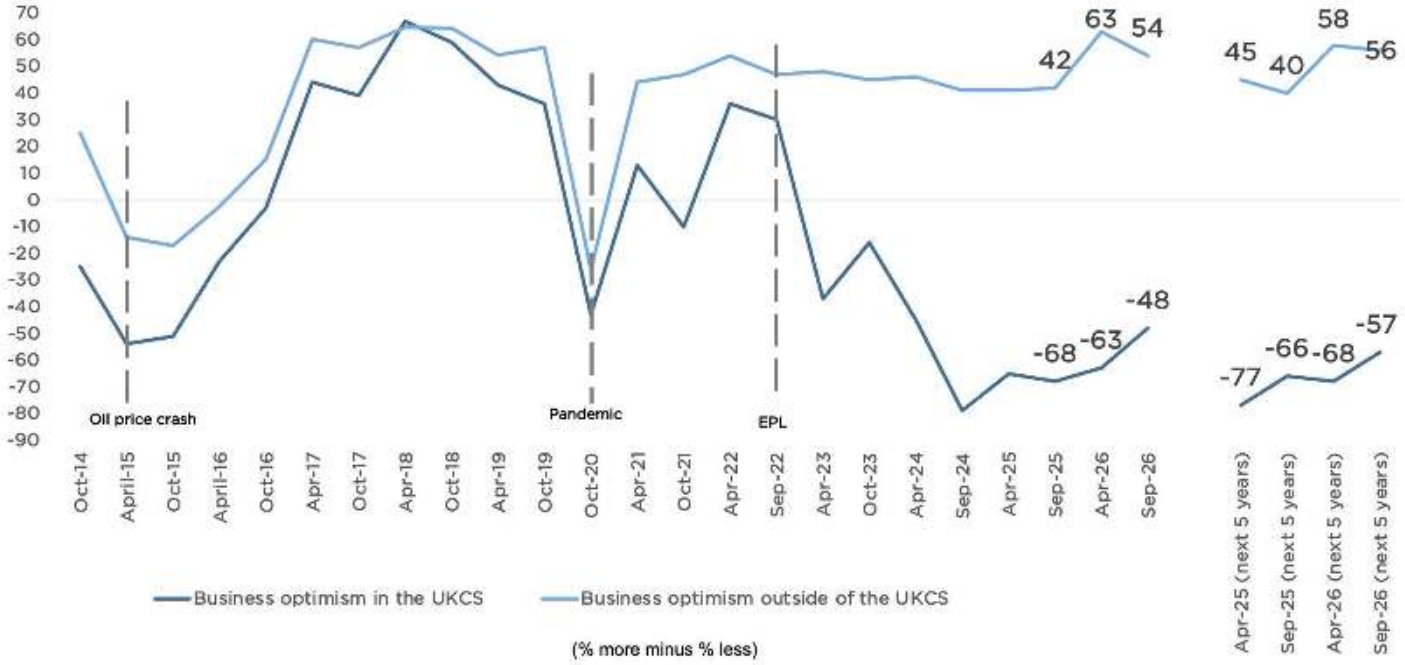
Q: **Outside UKCS;** How important are the following factors in the level of activity over the next year?



(% saying very important)

7. Signs of a bottoming out of business optimism in UKCS? 12-month and 5-year net confidence levels have improved slightly over the last two years but remains heavily net negative. Meanwhile, confidence in overseas business prospects over next 12 months and 5 years remains high.

Q: Compared to 12 months ago, how confident are you about the business situation in the oil & gas sector in the UKCS and outside of the UKCS over the next year and 5 years?



Q: How confident are you about the business situation? Why do you say that?

Theme	Description	Illustrative Quotes
UK policy and fiscal uncertainty	Uncertainty around taxation, regulation, licensing and energy policy is repeatedly cited as undermining confidence and making long-term investment decisions more difficult.	"The longer the indecisiveness over UKCS goes on, the more difficult it becomes to mobilise."
Declining UKCS activity and investment	Respondents describe a shrinking UKCS market, with lower exploration, fewer new developments and assets moving towards decommissioning.	"Our business opportunities in the UKCS are steadily declining."
Stronger international opportunities	International markets are increasingly seen as offering greater growth and investment opportunities, leading businesses to expand their overseas activity.	"We are seeing far more overseas exploration activity which is driving our business interests overseas."
Energy transition not replacing Oil & Gas quickly enough	Respondents frequently highlight that renewables and other transition activities are not developing quickly enough to offset the decline in traditional UKCS activity.	"Renewables is just not moving fast enough to fill the void."
Continued global demand for Oil & Gas	Confidence outside the UKCS is supported by continued global energy demand, investment and development activity, particularly in emerging and producing regions.	"Outside of the UK the picture is completely different with most regions actively supporting O&G development and investment."

Energy Transition Case Study - Flylogix



Background

As the energy industry comes under increasing pressure to reduce its operational greenhouse gas emissions, robust methane measurement has become an essential part of demonstrating environmental performance. Operators are expected not only to gauge and report their emissions, but increasingly to independently verify them as regulatory expectations continue to evolve.

Flylogix is at the forefront of this challenge, using its pioneering expertise in methane measurement to provide independent methane monitoring across offshore and onshore energy infrastructure.

By combining advanced satellite communications, artificial intelligence (AI) and proprietary sensing technology, Flylogix delivers accurate, transparent emissions data safely and efficiently, helping operators make informed decisions while reducing the need for traditional inspection methods.

A delivery challenge

Leading North Sea operator EnQuest required an independent assessment of methane emissions at its Sullom Voe Terminal in Shetland to provide a comprehensive understanding of emissions across the site.

Among the largest terminals of its kind in Europe, Sullom Voe was built between 1975 and 1981 and spans 1,000 acres. It receives crude oil and gas via underwater pipelines from over 30 offshore fields across the East Shetland Basin and west of Shetland.

Unlike point-source inspections, accurately measuring emissions across a large, operational terminal like Sullom Voe is extremely complex. Emissions can originate from multiple sources, while changing weather conditions and methane from outside the site can influence results.

To provide meaningful data, any monitoring programme must distinguish between site emissions and background methane, while simultaneously delivering results that are scientifically robust and transparent.

Delivering at pace

Flylogix deployed the same proven measurement methodology it has successfully used across the North Sea to survey the Sullom Voe Terminal.

Rather than conducting panels, Flylogix measured methane concentrations around the complete perimeter of each site of interest at the terminal, ensuring all emissions from the site were captured while accounting for external sources of methane contamination. This closed perimeter approach provides a far more representative picture of actual emissions than traditional panel inspection techniques.

The methodology has been independently validated through controlled release trials by Stanford University and the International Methane Emissions Observatory (IMEO) at TADI in 2024, providing confidence that measurements are both accurate and repeatable.

Tangible benefits

Flylogix managed the entire programme through a single, fixed-price contract, delivering a detailed and transparent emissions report that clearly quantified methane emissions across the facility.

The survey provided EnQuest with an independently verified assessment of methane emissions at Sullom Voe Terminal, giving the operator a clear, evidence-based understanding of the site's emissions profile.

A long-term opportunity

By applying a scientifically validated whole-site measurement methodology, Flylogix enabled EnQuest to move beyond estimated emissions data and demonstrate greater transparency in its environmental reporting.

The project also demonstrated that the same proven approach used offshore can be successfully applied to complex onshore facilities, providing operators with a practical, reliable and scalable solution as demand for independent methane verification continues to grow.

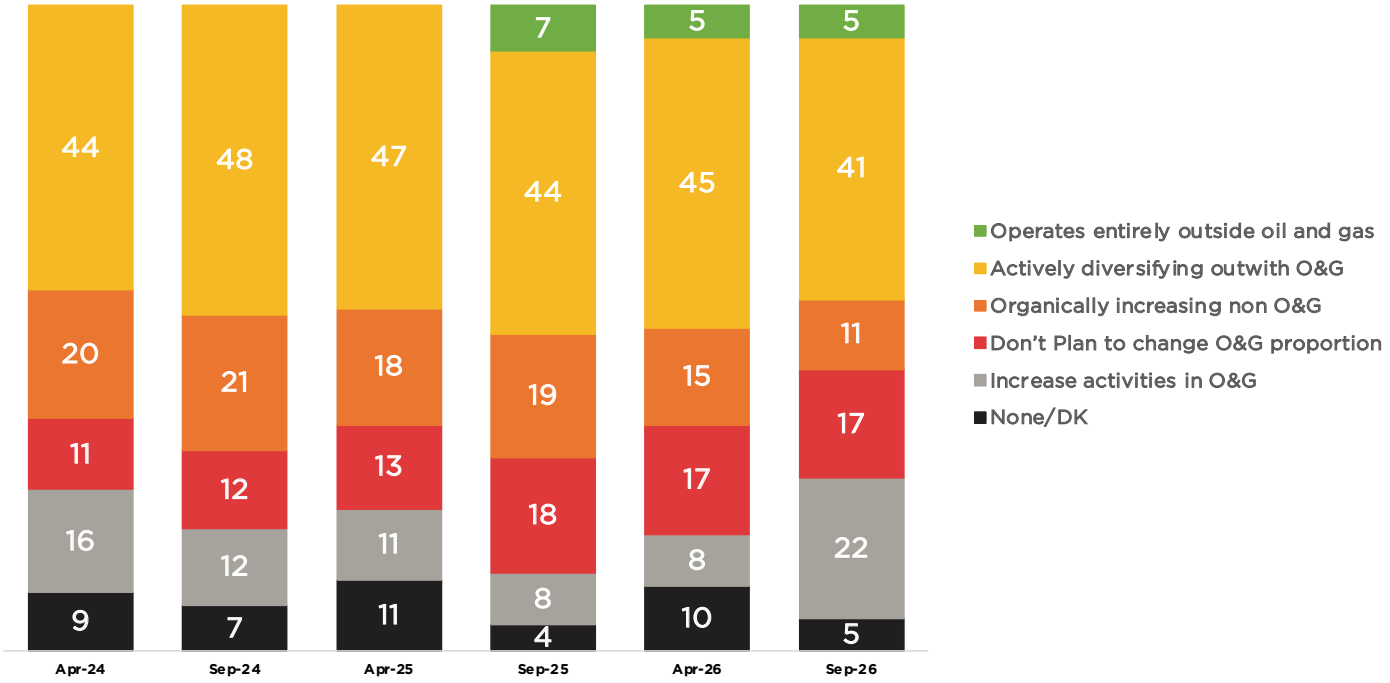
Sector diversification talking points



- In this latest survey, 22% of businesses described their business strategy as increasing activities in oil and gas. In the previous five surveys the answer to this question ranged from 8% to 16%. Meanwhile, only 41% said they are 'actively diversifying' - the lowest number in the past three years.
- Respondents tell us that a consistent 74% of their actual activity today is in oil & gas (65% in Sept 2025). Looking forward to five years' time, the forecast remains that 60% of operations will be in oil & gas with just 40% in other activities.
- The uncertainty around all aspects of the pathway to energy transition is reflected in no clear pattern emerging as to the type of activity that respondents believe they will be undertaking in five years time.
- Respondents highlighted policy uncertainty, an inconsistent project pipeline and cost pressures as the main barriers to realising the North Sea decommissioning opportunity. Supply chain capacity, limited access to projects and value of contracts were also seen as challenges to greater UK participation.Although project availability, pace and profitability are key constraints to companies diversifying their operations, the key barriers remain market stability and government policy.
- Alongside global factors, UK tax policy and the wider political and policy environment remain dominant challenges to diversification over the next five years. Commercial considerations, including profitability and investment risk, also feature prominently, while project availability and delays with planning, consenting and grid roll-out are also noted as significant barriers.
- As a result of the headwinds noted throughout this report, almost half of respondents do not feel optimistic about Aberdeen's future as an all-energy hub. Interestingly, there is slightly less negativity when asked about the prospects for Scotland and the UK.

8. In this latest survey, 22% of businesses described their business strategy as increasing activities in oil and gas. In the previous five surveys the answer to this question ranged from 8% to 16%. Meanwhile, only 41% said they are 'actively diversifying'- the lowest number in the past three years.

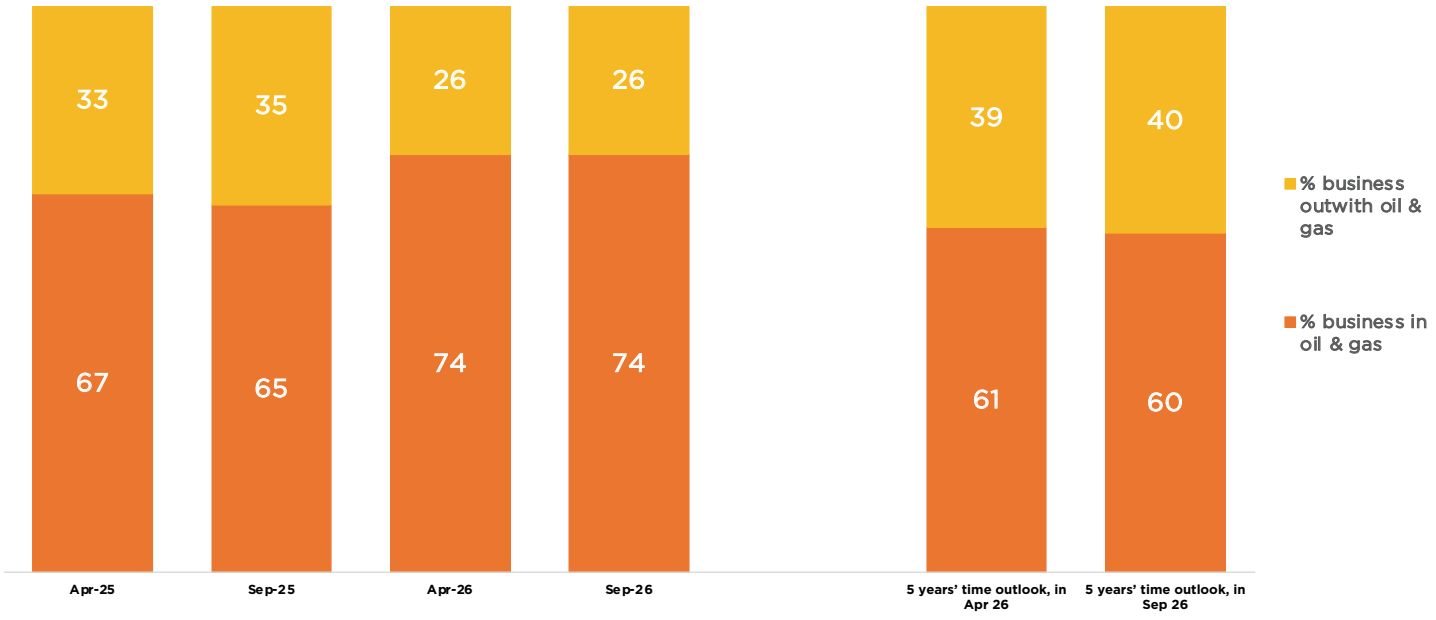
Q: Which of the following best describes your business' strategy and approach to energy transition?



(figures shown in %)

9a. Respondents tell us that a consistent 74% of their actual activity today is in oil & gas (65% in Sept 2025). Looking forward to five years' time, the forecast remains that 60% of operations will be in oil & gas with just 40% in other activities.

