Business Support Team Offshore Petroleum Regulator for Environment & Decommissioning Department for Business, Energy and Industrial Strategy AB1 Building Crimon Place Aberdeen AB10 1BJ

By email: BST@beis.gov.uk

Dear Sir/Madam,

Cambo Field Development - Consultation Response – Ref. No. D/4261/2021

Introduction

- 1. ClientEarth is a non-profit environmental law organisation based in London, Brussels, Berlin, Warsaw, Madrid, New York and Beijing. ClientEarth's Climate Accountability Initiative has expertise in international and national laws and policies concerning climate change, energy and major infrastructure project approvals. Part of this work focuses on the law relating to environmental assessment, including in the context of energy infrastructure and climate change.
- 2. Uplift is a not-for-profit initiative with a mission to support and energise the movement for a just and fossil fuel-free UK.
- 3. Friends of the Earth (England Wales Northern Ireland) is an environmental campaigning community dedicated to the wellbeing and protection of the natural world and everyone in it.
- 4. Friends of the Earth Scotland is an environmental campaigning organisation, working for environmental and climate justice and campaigning for the planet and its people.
- 5. E3G is an independent European climate change thinktank with offices in London, Brussels, Berlin and Washington DC. It works on the frontier of the climate landscape tackling the barriers and advancing the solutions to a safe climate.
- 6. Fossil Free London is a collaboration of groups campaigning for social, environmental and economic justice across London.
- 7. Parents for Future is a global network of parents inspired by the Fridays for Future movement who educate, empower and encourage more adults to take action on climate. Parents for Future UK and Parents for Future Glasgow are the UK and Glasgow branches of Parents for Future, respectively.
- 8. Platform is an environmental and social justice collective, with campaigns focused on the global oil industry, fossil fuel finance and building capacity towards climate justice and energy democracy.
- 9. Oil Change International is a research, communications, and advocacy organisation focused on exposing the true costs of fossil fuels and facilitating the ongoing transition to clean energy.
- 10. Mothers Rise Up is a fast-growing movement of ordinary mums who are worried sick about the climate crisis.

- 11. Climate Action Strathearn is a grassroots group aimed at addressing climate change issues on a local level.
- 12. Robin Hood Tax fights to fund communities through taxes on financial trading and fossil fuel extraction.
- 13. UK Student Climate Network (UKSCN) is a group of mostly under 18s taking to the streets to protest the government's lack of action on the climate crisis.
- 14. This document sets out the response of ClientEarth, Uplift, Friends of the Earth (EWNI), Friends of the Earth Scotland, E3G, Fossil Free London, Parents for Future UK and Parents for Future Glasgow, Platform, Oil Change International, Mothers Rise Up, Climate Action Strathearn, UKSCN and Robin Hood Tax to the current consultation by the Offshore Petroleum Regulator for Environment & Decommissioning (**OPRED**) regarding the application of Siccar Point Energy E&P Limited (**SPE**) in relation to the Cambo Field Development (**Cambo Project**).
- 15. The Offshore Oil and Gas Exploration, Production, Unloading and Storage (Environmental Impact Assessment) Regulations (**EIA Regulations**) requires Environmental Statements (**ES**) to contain prescribed information. ESs must include the *"likely significant effects"* of the project, including those resulting from *"the impact of the project on climate (for example the nature and magnitude of greenhouse gas emissions)"*.¹ The ES must also include information about, "[...] *the direct effects and any indirect, secondary, cumulative, short-term, medium-term and long-term, permanent and temporary, positive and negative effects of the project, including any effects on the environment in other countries"*² and *"take into account environmental protection objectives established in retained EU law or at national level"*.³
- 16. In reviewing the Cambo Project's ES, we consider that there are two fundamental omissions that do not appear to comply with the requirements of the EIA Regulations, covered in further detail in the sub-sections below. Specifically, there is an apparent failure to assess:
 - The significant climate change-related effects from the greenhouse gas emissions released from the combustion of oil and gas extracted from the Cambo Field (often referred to as "Scope 3 emissions" or "downstream emissions"); and
 - b. The cumulative, medium and long term, permanent, negative effects of significant climate-related environmental effects of the Cambo Project both in the UK and in other countries.

