

bp response to UK Government's Climate Compatibility Checkpoints consultation

Key Points

- bp supports the concept of a climate compatibility checkpoint that assists the UK to achieve its climate objectives as part of a managed energy transition. The checkpoint should be one of several factors to which Government will have regard when making decisions in relation to new licensing rounds, including security of oil and gas supply and the wider UK economy. There is a strong case for continued production of oil and gas from the North Sea in line with current climate objectives as outlined in the North Sea Transition Deal ("NSTD").
- bp agree with the proposed principles of the checkpoint but would suggest the additional principle of "effective" as a safeguard to ensure that the checkpoint promotes progress towards climate goals. As discussed further below, we also believe any test related to the end use of oil and gas should not be based on the UK acting unilaterally because this does not appropriately represent the international market for oil & gas production. We believe it should be clearly stated how each potential test is directly linked to the objectives of the checkpoint and this should inform the final decision.
- The checkpoint should be a simple and robust system, designed to avoid unintended consequences for the UK; for example, security of supply, investment certainty, attraction of the UK as an investment location etc. Providing a framework within which operators' activities contribute towards the UK meeting its net zero targets and providing the required stability to allow appropriate investment.
- We are broadly supportive of proposed tests 1-4 as set out in the consultation. We would emphasise, however, that industry's efforts to meet its NSTD objectives must be matched by timely Government and regulatory support, involvement and action in order to enable investment in energy technologies such as offshore electrification. It is likely that specific operators will disproportionately bear responsibility for delivering the NSTD 2030 target through projects such as electrification.
- Given the increasingly global markets for oil and natural gas, we doubt whether a Scope 3 / "production gap" approach could effectively be applied by the UK acting unilaterally (as proposed in tests 5 and 6), since these would appear unlikely in isolation to reduce the level of global – or even UK – demand for or use of natural gas or refined products. We would encourage the government to carefully consider the effectiveness of such an approach, alongside the potential for unintended consequences in terms of security of supply and the balance of UK production and imports.
- bp would welcome the opportunity for further consultation and engagement with Government and industry to consider these implications and potential alternatives to tests five and six.