Q- What is the breakdown of your business activities today and forecast in 5 years' time?



Note: The 5 years' time outlook drawn from the Sep. 2026 survey.

(Data is the mean, figures shown in %)

9b. The uncertainty around all aspects of the pathway to energy transition is reflected in no clear pattern emerging as to the type of activity that respondents believe they will be undertaking in five years time.

Q: What is the breakdown of your non-oil & gas activities today and forecast in 5 years' time?

	April 2026		September 2026	
	Current %	Expected % in 5 years' time	Current %	Expected % in 5 years' time
Total Non-Oil & Gas	**26**	**39**	**26**	**40**
Decommissioning	5.6	8.8	5.5	8
Subsea engineering	3.7	4.1	4.6	5.5
Offshore wind	2.6	4.6	2.4	3.7
Carbon capture & storage	1.5	2.8	1.8	3.6
Marine	3.1	3.9	2.8	3.5
General/civil engineering	1.3	1.9	2.4	3
Other (Aquaculture, AI, Food & Drink, General Industrial, Mining, Lithium brine)	2	2.8	1.1	2.6
Onshore wind	0.5	0.8	1.1	1.5
Nuclear	0.8	1	0.7	1.5
Defence	0.3	1	0.4	1.5
Hydrogen production and/or transportation	0.7	1.3	0.8	1.4
Electrification/Decarbonisation of operations	1	1.1	0.7	1.1
Geothermal	1.1	1.8	0.6	1.1
Grid/infrastructure	0.7	1.4	0.4	1
Power generation	0.9	1.3	0.4	0.6
Solar	0.2	0.4	0.3	0.4



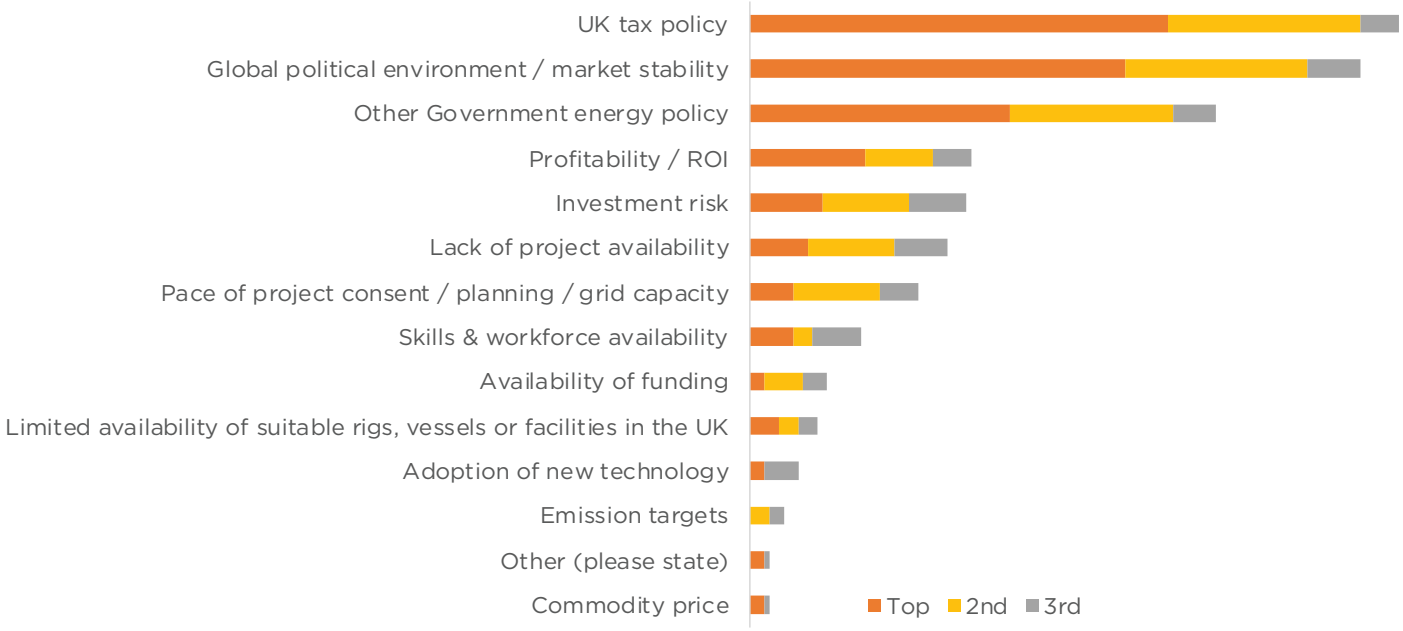
10. Respondents highlighted policy uncertainty, an inconsistent project pipeline and cost pressures as the main barriers to realising the North Sea decommissioning opportunity. Supply chain capacity, limited access to projects and value of contracts were also seen as challenges to greater UK participation.

Q- What do you see as the main barriers preventing the realisation of the multi-billion supply chain opportunity offered by North Sea decommissioning activity?

Theme	Description	Illustrative Quotes
Government policy and fiscal uncertainty	Frequent policy changes, taxation, the EPL and uncertainty around licensing and approvals are seen as undermining investment confidence and making the decommissioning market less predictable.	"9 different gov policies in 10 years. No stability" / "Fiscal regime from government does not make it viable for high opportunity decommissioning."
Uncertainty and delays in the project pipeline	Unclear or inconsistent decommissioning schedules, operator deferral and uncertainty over activity levels make it difficult for businesses to plan, invest and retain capacity.	"Certainty of activity." / "The main barriers are project uncertainty, inconsistent decommissioning schedules, supply chain capacity constraints, and continued cost pressure."
Cost pressures and procurement practices	Cost pressures, competitive pricing and transactional procurement are reducing margins and limiting incentives for suppliers to invest, innovate or retain capacity in the UK.	"Operators... Race to the bottom purchasing tactics." / "Decom will generate very little business for the vast majority of the U.K. supply chain."
Supply chain capacity and infrastructure	Shortages of vessels, rigs, equipment, skills and suitable port infrastructure are seen as constraints, particularly as the UK supply chain has contracted and capacity has moved overseas.	"Lack of Rigs & Vessels - Heavy Lift, CSV's etc. Cost" / "Skills leakage away from the North Sea."
Limited access to opportunities for the UK supply chain	Respondents highlight limited visibility of upcoming work, established supply-chain relationships, overseas delivery and restricted opportunities for SMEs to participate in the market.	"For SMEs it can be difficult to identify when packages will come to market, who will ultimately procure them and how to engage early enough." / "A lot of the projects are going overseas."

11a. Alongside global factors, UK tax policy and the wider political and policy environment remain dominant challenges to diversification over the next five years. Commercial considerations, including profitability and investment risk, also feature prominently, while project availability and delays with planning, consenting and grid roll-out are also noted as significant barriers.

Q: Which of the following do you consider as the main challenges to diversification over the next 5 years?



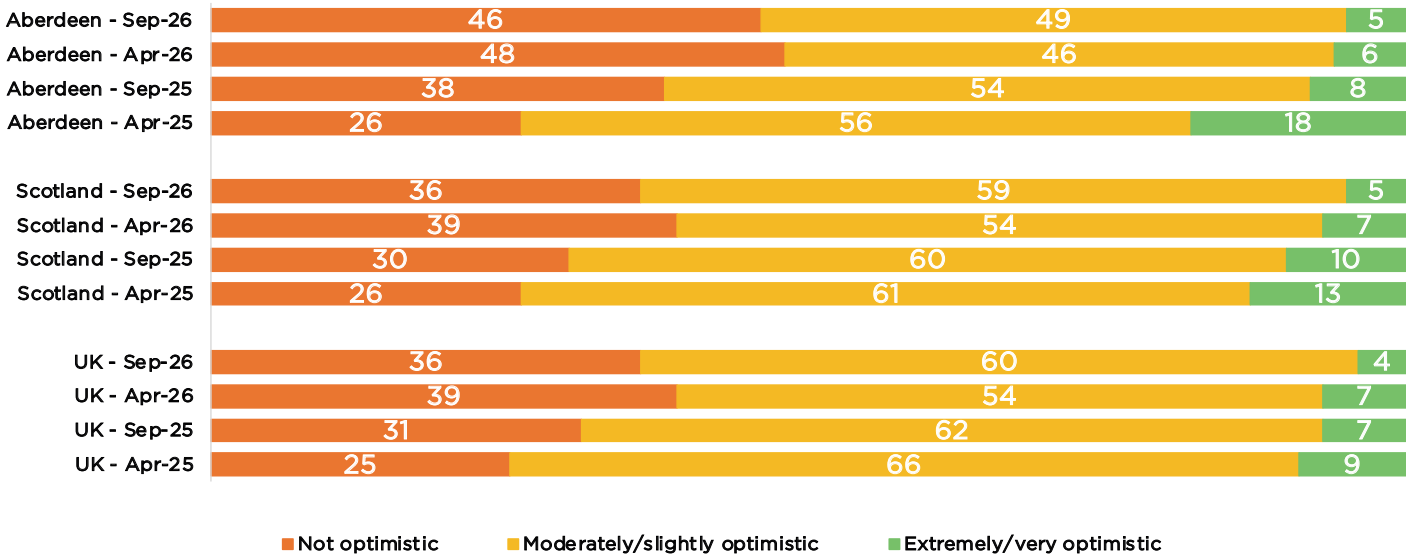
11b. And the data is backed up by comments from respondents

Q: Please expand on your answer:

Theme	Description	Illustrative quote
Description	Respondents repeatedly highlighted a lack of long-term direction and stability in UK tax, energy and regulatory policy, making it difficult to commit to diversification.	"Requires stability and long-term planning / commitment on government policy."
Illustrative quote	Businesses are reluctant to invest in new markets where returns are uncertain, projects have long lead times, or the required investment is difficult to justify.	"Diversification requires investment... so businesses need enough confidence in the future pipeline and route to market to justify that investment."
Limited opportunities and project pipeline	Respondents questioned whether sufficient projects and market opportunities exist, particularly in the UK, and highlighted delays and uncertainty around project delivery.	"The required levels of work and opportunity are simply not there!"
UK competitiveness and supply chain access	The UK's cost base, tax burden and reliance on overseas companies in emerging sectors were seen as making it harder for existing Oil & Gas businesses to compete and diversify domestically.	"The renewable supply chain largely relies on non-UK entities to fulfil projects."
Global political and market uncertainty	Geopolitical instability and changing global demand create uncertainty for businesses whose customers and markets extend beyond the UK.	"We operate in the UK however our customers are Global and if the global political environment is unstable, it affects them which affects us."

12a. As a result of the headwinds noted throughout this report, almost half of respondents do not feel optimistic about Aberdeen's future as an all-energy hub. Interestingly, there is slightly less negativity when asked about the prospects for Scotland and the UK.

Q: How optimistic are you about the long-term future of a) Aberdeen, b) Scotland, & c) UK as leading the way as an integrated globally recognised energy hub focused on the delivery of net zero?

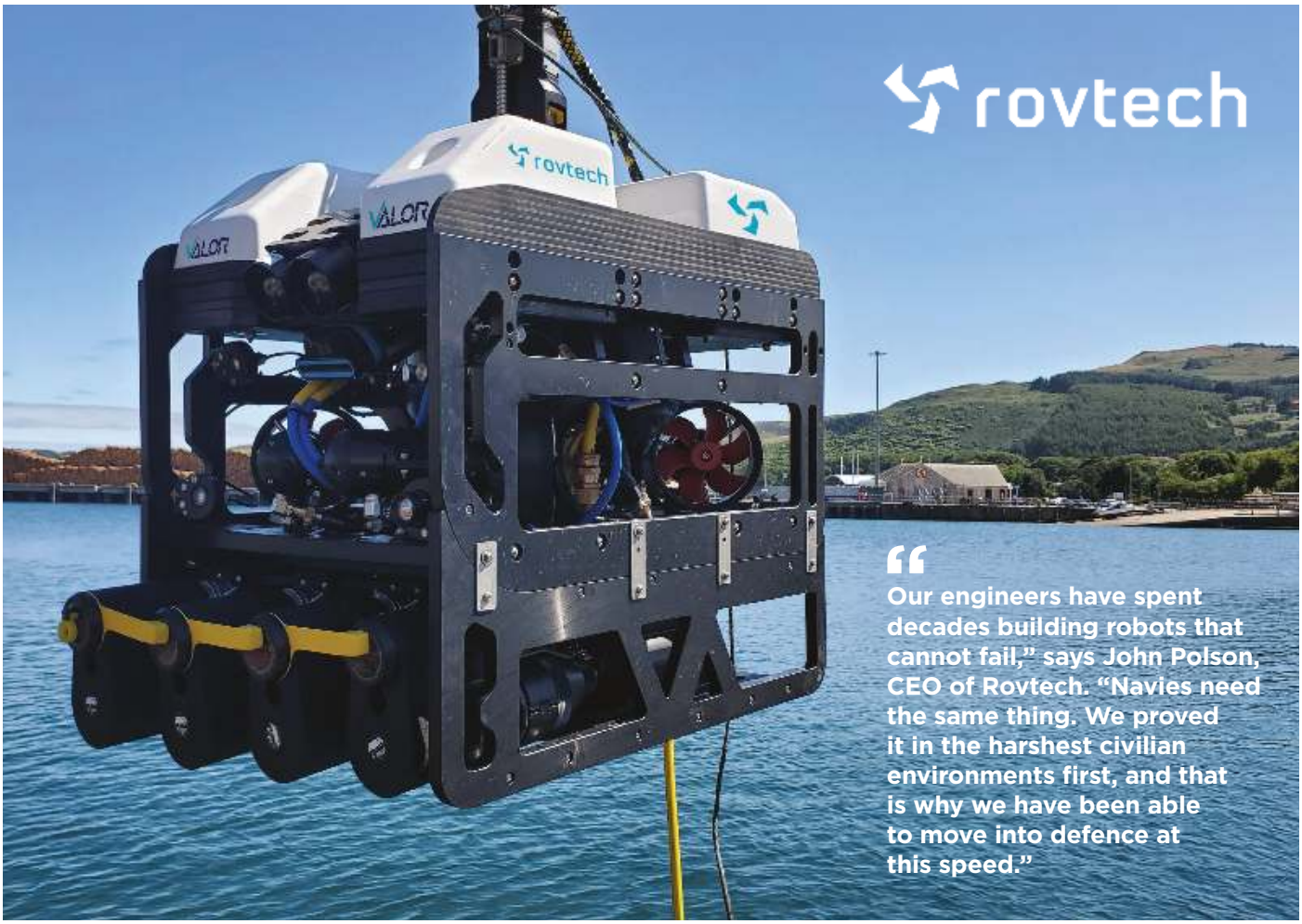


12b. And the data is backed up by comments from respondents.