Excessive upstream emissions from the Cambo Project

17. The Cambo Project's ES outlines carbon emissions for various stages of the project lifecycle which are roughly in line with scope 1 emissions. The sum of these emissions is 3,604,566 tonnes CO₂e and 3,476,263.7 tonnes of CO₂. If Phase 1 extraction targets are met, this implies a carbon intensity of between 20.4kg-23kg CO₂/barrel of oil equivalent (**BOE**), the upper end of which is above the current average for projects on the UK Continental Shelf (UKCS) of 21kg CO₂/BOE.⁴

¹ Offshore Oil and Gas Exploration, Production, Unloading and Storage (Environmental Impact Assessment) Regulations, Schedule 6, Para 4(f).

² As above, Schedule 6, Para 5(b).

³ As above, Schedule 6, Para 5(d).

⁴ Rystad Energy, 'Press Release: Top North Sea emitter UK needs to electrify its rising oil and gas output to reach climate goals', 2020. available <u>here</u>

- 18. The North Sea Transition Deal—a joint commitment between the Department for Business, Energy and Industrial Strategy and Oil and Gas UK (OGUK)—requires a steady absolute reduction in scope 1 emissions on the UKCS against a 2018 baseline (10% in 2025; 25% in 2027; and 50% in 2030).⁵ The Committee on Climate Change (CCC) criticised the 2030 targets in its recent Report to Parliament, in which it stated that the 2030 target "falls well below the underlying 68% [emissions reduction target] in the CCC pathway [to the UK's legally-binding target of net zero emissions in 2050]."⁶
- 19. Given the projected start date of production in 2025 and the projected carbon intensity of oil and gas from the Cambo Project, it would likely fail to meet even the insufficient scope 1 emissions reduction targets in the North Sea Transition Deal, let alone the CCC's recommendation.

Failure to assess downstream emissions related to oil and gas produced by the Cambo Project

- 20. The Cambo Project's ES fails to assess scope 3 emissions, which will comprise the vast majority of the emissions associated with the project. There are several reasons why an assessment of the project's downstream emissions should be incorporated into the ES.
- 21. <u>First</u>, the Cambo Project would increase the UK's fossil fuel production and, through its significant scope 3 emissions, would both contribute directly to climate change and deplete the remaining global carbon budget⁷ for greenhouse gas emissions. This would undermine the UK's ability to fulfil its climate commitments and the global effort to achieve the goals of the Paris Agreement.⁸
- 22. According to the 2019 Production Gap Report published by the United Nations Environment Programme (**UNEP**), the level of fossil fuel production planned and projected worldwide by governments would exceed the levels consistent with 1.5°C and 2°C pathways by 120% and 50%, respectively.⁹ This implies an annual average growth in fossil fuel production of 2% per year over the next decade. However, the report finds that global oil and gas supply must be <u>reduced</u> by an average of 4% and 3% respectively per year over the next decade in order to be consistent with 1.5°C.¹⁰ Further, in light of the principle of "common but differentiated responsibilities", which is a cornerstone of the international legal regime governing national action on climate change, high-income countries like the UK are required to take on greater responsibility for mitigating climate change. This implies reducing its national oil and gas production at a rate that is faster than that required by the global average.
- 23. The International Energy Agency's (**IEA**) *Net Zero by 2050* report underscores the need to phase out oil and gas production. To be consistent with a 1.5°C warming scenario, it makes the unequivocal finding that, "no new oil and natural gas fields are required beyond those that have already been approved for development [in 2021]."¹¹

⁵ Department of BEIS, OGUK, 'North Sea Transition Deal', 2021, available here.

⁶ Committee on Climate Change, 'Progress in Reducing Emissions: 2021 Report to Parliament' 2021, p. 156 available <u>here</u>. ⁷ According to Carbon Tracker, the "carbon budget" is defined as, "the cumulative amount of carbon dioxide (CO2) emissions permitted over a period of time to keep within a certain temperature threshold." See Carbon Tracker's "Carbon Budgets Explainer", available here

⁸ See Art 1(a) of the Paris Agreement, where member states commit to, "[holding] the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels." Available here.

⁹ UNEP, "Production Gap Report" (Page 14), available <u>here</u>.

¹⁰ As above, Page 12.

¹¹ IEA, "Net Zero by 2050" (Para 4.3.1), available here.

