Aberdeen & Grampian Chamber of Commerce

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Rt Hon Bill Esterson MP
Chair
Energy Security & Net Zero Committee
House of Commons
London
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3 July 2026

The future of the UK North Sea

Dear Bill,

I wanted to thank you and the members of the Energy Security and Net Zero Committee for taking the time to visit Aberdeen and hear first-hand from businesses, workers and communities about the realities of the UK's energy transition.

As we discussed, our message remains a simple one. The UK still relies on oil and gas for more than 70% of its energy needs, yet current policy is accelerating the decline of domestic production without delivering replacement industries and jobs at the pace required.

The result is a growing reliance on imports, the loss of highly skilled jobs throughout the UK, and a weakening of the industrial capability that will also be needed to deliver the wider energy transition.

We therefore continue to urge the Government to replace the Energy Profits Levy with the Oil and Gas Price Mechanism - which has been designed by the Treasury in partnership with the energy sector - as soon as possible. Restoring a stable and internationally competitive fiscal framework would unlock investment, provide confidence to investors and help safeguard the workforce and supply chain on which both our existing energy system and future low-carbon industries depend.

Alongside fiscal reform, we would encourage the Government to move quickly to approve projects such as Rosebank and Jackdaw, while also supporting responsible new drilling in the UK Continental Shelf. If Britain is going to continue consuming oil and gas for decades to come, it makes far greater economic, environmental and strategic sense to produce more of those resources domestically rather than importing them from overseas.

Analysis by Offshore Energies UK shows that replacing the current Energy Profits Levy with a permanent Oil and Gas Price Mechanism next year would generate an additional £15.7 billion in tax revenues over the coming decade by unlocking investment and sustaining domestic production. At a time when the Government is considering how to fund increased defence spending, those additional revenues would be more than sufficient to bridge the current funding gap in the Defence Investment Plan, without increasing taxes on working people or businesses or making further cuts to public services.

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This is not a choice between economic growth, energy security and the transition. With the right policy framework, the UK can achieve all three. The North Sea has powered Britain for more than half a century and, with the right decisions now, it can continue to provide the skills, tax revenues and industrial capability needed to support both our national security and our journey to net zero.

Thank you again for visiting Aberdeen and for taking the time to listen to the evidence from our region. We look forward to engaging further with the Committee as it develops its work and would be pleased to provide any additional evidence that would be helpful.

Yours sincerely,

Russell Borthwick
Chief Executive
Aberdeen and Grampian Chamber of Commerce

cc: Andy Burnham MP