Aberdeen	Scotland	UK
A good indicator to consider is the number of Technical/Engineering graduates coming to Aberdeen. We are currently bidding large project and we will invest in a new facility with automation to be competitive. Investment in Aberdeen seems to be lacking. Maybe it's a compliment that the city hasn't needed it - but it does - from health funding to regeneration. I know there are schemes/grants that I have missed or not aware of. Fundamental ingredients remain strong but feels like the UK doesn't appreciate the capability that currently exists, especially within Aberdeen/NE Scotland and therefore understands how to realise the opportunity. Aberdeen is being left behind. GB Energy, despite being "headquartered" in Aberdeen are yet to provide any major employment uptick in the area and are yet to invest heavily in local supply chain to support this. Aberdeen has missed the boat in terms of being the energy transition capital, Glasgow are well placed and supporting this. O&G is not gaining the traction we need, so see little opportunity for Aberdeen to rise.	Political support for the North Sea Oil and Gas industry would lead to Economic growth for Scotland and the UK. We have a brilliant ecosystem in the North-east of Scotland. We remain confident that UK and Scottish Governments will ultimately listen to the need for a balanced energy approach. Scots/UK Government Policies and Strategy while mis-managing the Energy Transition. When you don't have a pragmatic, well thought through plan, you tend to end up in a big bloody failed and expensive mess - and that's where we are heading. Completely lost any faith in Scottish or UK Governments. Nothing sensible getting done anywhere. Genuinely concerned for the future Scotland's Government does not understand Business Economics. Aberdeen used to be the Vanguard in Offshore Engineering. The UK will survive - just! Lack of government direction and confidence from both Holyrood and Westminster. Ideology should not come at the expense of working people. At present that is what is happening.	UK is second only to Germany for planned offshore wind projects. There is a huge amount of knowledge, experience and capability across Aberdeen, Scotland and the wider UK which has been built through decades of working within the energy industry, so the potential to become a global leader in green energy is certainly there. UK Government policy, etc. is driving down confidence and optimism in the NS O&G industry. Without the revenues from O&G operations, confidence in the UK's ability to fund "green energy projects" is also questionable. Political and fiscal uncertainty continue to limit investor confidence in the UK energy sector as well as planning and regulatory delays." The UK government policies are not putting the UK first and are more interested in increasing our imports for the UK's energy consumption where the carbon footprint is much higher when compared to producing it in the UK. UK Govt policy discourages investment in green energy tech and ops. UK already imports technologies, is deindustrialised and cannot compete with leading states and companies.

Extremely/very optimistic Moderately/slightly optimistic Not optimistic

Energy Transition Case Study - Rovtech



Clearing the world’s sea lanes, with skills built in the North Sea.
For nearly 40 years, Rovtech has built robots for places people should never have to go. We deployed the first remotely operated vehicle (ROV) inside a nuclear facility in 1988, and our systems have worked from the Arctic to the deep ocean ever since. Today, that same engineering is opening up one of the fastest-growing markets in global defence: naval mine countermeasures.

The problem navies need solved

Sea mines are cheap to lay, slow to clear and deadly to the people sent to deal with them. Navies worldwide are replacing crewed minehunters with uncrewed vessels that keep sailors out of the minefield. What many still lack is the final piece: a subsea robot tough, compact and smart enough to find a mine and neutralise it without anyone in the water - whilst ensuring high levels of productivity.

Engineered in Aberdeen, proven in the harshest places on earth

That is where VALOR comes in. Acquired into Rovtech in 2025, VALOR is the world’s first Digital Class ROV, small enough to launch from an uncrewed surface vessel but with the punch of a much larger work-class system. Engineered to carry a bespoke four-shot mine disposal skid for it, allowing up to four neutralisations in a single dive. Traditional single-shot systems have to surface and reload after every target. VALOR does the job up to four times faster, with nobody in harm’s way.

From pivot to pipeline

The numbers tell the story. Rovtech’s sales so far in 2026 are already 90% higher than its total turnover for 2025, driven by growth in defence, which now accounts for more than half of sales. VALOR is already operational with the Indian and Polish navies, and this year Rovtech secured a single order for complete uncrewed mine countermeasure systems worth almost as much as its entire 2025 turnover. With a production model that can take a system from kick-off to handover in around eight weeks, Rovtech is well positioned to pursue further naval opportunities across Europe, the United States and Australia.

Mine countermeasures is only the start. Specialist underwater battlespace teams are turning to VALOR for explosive ordnance disposal, seabed surveillance and protecting the subsea cables and pipelines that keep energy flowing.

An energy transition story

For Aberdeen, this is about far more than defence. Every skill behind VALOR, from subsea electronics to remote operations, was developed in oil and gas and offshore wind. Rather than let that expertise drift away as the basin matures, Rovtech is putting it to work in a sector with long-term demand and global reach. With support from the Energy Transition Zone, we are adding a new test tank in Aberdeen to speed up development and training.

The Northeast has always been good at solving hard problems underwater. Now it is helping to keep the world’s sea lanes open.

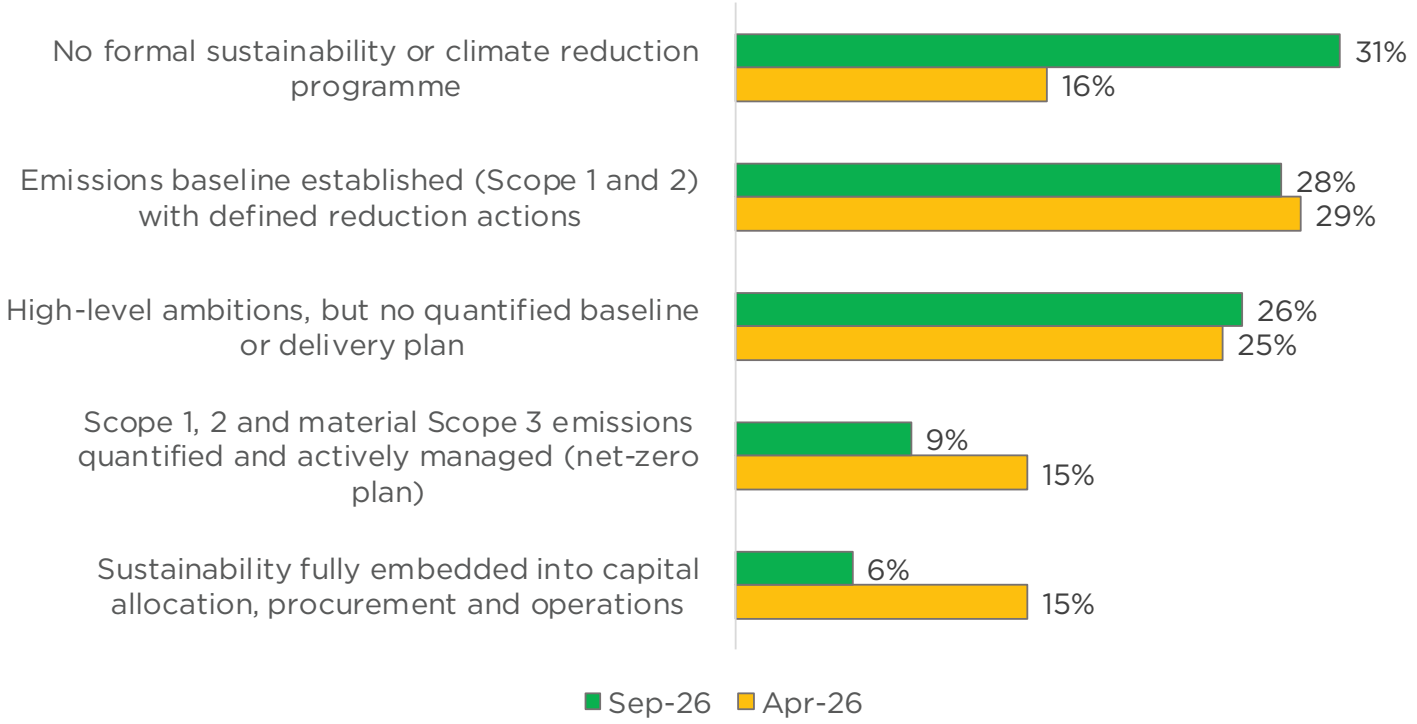
Sustainability & transition readiness talking points



- 31% of respondents said they currently have no formal sustainability or climate reduction programme (up from just 16% in Apr 2026). And just 6% say that sustainability is fully embedded into capital allocation, procurement and operations (down from 15% in Apr 26).
- Emissions measurement remains broadly consistent with the April 26 data, with Scope 2 continuing to be the most commonly measured category. Around a third of organisations still do not quantify emissions at all.
- Of those companies that do have sustainability measures in place, regulatory compliance is a greater driver than corporate values/leadership ambition. Around a fifth do so, because their customers require it. Meanwhile, only 4% believe it provides a platform for growth and competitive advantage (down from 9% in Apr 2026).
- Around 3 in 5 organisations would maintain their current sustainability plans even if regulation were delayed or softened. However, significantly fewer now view sustainability as commercially essential.

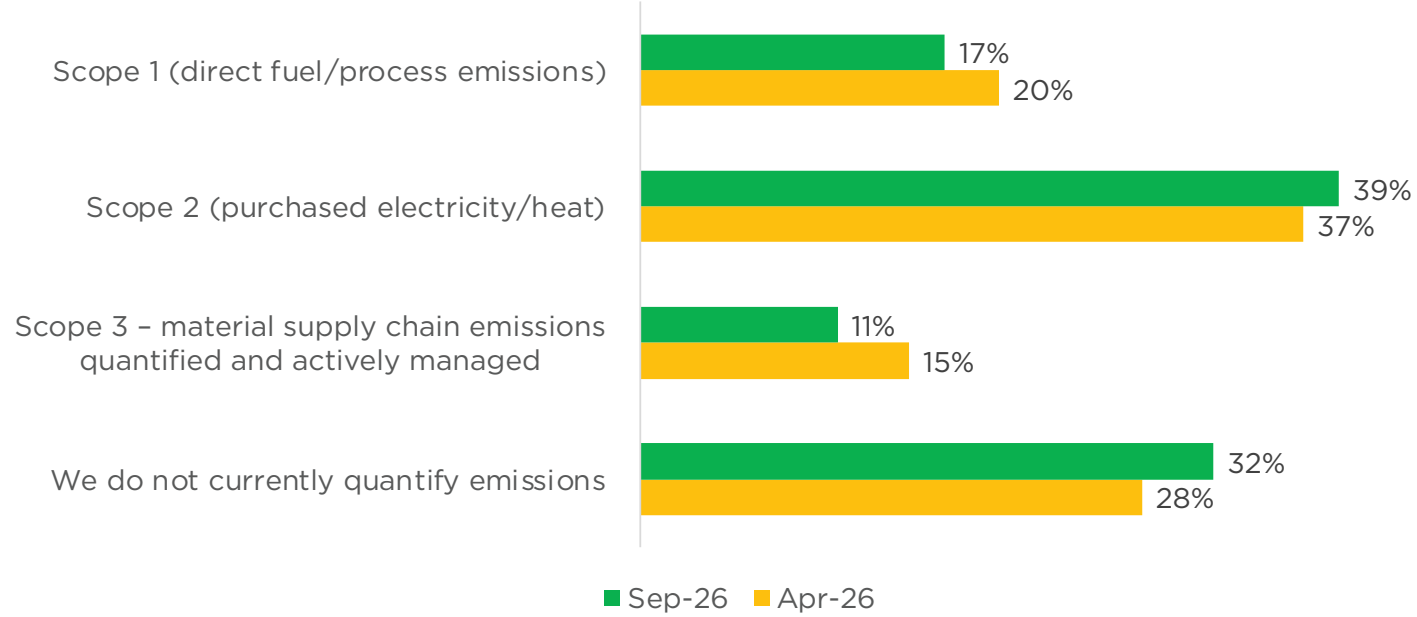
13. 31% of respondents said they currently have no formal sustainability or climate reduction programme (up from just 16% in Apr 2026). And just 6% say that sustainability is fully embedded into capital allocation, procurement and operations (down from 15% in Apr 26).

Q: Which of the following best describes your organisation's current sustainability maturity?



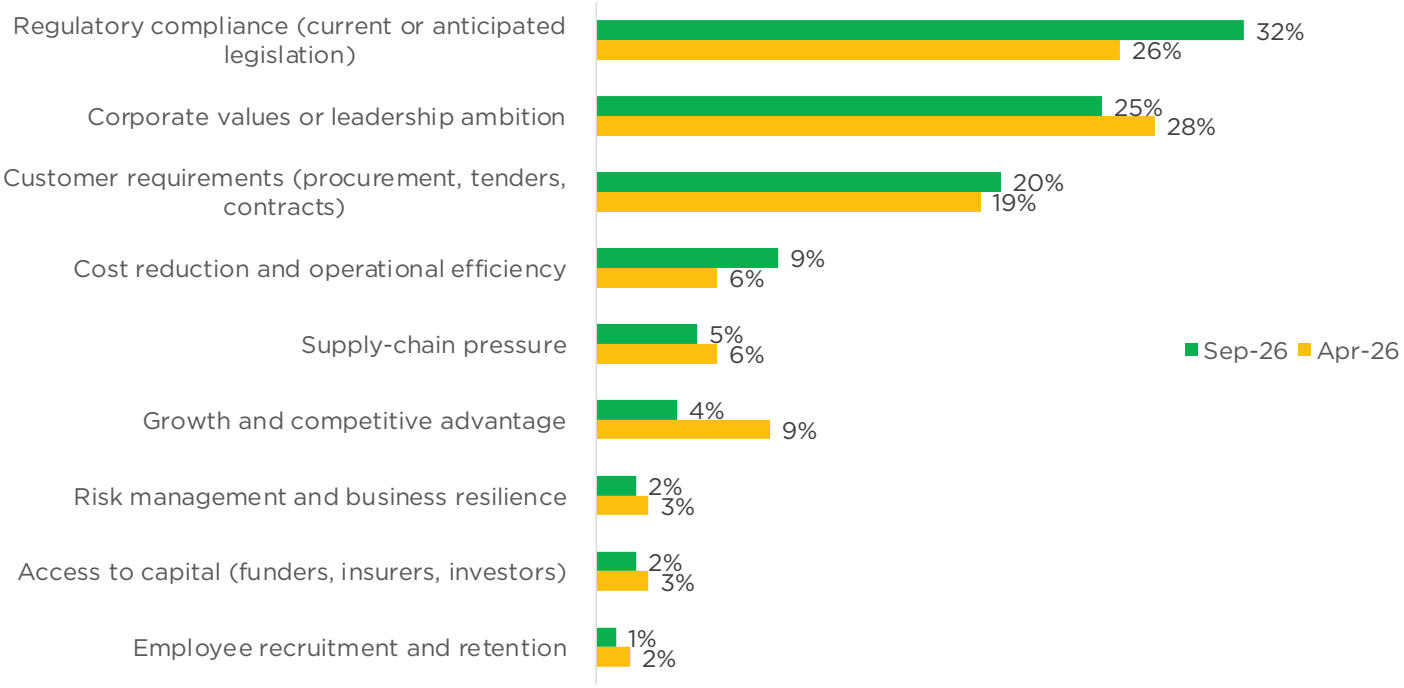
14. Emissions measurement remains broadly consistent with the April 26 data, with Scope 2 continuing to be the most commonly measured category. Around a third of organisations still do not quantify emissions at all.

Q: Which emissions does your organisation currently measure with reasonable confidence?