- 24. The Stockholm Environment Institute has also found that, under baseline projections, high income countries alone would exceed global pathways for oil and gas production consistent with limiting warming to 1.5°C or 2°C in the next two decades.¹²
- 25. According to OGUK, oil and gas from the UKCS is relatively emissions intensive.¹³ As of the end of 2019, the carbon intensity of the UK's offshore production was almost three times that of Norway, and significantly higher than the European average.¹⁴ The emissions intensity of the UKCS' oil and gas infers that the UK will need to reduce UKCS production at a faster rate to obtain the same absolute emissions reductions as other European countries.
- 26. Although not enough information is contained within the Cambo Project's ES to fully estimate scope 3 greenhouse emissions, they are expected to be approximately 63.5-71.9 million tonnes for Phase 1 of the Project.¹⁵ This means that the Phase 1 scope 3 emissions alone are approximately equivalent to the annual greenhouse gas emissions of between sixteen to eighteen coal-fired power plants.¹⁶
- 27. The findings of UNEP, the IEA, and the Stockholm Environment Institute demonstrate an urgent need for an orderly phasedown of global fossil fuel production. Particularly in light of the international "production gap",¹⁷ the Cambo Project's scope 3 emissions would not be consistent with the reduction of oil and gas production required for the UK to reach net zero by 2050, nor with limiting global warming to 1.5°C or well below 2°C.
- 28. <u>Second</u>, the effect of increased extraction of fossil fuels in increasing overall emissions is widely recognised. The 2019 Production Gap Report explains that increasing fossil fuel extraction leads to increased overall emissions. The report states that, "...studies using elasticities from the economics literature have shown that for oil, each barrel left undeveloped in one region will lead to 0.2 to 0.6 barrels not consumed globally over the longer term (Erickson et al. 2018)."¹⁸ The report also explains how increased production "locks-in" fossil fuel infrastructure and downstream use,¹⁹ and that, "the effects of this lock-in widen the production gap over time, until countries are producing 43% (36 million barrels per day) more oil and 47% (1,800 billion cubic meters) more gas by 2040 than would be consistent with a 2°C pathway."
- 29. The relationship between increased extraction and increased overall emissions has also been noted by the Climate Change Committee (**CCC**) in their letter to the Secretary of State in respect of onshore oil and gas extraction, with conclusions which would apply equally to offshore oil and gas extraction. In the context of shale gas and citing the Production Gap Report, the CCC observes that:

"The addition of UK production to the market for fossil gas could lead to higher fossil gas consumption through displacement of low-carbon energy and/or an increase in energy consumption. Should extra UK fossil gas production lead to higher gas consumption

¹² Stockholm Environment Institute, "Trends in fossil fuel extraction" (Page 14), available here.

¹³ OGUK, 'Pathway to a Net-Zero Basin: Production Emissions Targets', available here.

¹⁴ Rystad Energy, 'Press Release: Top North Sea emitter UK needs to electrify its rising oil and gas output to reach climate goals', 2020. available <u>here</u>; see also OGUK, 'Pathway to a Net-Zero Basin: Production Emissions Targets', as above.
¹⁵ This estimate uses downstream emissions for a barrel of crude from the UK Forties field as a proxy (423 kg/CO₂e / barrel

of crude). Emissions factors from the Oil Climate Index, available <u>here</u>. Note due to the use of downstream emissions as a proxy this calculation will not capture the full extent of Scope 3 emissions.

¹⁶ This is based on average emissions from coal-fired power plants in the US: US Environmental Protection Agency, Greenhouse Gas Equivalencies Calculator, available <u>here</u>, and as reported in The Times: 'UK prepares to approve oilfield despite COP26 climate conference' 20201, available <u>here</u>.

¹⁷ The UNEP Production Gap Report defines the "production gap" as the "discrepancy between countries' planned fossil fuel production and global production levels consistent with limiting warming to 1.5°C or 2°C."

¹⁸ As above (Page 50).

