



**Aberdeen &  
Grampian  
Chamber of  
Commerce**

Rt. Hon. Ed Miliband MP  
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Dear Secretary of State,

Further reports this week give us serious cause for concern about the direction of the UK and Europe's energy policy, which continues to undermine our energy security, global competitiveness and geopolitical credibility.

By pivoting from Russian supplied gas to becoming so heavily reliant upon imports of US liquefied natural gas (LNG), Europe has created a new high-risk geopolitical dependency in an uncertain world. While Norway has enhanced its pivotal role in European security of supply over the past four years, at considerable benefit to their energy industry and wider economy, the UK has adopted an incomprehensible position of eroding our own capabilities in producing, refining and supplying the energy that Europe so badly needs.

The UK North Sea's capacity to meet more European demand has been **hamstrung by a dysfunctional regulatory regime** that has impeded major projects like Jackdaw and Rosebank from being developed; **throttled by the Energy Profits Levy**, which has put domestic production at a crippling disadvantage; and **fatally incumbered by an ideological ban on new licences** which is stopping the UK from developing the new projects we so desperately need and is killing off the supply chain.

Reports today that the UK has continues to import refined oil products, such as jet fuel, that can be traced back to Russian crude via third countries, is particularly troubling and suggests that we are effectively sustaining the revenues of the Kremlin despite sanctions. These circumstances demand a sober reassessment of our domestic energy strategy, which continues to fail Britain.

Against this backdrop, there are three major problems, which I have outlined below – all of which could be readily solved by a government which is serious about energy security and backing homegrown industry.

Firstly, the UK has wrongly imposed an eye-watering tax burden on domestic oil and gas production through the Energy Profits Levy, placing our own producers at a significant competitive disadvantage relative to international peers. At a time of heightened global instability, this has discouraged investment in home-grown supply precisely when energy resilience should be a strategic priority. We know that oil and gas produced in the UKCS is extracted to the highest possible standards in terms of emissions reductions and safety. With imports, there is no such guarantee and the carbon footprint is invariably far higher. The Oil and Gas Price Mechanism should be brought forward with immediate effect to provide a fairer tax, reflecting more accurate windfall conditions in the energy markets. We cannot afford to wait until 2030.

Secondly, the accelerated decline in production from the UK Continental Shelf has materially increased our reliance on imports. This is not an abstract risk: it exposes households and businesses to greater price volatility, increases exposure to geopolitical shocks, and exports economic value and jobs that could otherwise be retained in the UK. You must not delay the design of Transitional Energy Certificates to allow development of 'tiebacks', but the UK government should also revisit its position on licensing to allow any field to be developed where the alternative is importing more oil and gas from overseas.



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Thirdly, the UK has systemically eroded its domestic refining capability at the very moment when global security concerns make the case for the opposite. A resilient energy system requires the industrial capacity to process and supply fuels domestically. The loss of refining capacity such as Grangemouth, leaves the UK structurally dependent on international supply chains over which it has limited control. The UK needs a stronger supply of feedstock to our refineries through sustained production from the North Sea to keep them viable for longer.

The trends outlined above leave the UK more exposed, less competitive and deeply compromised. Without following the solutions we have set out to address these structural problems, the situation will only get worse. Mark Carney in his powerful speech to the World Economic Forum this week spoke of the end of the established world order. Responsible nations should focus on bolstering their own strategic autonomy in this context. Energy security, economic security and national security are inseparable, and the policy decisions we take must reflect that reality.

The businesses among our membership stand ready to play a central role in delivering secure, affordable and lower-carbon energy for the UK, but this requires policy that values and favours domestic production over import dependency.

Yours sincerely

Russell Borthwick  
Chief Executive

Cc'd:

Rt. Hon Sir Keir Starmer KCB KC MP, Prime Minister  
Michael Shanks MP, Minister for Energy