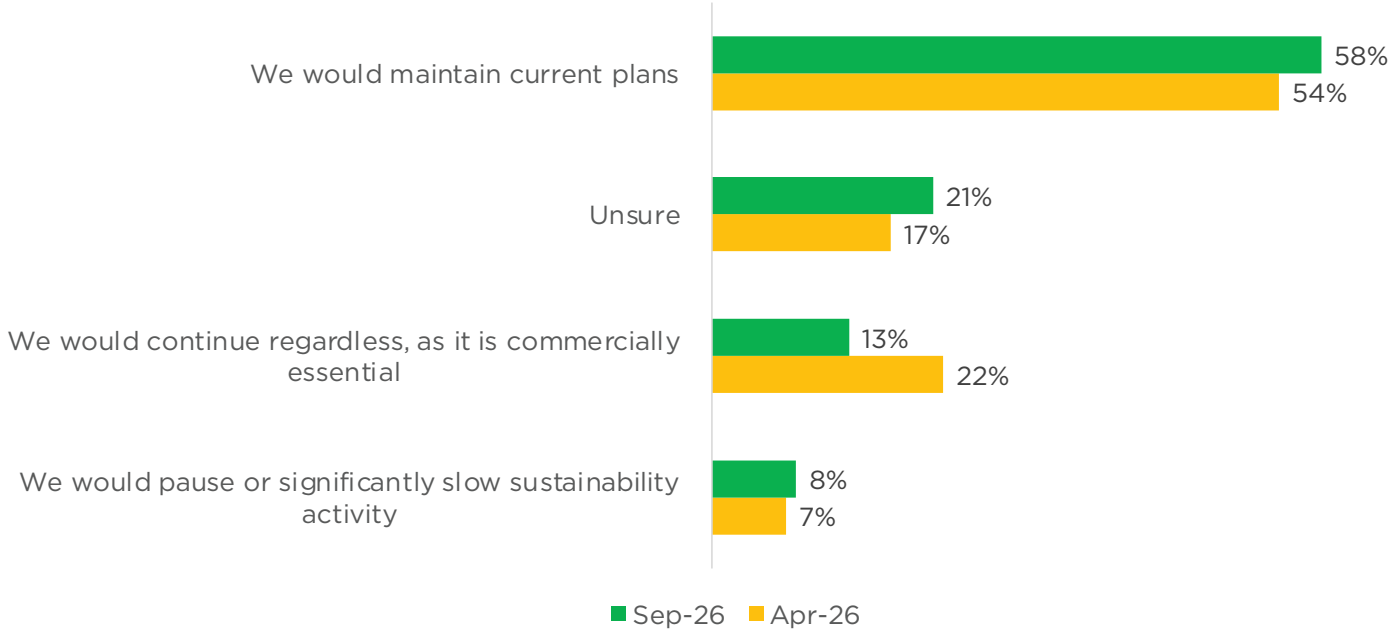
15. Of those companies that that do have sustainability measures in place, regulatory compliance is a greater driver than corporate values/leadership ambition. Around a fifth do so, because their customers require it. Meanwhile, only 4% believe it provides a platform for growth and competitive advantage (down from 9% in Apr 2026).

Q: What are the primary drivers behind your organisation's sustainability actions?



16. Around 3 in 5 organisations would maintain their current sustainability plans even if regulation were delayed or softened. However, significantly fewer now view sustainability as commercially essential.

Q: If sustainability regulation were delayed or softened, how would this affect your organisation's sustainability programme?



Government policy and regulatory environment talking points

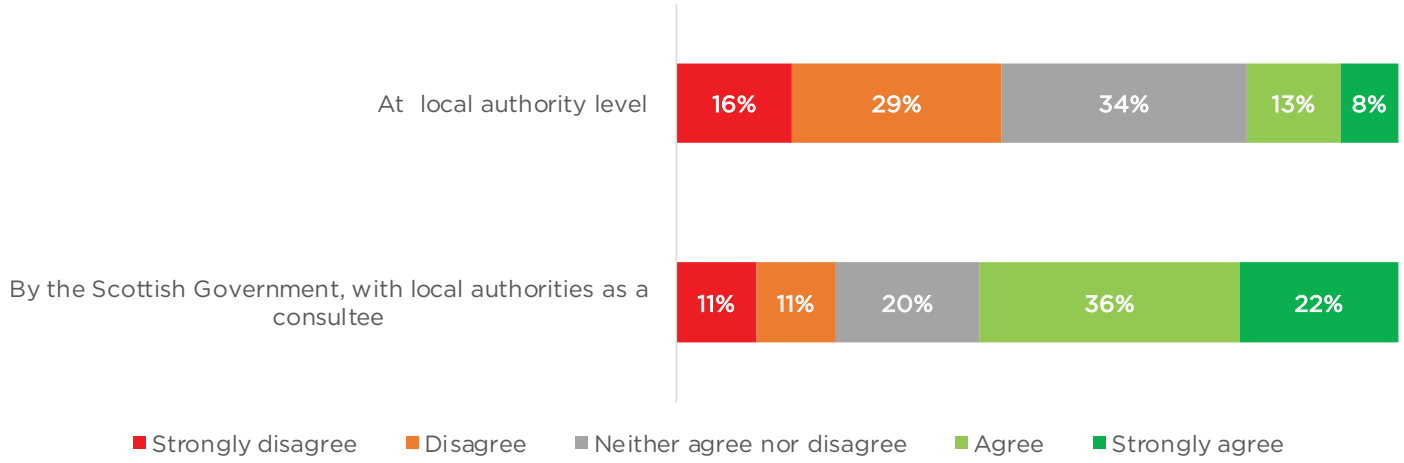
- 58% agree or strongly agree that decisions of strategic national importance (inc grid & related infrastructure) should be taken at Scottish Government level, with only 21% saying this should sit with local authorities.
- 61% of respondents believe additional specialist planning resource would accelerate the energy transition.
- Only 5% of respondents disagree or strongly disagree that the transmission charging system is in need of urgent reform to enable ScotWind to realise its potential.
- 70% say that enabling the delivery of ScotWind projects should be prioritised in the UK Government Spatial Energy Plan.
- 90% still agree or strongly agree that with the right fiscal and regulatory frameworks in place, there is still a future for oil & gas in the North Sea, although continued uncertainties mean this figure is slightly down since Apr 26.
- 94% say that current global conditions justify a more flexible ("pragmatic") UK Government stance on domestic oil & gas policy to strengthen UK energy security.
- Clear view that the current policy framework is not sufficiently flexible to enable government to respond effectively to geopolitical and energy market shocks.
- 91% (up from 87% in Apr 2026) believe that new North Sea licences should be granted where emissions can be demonstrated to be lower than imported equivalents and the activity will support jobs and the UK economy. Thgere is work to do to articulate the impact and value of 'tie-backs' among respondents.
- Reaction was mixed when asked if the new Oil & Gas Revenue Levy is a fair framework for future taxation. 51% agreed or strongly agreed it was but with 28% disagreeing or strongly disagreeing. It was however favoured when compared to the OGPM.
- However, 84% believe that the OGRL should be introduced in 2027, with just 13% saying 2030 is the appropriate time.
- 77% say an early introduction of OGRL will unlock additional investment and activity in the UK North Sea.
- When asked to rate on a scale of 1-10 where 1 is very poorly and 10 is very well, how well Scottish Government represented Scotland's interests with a range of energy related reserved policy matters, the following proportion of respondents answered 1-2 for: Oil & Gas taxation 63% | Oil & gas licencing 65% | Spatial planning 54% | TNUoS 54% |Scottish CCUS Cluster 50%. Suggesting SG has work to do in the eyes of the sector.

17. 58% agree or strongly agree that decisions of strategic national importance (inc grid & related infrastructure) should be taken at Scottish Government level, with only 21% saying this should sit with local authorities.

The delivery of onshore grid infrastructure is crucial to unlocking the potential of ScotWind. However, this is being delayed by the current planning system with insufficient resources and several applications attracting community opposition and/or blocked by local councils.

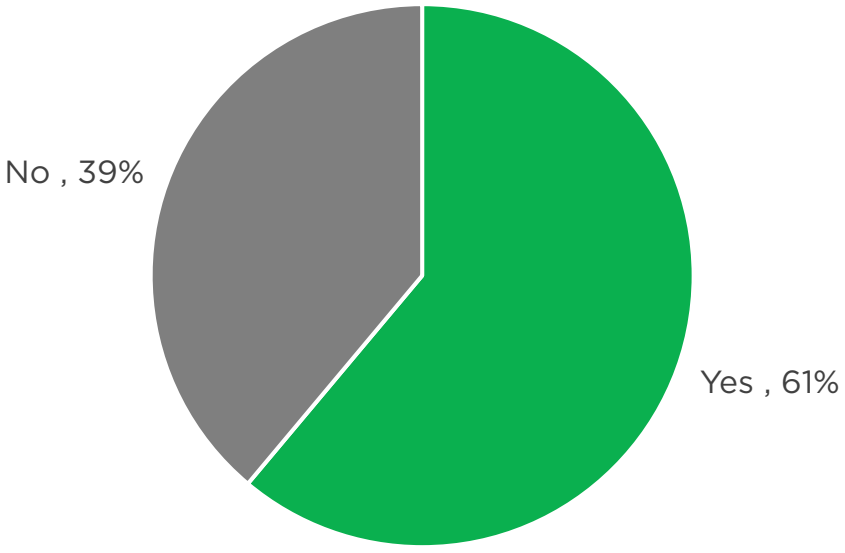
Q .To what extent do you agree or disagree with the following statements:

Decisions of strategic national importance including grid-related infrastructure should be led:



18. 61% of respondents believe additional specialist planning resource would accelerate the energy transition.

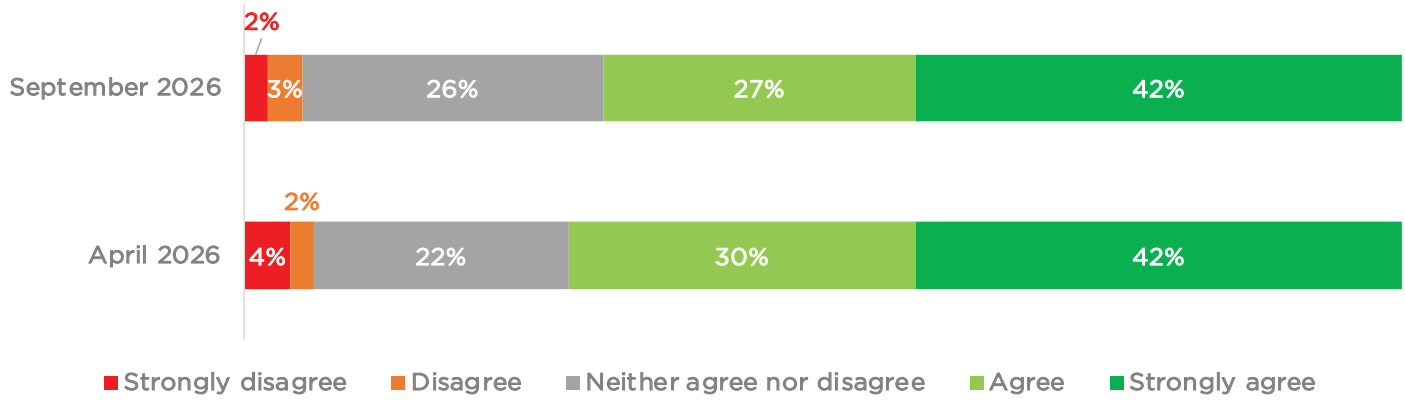
Q . Would putting in place additional specialist planning resource accelerate the energy transition?



19. Only 5% of respondents disagree or strongly disagree that the transmission charging system is in need of urgent reform to enable ScotWind to realise its potential.

Companies developing renewable energy projects are charged levies, known as transmission charges, to pay for upgrading and maintaining the UK electricity grid. These transmission charges are calculated in relation to proximity to population clusters, meaning that developers in the North of Scotland are charged more than developers in other parts of the UK.

Q. To what extent do you agree or disagree that the transmission charges system is in urgent need of reform.

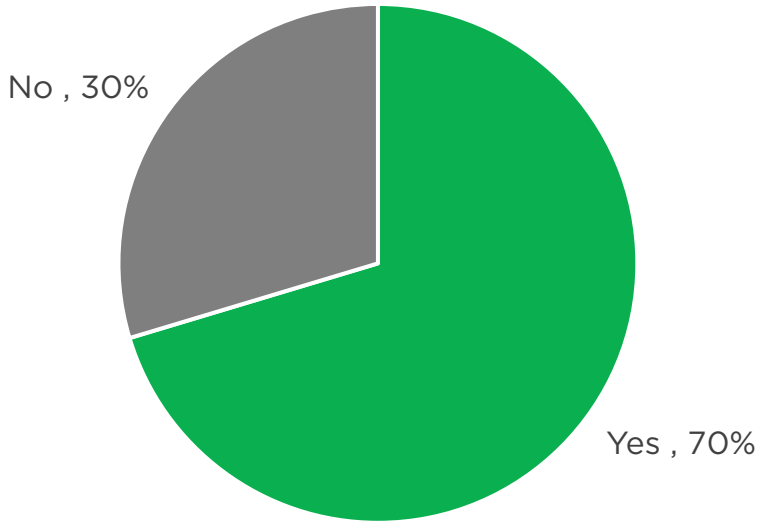




20. 70% say that enabling the delivery of ScotWind projects should be prioritised in the UK Government Spatial Energy Plan.

The National Energy Systems Operator (Neso) is preparing the first strategic spatial energy plan (SSEP) and will present potential investment options to the UK energy secretary. The plan, which will cover how the national grid moves electricity and gas around the UK, will lay out a route map through to 2050 for where and when investment into Great Britain's energy infrastructure can be made.

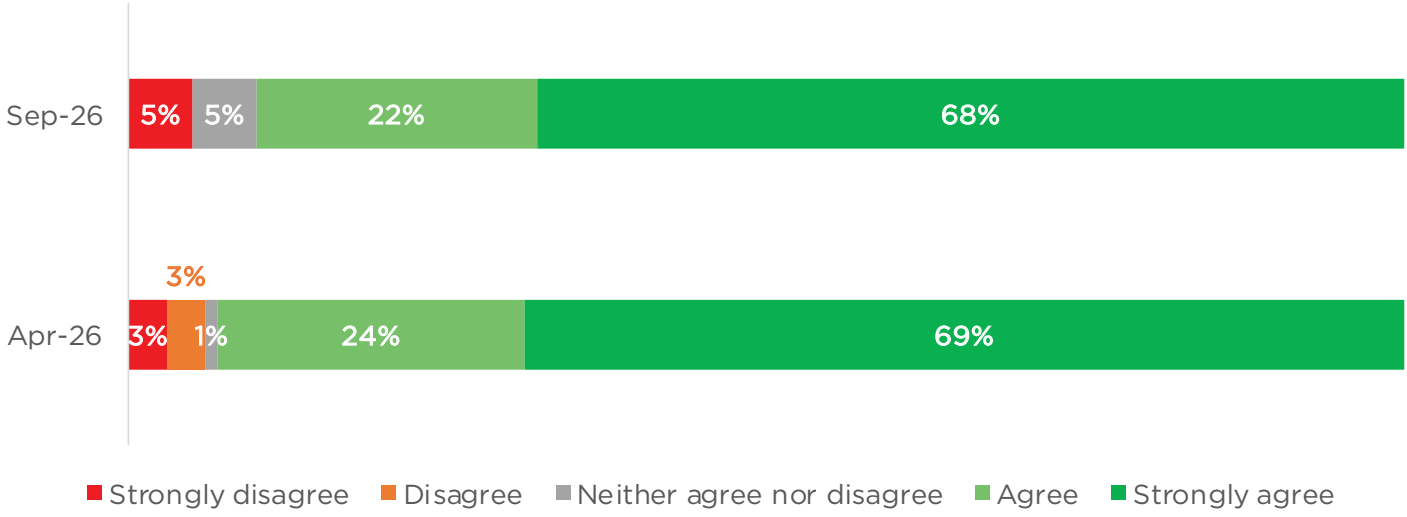
Q. Should the delivery of ScotWind projects be prioritised in the UK Government Spatial Energy Plan?



21. 90% still agree or strongly agree that with the right fiscal and regulatory frameworks in place, there is still a future for oil & gas in the North Sea, although continued uncertainties mean this figure is slightly down since Apr 26.

Q: To what extent do you agree or disagree with the following statement:

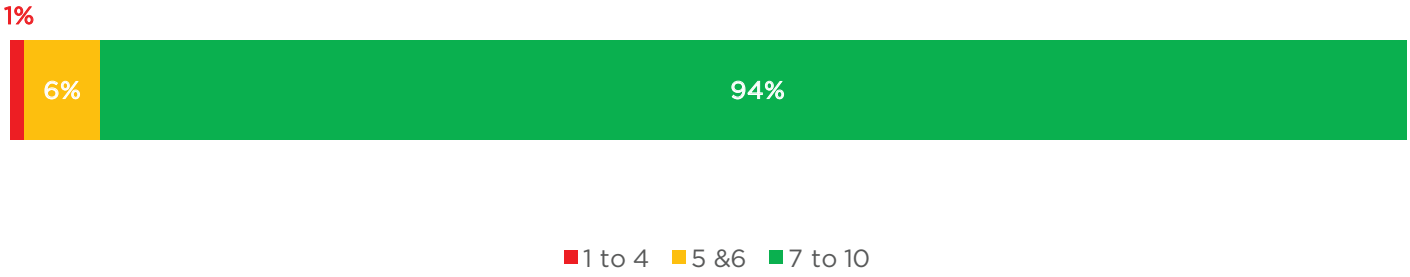
With the right fiscal and regulatory frameworks in place there is still a future for oil & gas activity in the North Sea.



22. 94% say that current global conditions justify a more flexible ("pragmatic") UK Government stance on domestic oil & gas policy to strengthen UK energy security.

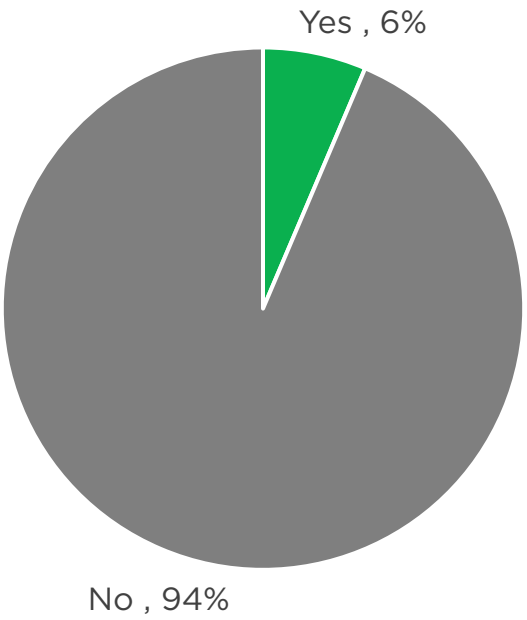
Q: To what extent do you believe:

Current global geopolitical and energy market conditions justify a more flexible UK Government stance on oil and gas regulation and taxation to underpin UK energy security.



23. Clear view that the current policy framework is not sufficiently flexible to enable government to respond effectively to geopolitical and energy market shocks.

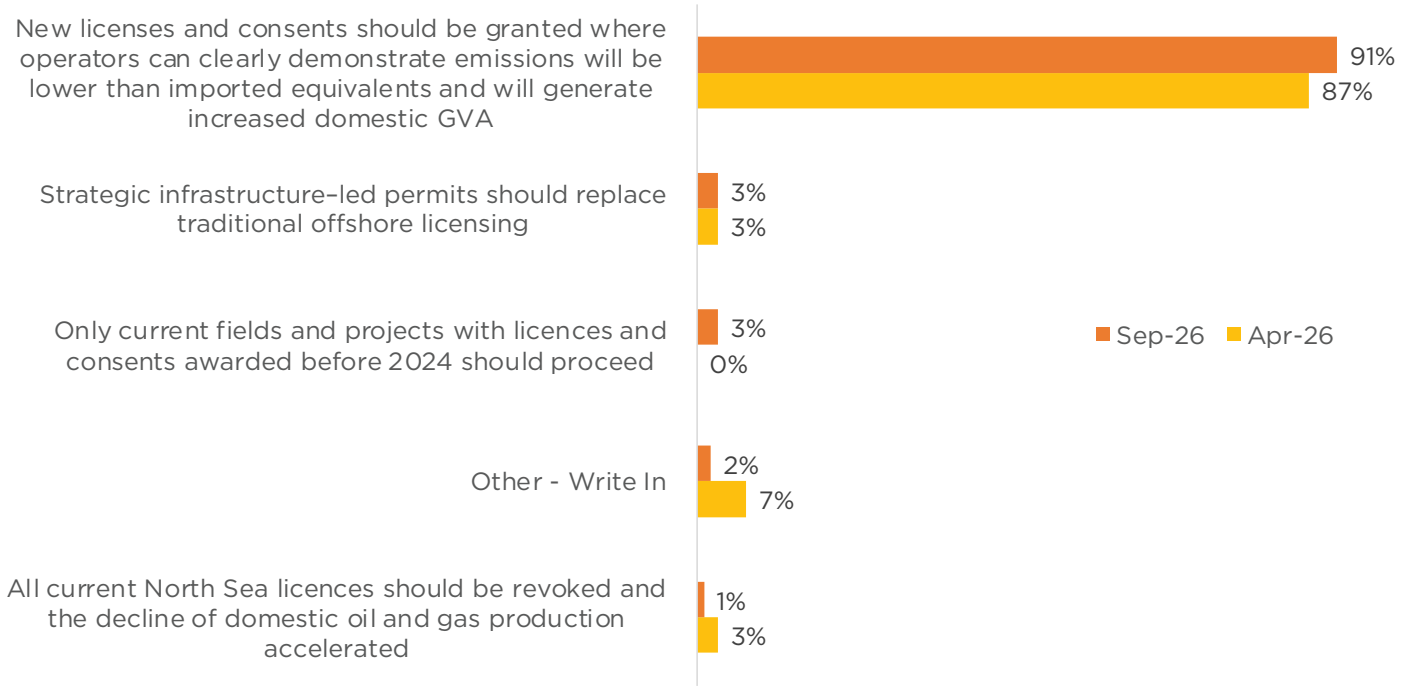
Q: Is the current policy framework sufficiently flexible to enable government to respond to geopolitical and energy market shocks?





24. 91% (up from 87% in Apr 2026) believe that new North Sea licences should be granted where emissions can be demonstrated to be lower than imported equivalents and the activity will support jobs and the UK economy. Thgere is work to do to articulate the impact and value of ‘tie-backs’ among respondents.

Q: Which of these statements is closest to your view?



25. Reaction was mixed when asked if the new Oil & Gas Revenue Levy is a fair framework for future taxation. 51% agreed or strongly agreed it was but with 28% disagreeing or strongly disagreeing. It was however favoured when compared to the OGPM.

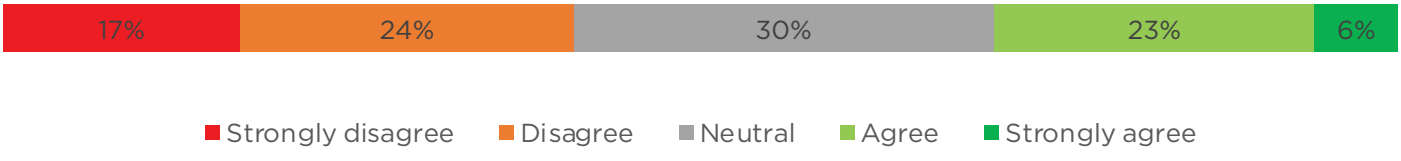
The UK Oil and Gas Revenue Levy (OGRL) is a permanent fiscal measure designed to tax upstream UK oil and gas production during periods of unusually high commodity prices. It is due to replace the Energy Profits Levy (EPL) in 2030. It is charged at 35% on the portion of revenue from oil and gas sales that exceeds specified price thresholds initially set at $90 per barrel for oil and 90p per therm for gas and indexed annually to inflation.

Q .To what extent do you agree or disagree with the following statements:

The new Oil and Gas Revenue Levy provides a fair framework for future sector taxation.

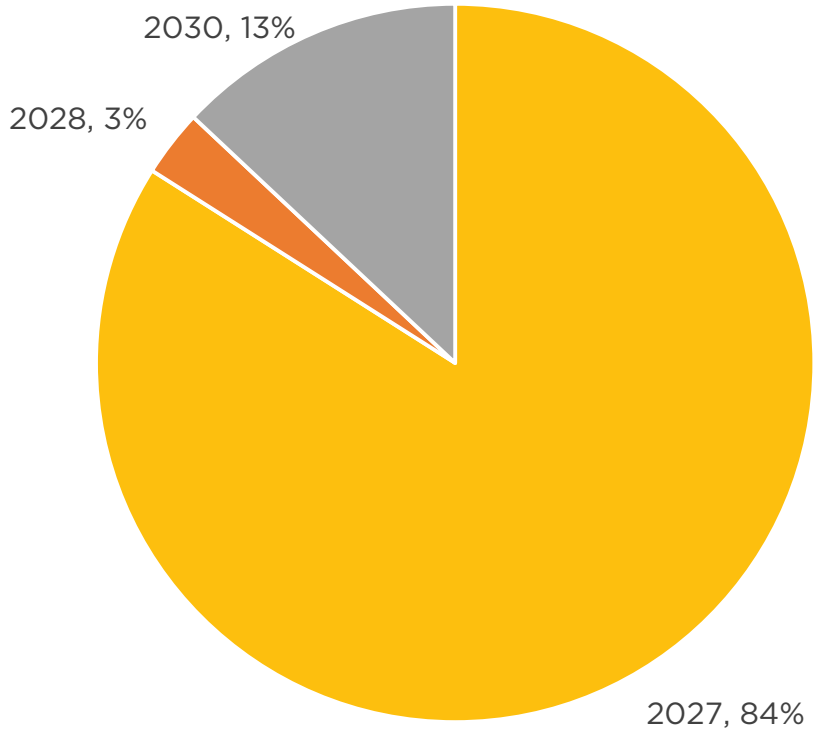


The oil and gas price mechanism (OGPM) provides a fair framework for future taxation
(Was asked in April 2026)



26. However, 84% believe that the OGRL should be introduced in 2027, with just 13% saying 2030 is the appropriate time.

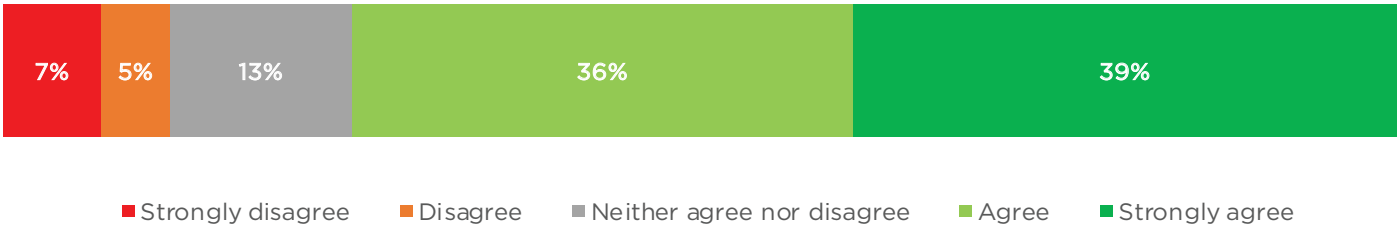
Q: When do you believe the new Oil and Gas Revenue Levy should be introduced?



27. 77% say an early introduction of OGRL will unlock additional investment and activity in the UK North Sea.

Q: To what extent do you agree or disagree with the following statement:

Implementing the Oil & Gas Revenue Levy earlier than the planned date of 2030 would unlock additional investment and activity in the UK North Sea.

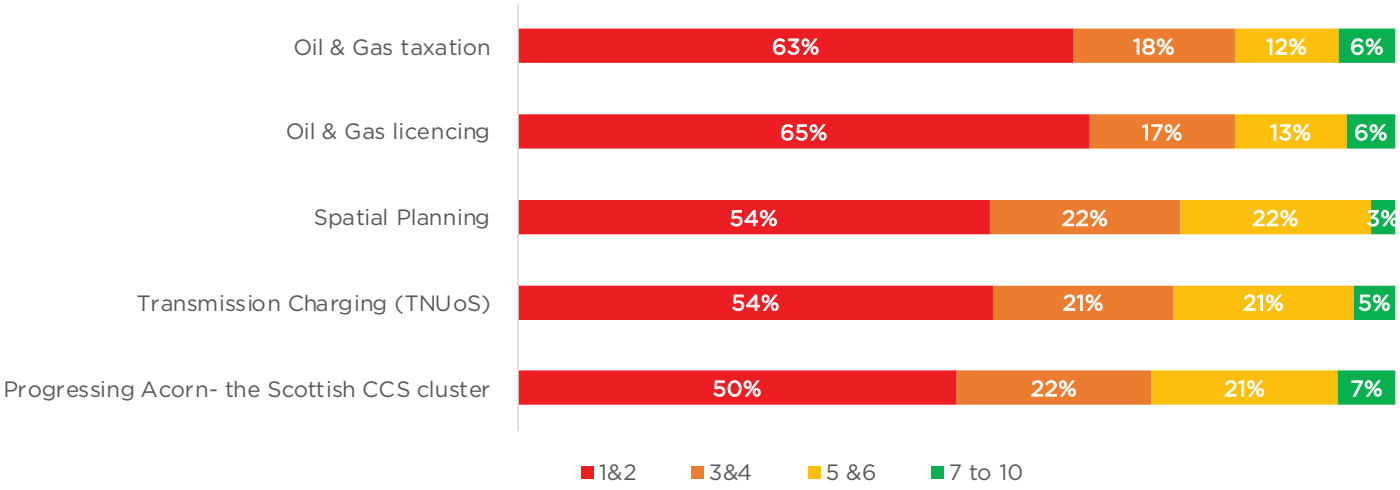




28. When asked to rate on a scale of 1-10 where 1 is very poorly and 10 is very well, how well Scottish Government represented Scotland's interests with a range of energy related reserved policy matters, the following proportion of respondents answered 1-2 for: Oil & Gas taxation 63% | Oil & gas licencing 65% | Spatial planning 54% | TNUoS 54% |Scottish CCUS Cluster 50%. Suggesting SG has work to do in the eyes of the sector.

Many key energy sector policy areas are reserved to Westminster.

Q: How well do you believe the Scottish Government has represented Scotland's interests with UK Ministers on the following topics:





Energy Transition Case Study - Bowdun Offshore Wind Farm – Thistle Wind Partners

The north east of Scotland is home to some of the world's richest offshore wind resources and is uniquely placed to play a leading role in the UK's energy future. Through ScotWind, Scotland has a once-in-a-generation opportunity to strengthen energy security, increase domestic energy production and generate significant economic value through investment, job creation and supply chain growth.



Thistle Wind Partners (TWP) is helping turn that opportunity into reality through the proposed Bowdun Offshore Wind Farm, a circa 1GW project located approximately 44km off the Aberdeenshire coast. The project could generate enough renewable electricity to power the equivalent of more than 1.2 million homes while supporting investment, employment and opportunities for businesses across Scotland.

Building a Scottish Supply Chain

Scotland possesses world-class expertise in engineering, fabrication, marine operations and offshore services developed through decades of North Sea activity. To help transfer those capabilities into offshore wind, Bowdun has developed the Supply Chain Pathways Programme in partnership with DEME Offshore, a global leader in offshore wind installation and engineering.

The programme provides Scottish suppliers with market insight, early engagement and capability-building support to prepare for future contracting opportunities. More than 60 Scottish companies have already engaged and can work towards prequalification for future contracts, including opportunities within DEME's wider international portfolio.

Supporting Communities, Jobs and Skills

Bowdun's onshore infrastructure creates opportunities across Stonehaven, Aberdeenshire, Aberdeen and Angus. Construction could support more than 200 local jobs and a further 600 across Scotland. The project also has ambitions to deliver around £360 million in operations and maintenance expenditure, including an O&M base in the north east and around 100 long-term operational jobs.

TWP's commitment to local communities began long before consenting phase. Through its Community Donations Fund, more than £25,000 has been awarded to over 20 local organisations. The company has also invested more than £100,000 in STEM education, reaching over 5,000 young people through the 'Gust to Grid' programme, science festivals and family STEM days.

Challenges to Delivery

Unlocking the full economic, employment and energy security benefits of offshore wind will, however, depend on addressing several critical delivery challenges. The opportunity is significant, but turning ambition into delivery remains one of the sector's greatest challenges.

Planning, consenting and grid connection processes continue to take too long, not only for offshore wind projects but also for the transmission infrastructure needed to connect renewable generation to homes and businesses. Delays can slow project delivery, postpone investment decisions and defer the economic benefits offshore wind can bring.

Every delay comes at a cost. It limits opportunities for suppliers, workers and local communities, while prolonged uncertainty risks undermining investor confidence. In an increasingly competitive global market, creating the conditions needed to deliver projects efficiently will be essential if Scotland is to capture the full benefits of ScotWind.

The uncertainty surrounding NESO's Gate 2 process remains one of the most immediate concerns for developers and the wider supply chain. This uncertainty extends well beyond individual projects. Manufacturers, ports, vessel operators, engineering businesses and local suppliers all require confidence in project timelines before committing significant investment.

The industry also recognises the value of strategic planning through the Strategic Spatial Energy Plan (SSEP), but it is important that efforts to coordinate the future energy system do not create additional uncertainty for projects already progressing through ScotWind.

Creating a Lasting Legacy

For TWP, Bowdun is about more than generating electricity. It is about giving the skills, engineering expertise and supply chains developed in the North Sea a vital role in Scotland's energy future.

By combining renewable energy generation with investment in Scottish businesses, communities and skills, Bowdun demonstrates how offshore wind can support economic growth, strengthen energy security and deliver lasting benefits for Scotland.

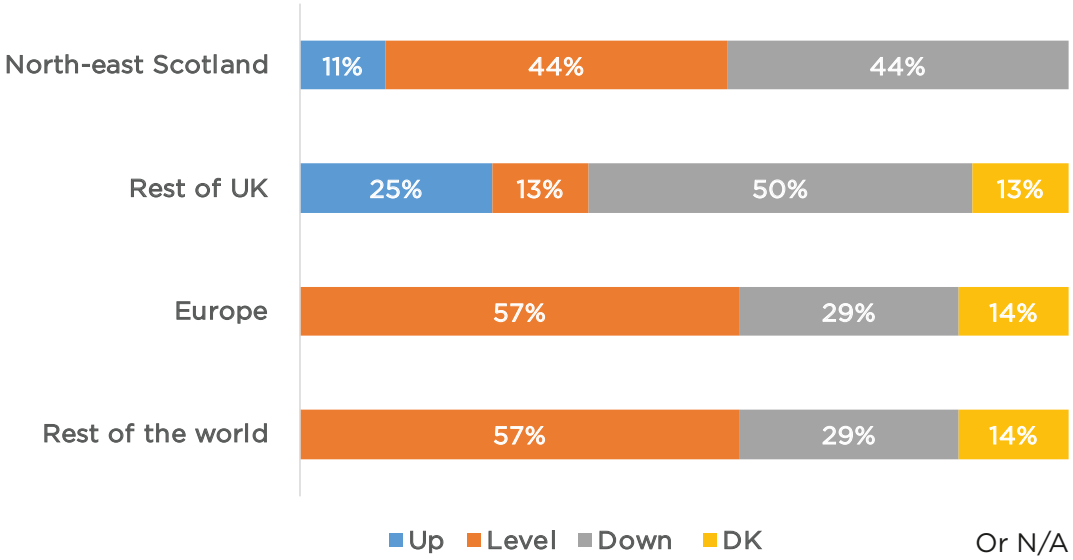
bowdun.com

Recruitment and skills talking points

- There was a slowing in the number of energy operators (mix of O&G and renewables) saying that headcount had reduced in the North-east over the last year with 44% answering ‘down’, 44% ‘level’ and 11% ‘up’. Possibly suggesting much of the right-sizing has already taken place.
- Service companies appear more bullish with 46% saying headcount in the NE has increased over the last year while 24% reported reducing staff in the period. This appears to be consistent among large companies and SMEs.
- Looking ahead (next 5 years) there was huge uncertainty among operators in terms of future jobs pointing to a range of factors including the pace of project roll-out, unfavourable UK energy policy and the number of mergers and acquisitions taking place.
- Looking ahead (next 5 years), although there is still anticipated service sector jobs growth in the North-east, this is anticipated to slow slightly with little net increase in the rest of the UK but significant growth in the rest of the world, backing up the evidence suggesting an increasing proportion of work shifting away from the UK.
- In a less tight market, almost two thirds of respondents say that, if recruiting, they have not faced difficulties in doing so. Perceived security of future employment and the image of the sector appear to be contributing to almost two-fifths reporting that young people and new entrants view the industry as being an unattractive career option.
- Almost half of respondents believe it is now harder to attract graduates and apprentices to energy-sector roles than five years ago.
- Workforce trends continue to show significant numbers of respondents reporting experiencing early retirement of staff, employees transferring overseas and people leaving the sector altogether. Meanwhile the number of staff moving into new energy roles has declined.
- Only 29% of respondents believe that lost oil & gas jobs will be replaced across the entire sector by new energy jobs in the next decade and 45% say this will never happen. And almost half stated that they believe new energy jobs will never replace lost oil & gas jobs in their business (up from 39% in Apr 2026).
- 42% say that, if current trends continue, the UK will not have the necessary skills to deliver its energy transition ambitions. 35% say it will only be achieved if we see significant policy change and 8% say it will require increased international labour/skills.

29a. There was a slowing in the number of energy operators (mix of O&G and renewables) saying that headcount had reduced in the North-east over the last year with 44% answering 'down', 44% 'level' and 11% 'up'. Possibly suggesting much of the right-sizing has already taken place.

Q. How has your head count (operators) changed over **the past 12 months for:**

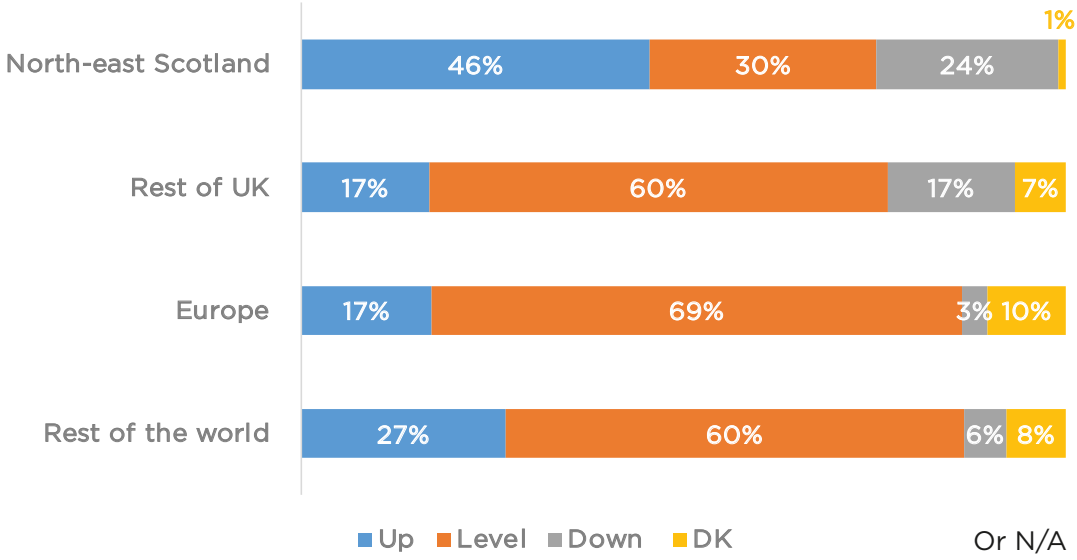


9 operators employing 99,000 people worldwide (av. 11,000)*

	Net + / -
North-east Scotland	-33%
Rest of UK	-25%
Europe	-29%
Rest of the world	-29%

29b. Service companies appear more bullish with 46% saying headcount in the NE has increased over the last year while 24% reported reducing staff in the period. This appears to be consistent among large companies and SMEs.

Q. How has your head count (service companies) changed over the **past 12 months for:**

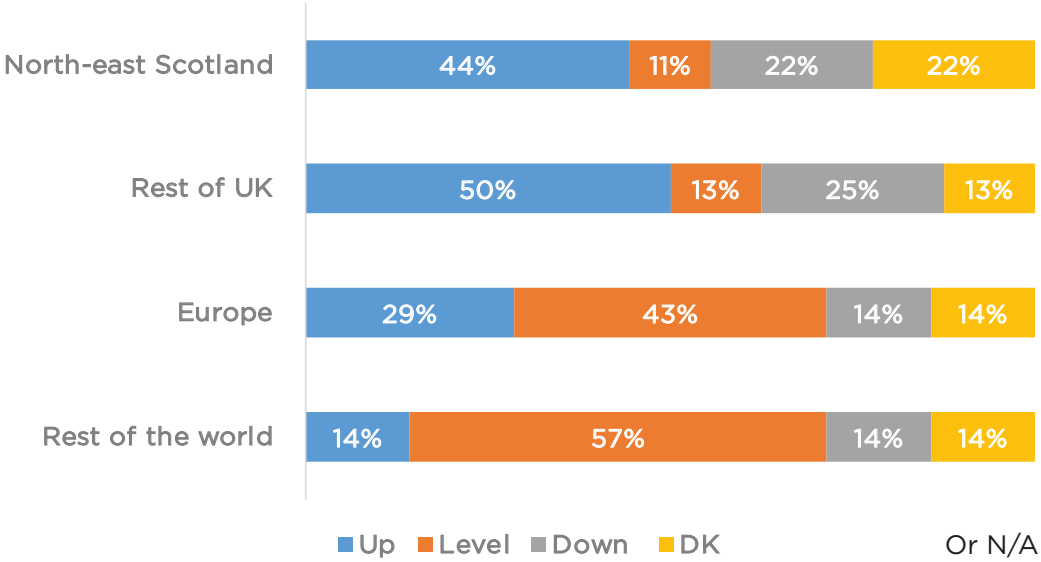


101 service companies employing 480,000 people worldwide (av. 4,750)*

	Net + / -
North-east Scotland	22 pp
Rest of UK	-
Europe	14 pp
Rest of the world	21 pp

30a. Looking ahead (next 5 years) there was huge uncertainty among operators in terms of future jobs pointing to a range of factors including the pace of project roll-out, unfavourable UK energy policy and the number of mergers and acquisitions taking place.

Q: How do you expect your head count (operators) to change over the **next 5 years for:**

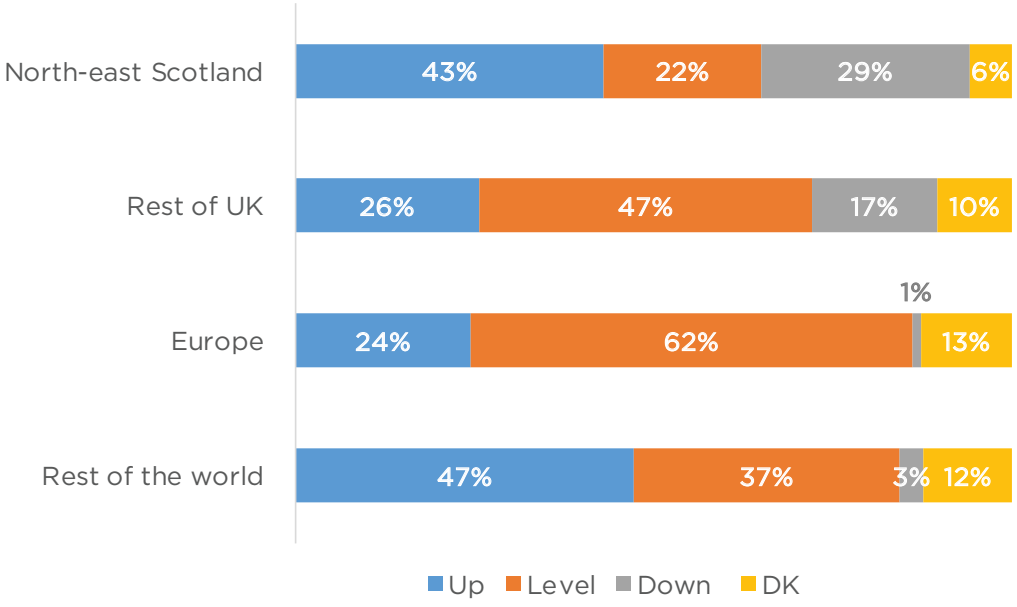


9 operators employing 99,000 people worldwide (av. 11,000)*

	Net + / -
North-east Scotland	22 pp
Rest of UK	25 pp
Europe	14 pp
Rest of the world	-

30b. Looking ahead (next 5 years), although there is still anticipated service sector jobs growth in the North-east, this is anticipated to slow slightly with little net increase in the rest of the UK but significant growth in the rest of the world, backing up the evidence suggesting an increasing proportion of work shifting away from the UK.

Q: How do you expect your head count (service companies) to change over the next 5 years for:

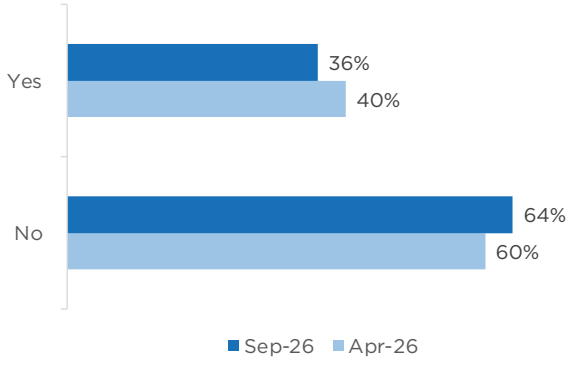


101 service companies employing 480,000 people worldwide (av. 4,750)*

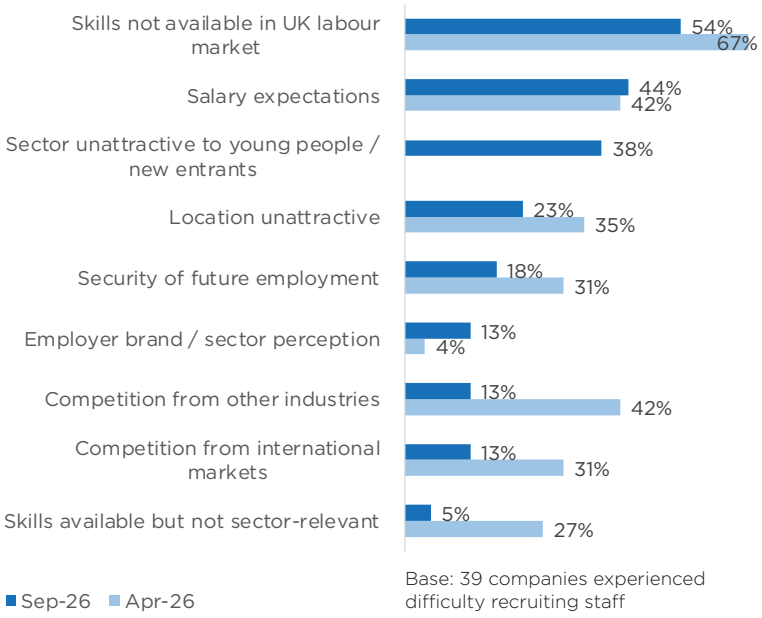
	Net + / -
North-east Scotland	14pp
Rest of UK	8pp
Europe	23 pp
Rest of the world	44 pp

31. In a less tight market, almost two thirds of respondents say that, if recruiting, they have not faced difficulties in doing so. Perceived security of future employment and the image of the sector appear to be contributing to almost two-fifths reporting that young people and new entrants view the industry as being an unattractive career option.

Q: Have you experienced any difficulties in recruiting staff in the past 12 months?



Q: What are the main reasons for difficulty recruiting staff?

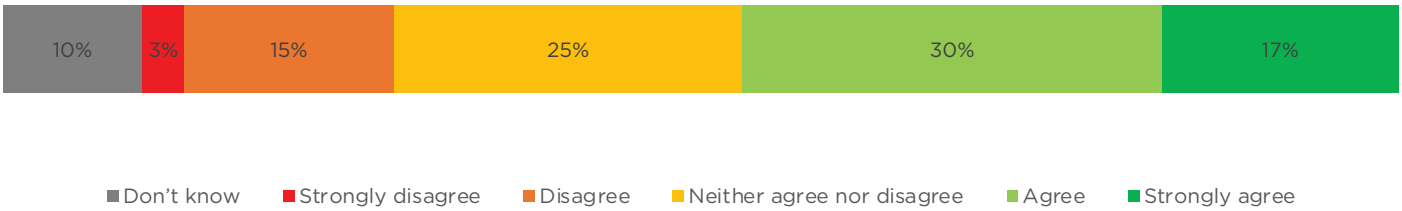


Base: 39 companies experienced difficulty recruiting staff

32a. Almost half of respondents believe it is now harder to attract graduates and apprentices to energy-sector roles than five years ago.

Q: To what extent do you agree or disagree with the following statement?

Compared to 5 years ago, it is now much harder to attract new graduates/apprentices to roles in the energy sector.



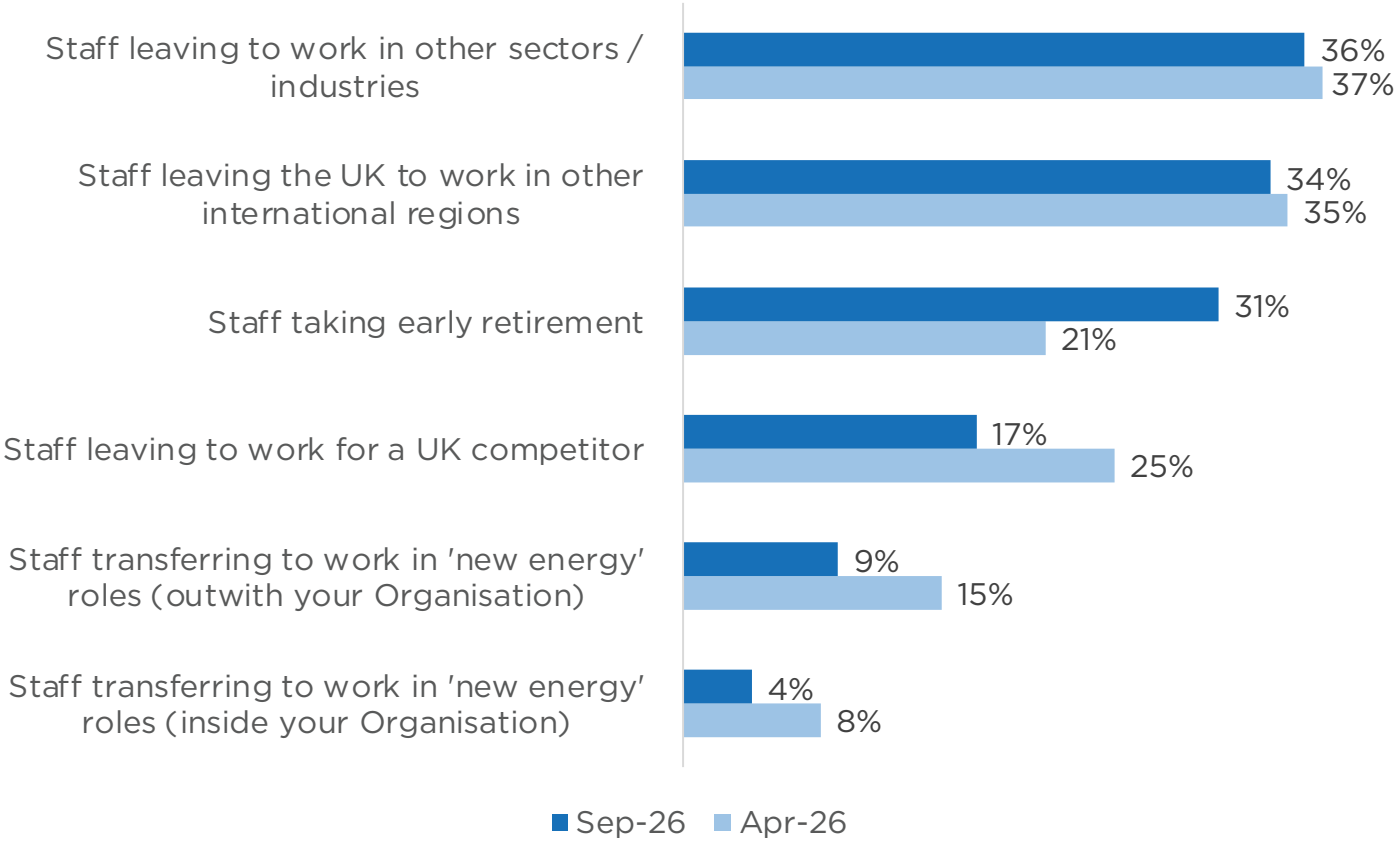


32b. And the data is backed up by comments from respondents.

Level of agreement	Theme	Description	Illustrative quote
"Strongly agree / Agree Agree	Negative sector perception Uncertainty over future careers	Oil & Gas and the wider energy sector are perceived by some respondents as less attractive to younger people due to negative media, political and environmental messaging. Concerns about the future of the UK energy sector and the visibility of long-term opportunities are making it harder to attract new entrants.	"O&G has been tarnished as a sector by the media, making it less attractive for young people to enter the industry." "Oil & Gas not seen as attractive - lack of a visible future."
Neither agree nor disagree Neither agree nor disagree	Limited recruitment experience Mixed experience across organisations	Several organisations have not recruited graduates or apprentices recently, making it difficult to assess whether attraction has changed. Some respondents reported continued interest in energy careers, suggesting that recruitment experiences vary by organisation and role.	"I have no experience in recruiting new graduates/apprentices in the last five years." "Our experience is that graduates are continuing to look for roles in the sector."
Strongly disagree/ Disagree Disagree	Graduates and apprentices remain interested Limited roles rather than limited talent	Some organisations continue to see good levels of interest from graduates and apprentices and have been able to recruit successfully. Some respondents believe the main constraint is the availability of jobs and projects, rather than the ability to attract suitable candidates.	"Apprentice applications have been strong." "Our current issue is not the availability of resources; it is access to projects."

33. Workforce trends continue to show significant numbers of respondents reporting experiencing early retirement of staff, employees transferring overseas and people leaving the sector altogether. Meanwhile the number of staff moving into new energy roles has declined.

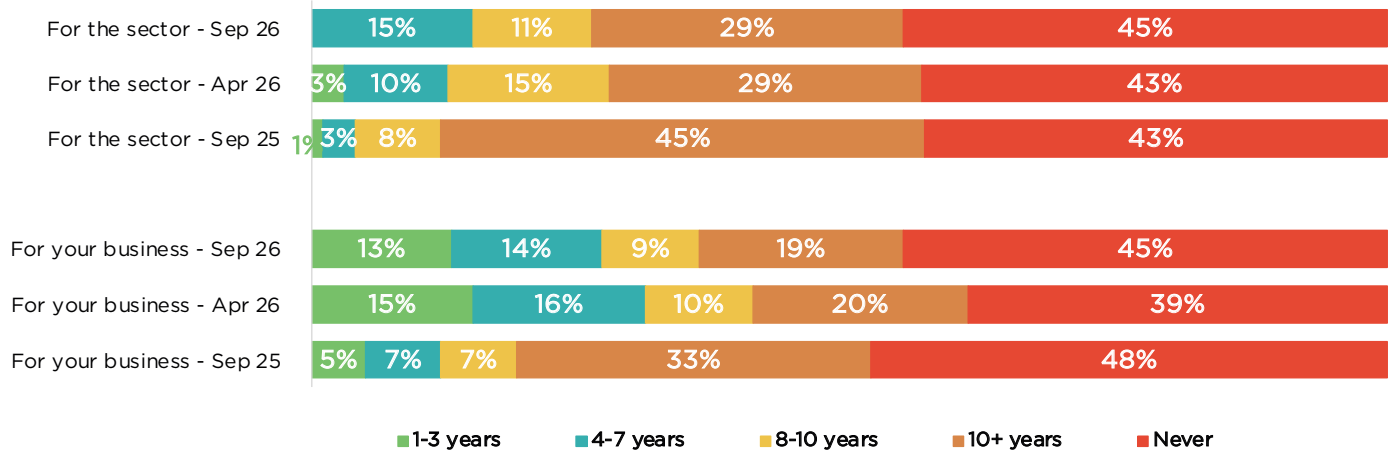
Q: Which of the following are true of your current workforce trends?



34a. Only 29% of respondents believe that lost oil & gas jobs will be replaced across the entire sector by new energy jobs in the next decade and 45% say this will never happen.

And almost half stated that they believe new energy jobs will never replace lost oil & gas jobs in their business (up from 39% in Apr 2026).

Q: How long do you estimate it will take for new energy job growth to fully replace lost oil and gas jobs?



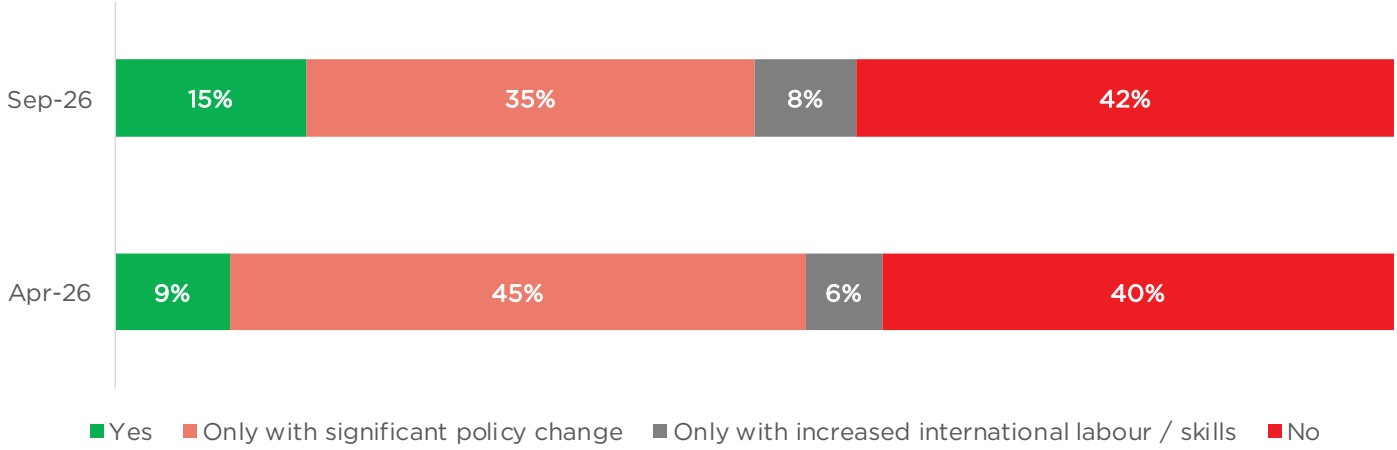
34b. And the data is backed up by comments from respondents.

Q: What makes you say that?

Level of estimation	Strongest theme	Description	Illustrative quote
1–3 years	New energy jobs are already emerging / skills are transferable Oil & Gas employment is already declining rapidly	Some businesses expect relatively rapid transition because their existing engineering skills can transfer into new energy, or because their Oil & Gas exposure is already limited. For some businesses, replacement is expected quickly because Oil & Gas work is already a small or declining part of their activity.	"We have transitioned nearly all of our workforce to 'new energy jobs' at one point or another, this, to us, is easy, as engineering skills are highly transferable." "Oil and gas work is very small part of our work at the moment and will disappear shortly."
4–7 years	Growth of new energy and emerging technologies Policy, infrastructure and project delivery need to improve	Respondents see potential for new energy sectors to create employment within several years, particularly as technologies such as hydrogen develop. The timing of replacement depends on projects progressing, including grid connections and a more visible transition pipeline.	"We need to see the growth of new tech like green hydrogen which utilises similar skills..." "No visibility on the transition actually happening / working."
8–10 years	New energy lacks sufficient scale to replace Oil & Gas Transition needs time to develop	Oil & Gas and the wider energy Some Respondents expect a longer transition because new energy currently generates fewer jobs and lacks the scale of established Oil & Gas activity. The maturity of new energy technologies, project pipelines and the wider sector means employment growth is expected to take time.	"There are single digit percentage of renewable jobs that will replace oil and gas jobs." "New energy jobs are limited because the immaturity of the sector."
10+ years	New energy will not replace Oil & Gas on a like-for-like basis Slow project development and policy uncertainty	Many respondents argue that new energy activities are less labour-intensive, meaning even significant growth will not recreate the volume of Oil & Gas employment. Long project lead times, slow delivery and uncertainty over government policy are seen as delaying the creation of replacement employment.	"The new jobs will not be replaced on a like for like basis." "Slow rate of change. Dependency on political will."
Never	New energy is less labour-intensive Insufficient scale and UK supply-chain opportunities	This is by far the strongest recurring argument: offshore wind and other new energy activities require smaller workforces and supply chains than Oil & Gas. Respondents question whether the volume of UK new energy projects and domestic supply-chain activity will ever be sufficient to replace Oil & Gas employment.	"An offshore wind farm with 20 turbines, requires a far smaller supply chain..." "Not enough UK jobs available in renewables to take the roles currently in Oil & Gas."

35a. 42% say that, if current trends continue, the UK will not have the necessary skills to deliver its energy transition ambitions. 35% say it will only be achieved if we see significant policy change and 8% say it will require increased international labour/skills.

Q: If current trends continue, do you believe the UK will have sufficient skills capacity to deliver its energy transition ambitions?



35b. And the data is backed up by comments from respondents.

Q:Why do you say that?

Level of belief	Strongest theme	Description	Illustrative quote
Yes	Sufficient skills because new energy requires fewer workers	Respondents believe the UK has enough people to meet future requirements because new energy activities are less labour-intensive than Oil & Gas.	"There are plenty of people for the energy transition. But in fewer numbers than the oil and gas market."
Only with significant policy change	Policy is driving skills and talent out of the UK	Respondents believe policy uncertainty and the decline of Oil & Gas are causing skilled workers and businesses to leave, making policy change necessary to retain the existing workforce and support the transition.	"We're losing talent all the time due to current policy."
Only with increased international labour / skills	Insufficient specialist skills in the UK	Respondents identify gaps in specialist technical skills and training, particularly for emerging energy technologies, meaning international recruitment may be needed.	"There are single digit percentage of "We do not have the technical training in the UK that our business needs."
No	Loss of skills and talent from the UK	The strongest concern is that skilled workers are leaving the sector or moving overseas faster than new energy opportunities are being created, reducing the future skills pool.	"Skills will follow the work – internationally."

Chamber viewpoint

by Russell Borthwick
Chief Executive,
Aberdeen & Grampian Chamber of Commerce

Since the conclusion of the survey, we have seen just the craziest, unjoined-up series of energy related announcements, confirming that policymakers are entirely out of touch with reality and public opinion.

Jackdaw was approved, at last, and this was greeted by the industry and region as positive news; almost immediately counterbalanced by confirmation that the EPL would remain in place until 2030.

There are mixed views expressed by respondents about whether the new Oil & Gas Revenue Levy is fair but almost universal agreement that implementing it in 2027 rather than waiting until 2030 would unlock billions of pounds worth of additional activity in the North Sea, despite the restrictions on the industry.

This assumes that the government makes good on its manifesto promise not to revoke existing licences or block projects that already held valid production licences pre the General Election.

But yet at the time of writing we still await a decision on Rosebank and there are multiple other projects in this category that remain latent. Projects that can support thousands of jobs, generate billions of pounds of much needed tax revenue to fund the Government's plans and limit the need to import what the country needs to keep the lights on.

Imports which are demonstrably more carbon intensive than the domestic alternatives and therefore, worse for the environment. Where is the global climate leadership in that?

Interesting to note that (now Foreign Secretary) Ed Miliband is happy to back oil production in British waters north of the Falkland Islands, just not closer to home.

The so called Energy *Independence* Bill was introduced to Parliament, moving closer to the confirmation into law of the decision not to issue any future oil and gas exploration licences in the UKCS. Possibly the biggest legislative misnomer of all time, the only result of this will be replacing our own energy resources with greater reliance on foreign supplies.

Also included in the Bill, based on a plan by Professor John Underhill, Director for Energy Transition at University of Aberdeen and first published in the September 2025 edition of the Chamber's Business Bulletin magazine, were details of introduction of Transitional Energy Certificates to enable the management of existing oil and gas fields for their lifetime. We need these projects to be taken forward as a matter of urgency.

OBR forecasts show that UK oil & gas operations will contribute £5.1 billion of direct tax revenues to Treasury in 2026-27, falling to "close to zero" in 2031-32. But it doesn't need to be this way.

As the roller-coaster continued, the long awaited Peterhead Power Station was given the green light bringing almost a billion of investment to the North-east but the next day confusion reigned around the Government's future commitment to the Acorn Scottish CCS Cluster meaning, in turn, that the power station might not be able to be built after all.

In addition to the existing challenges posed by transmission charging and spatial planning, the recent announcement of the pausing of next year's renewable energy subsidy auction casts real doubt around the viability of floating offshore wind- which is at the heart of the ScotWind opportunity.

And the UK's Clean Energy Industries Sector Plan, one of the eight priority growth pillars in the 10-year Modern Industrial Strategy, should be an enabler of industrial activity by our domestic energy sector, but we believe the definition of 'clean' is flawed and must be broadened out.

The technologies currently included - while all being important - would not provide the medium term investment and activity needed to drive reindustrialisation and deliver meaningful growth. Our submission is, that if home produced gas and oil - while we still require it as part of our energy mix - can be demonstrated to be of lower carbon intensity than the imported equivalents, then this too should be included under the 'Clean Energy' heading and the Chamber will continue to make representations on this to the Department for Business & Trade.

We have turned continuous deindustrialisation into a uniquely British art form.

All of this is a clear sign of just how broken and unjoined up our national and energy security policy is and poses real questions about the route map to transition away from fossil fuels, while keeping the lights on and our world class energy workforce in jobs.

To compensate for lack of traditional and new projects at home, the survey shows that our world class energy supply chain is being increasingly forced to look overseas for work, offshoring the people, equipment and resources needed to build out our clean power future.

Where once, exporting was the icing on the cake for many of these firms, it is now a necessity. And worryingly, being based in Aberdeen which was once an easy 'head' decision is increasingly becoming only a 'heart' decision -an incredibly perilous position for this region's economy. We have already seen companies decide to move their HQs overseas and this might just be the tip of the iceberg.

Additionally, we see that negative rhetoric and stigma around the industry and lack of certainty about career security is making the sector, in all its forms, increasingly unattractive to new entrants.

And although many of the negative headwinds are coming from policy decisions reserved to Westminster, respondents in the survey believe Scottish Government is failing to properly stand up for Scotland's interests in this space.

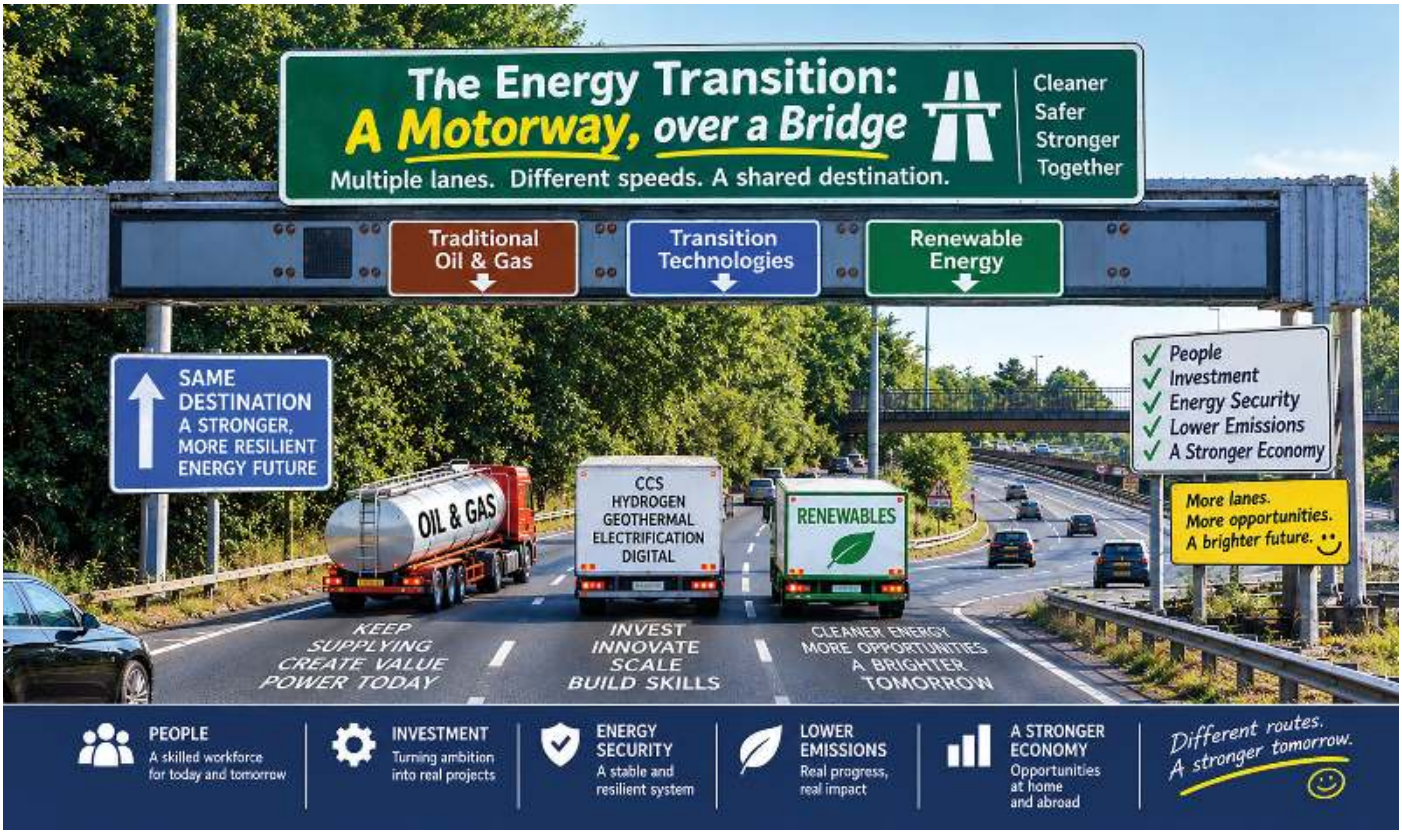
Understandably, investor and business confidence is at rock-bottom, not down to opportunity and market forces, but simply as a result of unfathomable and uncoordinated government policy. And this is having a toxic knock-on impact on businesses operating in all sectors of the North-east Scotland economy.

Make no mistake, right now the UK's energy industry and the hundreds of thousands of people whose incomes depend on it, are being forced over the edge of a treacherous cliff.

Given current global tensions, it is now time to move the conversation from energy transition to energy addition. Maybe, just maybe, a more joined up and pragmatic approach- like the one being taken by many of our allies in Western Europe and beyond- could see us snatch victory from the jaws of defeat.

No one is in denial about the shared ambition of moving towards a lower carbon world. But right now, the original route is strewn with blockages. Let's build a bridge, over that cliff edge, from where we are today to where we want to be. Supporting a multi lane, multi modal energy motorway that will **accelerate** our journey to that end destination.

Reset the Sat Nav and let's go.



Policy recommendations

1. **Put national and energy security at the heart of all related policy.**
   Energy policy must prioritise the UK's security of supply, reducing reliance on imported energy while ensuring domestic oil and gas production continues to support the transition to a lower-carbon economy.

2. **UK Energy Plan must protect scotland's offshore wind jobs and investment.**
   The UK Government must ensure its Strategic Spatial Energy Plan (SSEP) protects Scotland's offshore wind pipeline, including floating wind, or risk putting billions of pounds in potential investment, thousands of future jobs and major supply chain opportunities in jeopardy through an overly narrow focus on short-term costs.

3. **Honour all oil & gas licences that pre-date June 2024 – in line with manifesto pledges.**
   Providing certainty for existing licences would restore investor confidence, protect skilled jobs and ensure the UK maximises the economic and energy security benefits of its remaining North Sea resources.

4. **Move at pace on the roll-out of Transitional Energy Certificates.**
   Accelerating the introduction of Transitional Energy Certificates would provide a clearer pathway for continued North Sea investment, helping operators develop existing resources while supporting the industry's transition towards lower-carbon energy.

5. **Reconsider the start date for the implementation of the Oil & Gas Revenue Levy to deliver billions of investment and tax revenues.**
   Bringing forward the replacement of the Energy Profits Levy with a more predictable, price-responsive tax regime would unlock billions of pounds of private investment, safeguard employment and generate additional tax revenues for the Treasury.

6. **Reconfirm commitment to CCS as an enabler of net zero 2050 and convene an urgent forum to get the Acorn project back on track.**
   The UK Government must provide urgent clarity on funding and delivery arrangements for Acorn, bringing together industry and government to establish a credible route to investment that protects jobs, supports industrial decarbonisation and secures Scotland's place in the emerging carbon capture economy.

7. **Great British Energy to invest at pace in projects of scale that will create jobs and confidence in Aberdeen.**
   Great British Energy must translate its Aberdeen headquarters into tangible economic benefits for the region by accelerating investment in major energy projects, supporting local supply chains and creating long-term employment opportunities across the North-east.

8. **Cut red tape, confusion and delays by setting up a single overarching economic regulator for all aspects of the energy transition.**
   A single regulator would provide greater clarity, consistency and accountability across the energy sector, accelerating investment decisions, reducing unnecessary bureaucracy and helping major projects progress more quickly.



About the 44th Energy Transition survey

The 44th AGCC Energy Transition (previously Oil & Gas) survey is supported by leading business advisory firm Johnston Carmichael and the clean energy group D2Zero. This year's survey took place with the backdrop of a Middle East conflict, highly dynamic geo-political landscape and a challenging policy environment.

The report has become established as a vital source of industry intelligence for businesses, policy makers and the media and the feedback gathered is instrumental in ensuring that the industry's voice is heard, enabling us to set out the practical challenges faced by the sector and ensure the necessary policy changes are secured.

Research approach

The online survey was updated with partner input to reflect the current environment and was live between 31st August and 2nd October 2026. Direct approaches were made to previous respondents, Chamber energy networks, and other trade bodies, with follow-up telephone calls to key contacts. The survey was also promoted more widely through Chamber news channels and other media.

A total of 110 organisations completed the survey (with a further 4 partial responses). Of these, 10 companies were operators and 104 were contractor/service companies. Collectively, respondents employ over 45,000 people in the UK and over 530,000 people globally. The research was managed by Research Chamber, the Chamber's in-house commercial research team at Aberdeen & Grampian Chamber of Commerce.

Thank you

The Research Chamber/Aberdeen & Grampian Chamber of Commerce would like to thank all energy businesses who responded to this survey. Without your input, we could not have delivered this research. Your continued support is invaluable to us in meeting our commitment to bring you independent and impartial insights into the key issues facing your business and the wider sector.

We would also like to thank our partners, Johnston Carmichael and clean energy group D2Zero for their support of this strategically important research work, helping the sector's voice be heard.

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Research Chamber

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Contact us at **research@agcc.co.uk**