¹⁹ UNEP, SEI, IISD, ODI, Climate Analytics and CICERO, 'The Production Gap: The discrepancy between countries' planned fossil fuel production and global production levels consistent with limiting warming to 1.5°C or 2°C', 2019, available <u>here</u>. See also the follow-up 2020 Special Report, available <u>here</u>.

globally, especially in the likely case that this is without CCS, this would push up global emissions."²⁰

30. <u>Third</u>, guidance and established good practice supports the inclusion of an assessment of indirect effects concerning downstream use. The reporting of Scope 3 emissions is routinely conducted by many oil and gas operators under international greenhouse gas accounting standards.²¹ In this context, the Energy White Paper of December 2020 stated that:

"In addition to reducing emissions from direct operations, known as Scope 1 and 2 emissions, we will challenge the sector to address embodied emissions from the consumption of their products or from supply chain activities, so-called Scope 3 emissions."²²

31. EU guidance on Environmental Impact Assessments (EIA) also supports the assessment of downstream emissions, suggesting a lifecycle assessment approach to cover both direct and indirect emissions impacts:

"The EIA should include an assessment of the direct and indirect greenhouse gas emissions of the Project, where these impacts have been deemed significant: direct greenhouse gas emissions generated through the Project's construction and the operation of the Project over its lifetime (e.g. from on-site combustion of fossil fuels or energy use); greenhouse gas emissions generated or avoided as a result of other activities encouraged by the Project (indirect impacts) ... The Life Cycle Assessment (LCA)²³ can be used to consider a Project's overall direct and indirect greenhouse gas emissions balance."²⁴

- 32. <u>Finally</u>, the importance of scope 3 emissions at the individual project and company level is being acknowledged by various courts around the world. For example, the Land and Environment Court of New South Wales made a landmark judgment in respect of the Rocky Hill Coal Project in 2019 (**Rocky Hill judgement**), which gives detailed consideration to scope 3 emissions in the context of EIAs and international jurisprudence.²⁵ Ultimately, the court found that consideration of the impacts of a project on the environment and public interest must include consideration of scope 3 emissions.²⁶
- 33. In a recent judgment against Royal Dutch Shell (Shell), The Hague District Court of the Netherlands stated that, "[in] its interpretation of the unwritten standard of care, the court has also included the internationally propagated and endorsed need for companies to genuinely take responsibility for Scope 3 emissions. This need is more keenly felt where these emissions form the majority of a company's CO2 emissions, as is the case for companies that produce and sell fossil fuels." The logic of this decision translates well to the context of individual projects. As the vast majority of the Cambo Project's emissions will be scope 3, it is imperative that the impact of these emissions is considered as part of the ES. The judgment also ordered Shell, which is a major stakeholder in the Cambo Project, to cut its emissions (Scopes 1, 2 and 3) by 45% by 2030. Although Shell has

²⁰ CCC, "Letter: Advice to the UK Government on compatibility of onshore petroleum with UK carbon budgets " (Page 4), available <u>here</u>.

²¹ See, e.g., World Resources Institute & World Business Council for Sustainable Development, 'Technical Guidance for Calculating Scope 3 Emissions under the Greenhouse Gas Protocol', available <u>here</u>.

²² Secretary of State for Business, Energy and Industrial Strategy, 'The Energy White Paper – Powering our Net Zero Future', December 2020 (p. 139), available <u>here</u>. Scope 3 emissions are defined as "*indirect emissions ... that occur in the value chain of the reporting company, including both upstream and downstream emissions*".

²³ According the European Commission, an LCA is, "an internationally standardised methodology [that] helps to quantify the environmental pressures related to goods and services (products), the environmental benefits, the trade-offs and areas for achieving improvements taking into account the full life-cycle of the product." An LCA should include an estimation of indicators of the environmental pressures of the project, including in respect of climate change. A full definition is available here.

 ²⁴ European Commission, 'Guidance on the preparation of the Environmental Impact Assessment Report', available <u>here</u>.
 ²⁵ Gloucester Resources Limited v Minister for Planning [2019] NSWLEC 7 (Para 485 – 513), available here.

²⁶ As above, para 513.

discretion as to how it achieves this emissions reduction, it is unclear how its ambition to develop the Cambo Project and expand production in the UKCS is consistent with the court order.

Cumulative impacts of the emissions association with the Cambo Project and other projects on the UKCS

34. The Cambo Project ES makes the following assumptions about cumulative impacts:

"SPE acknowledges that the atmospheric emissions from the proposed Development to wider global environmental impacts, such as global climate change. However, it would be impossible to assess the individual contribution of the Cambo Field Development to such effects."²⁷

35. The Cambo Project's ES goes on to assert that:

"the individual climate change impact of the planned operations at the Cambo field are comparatively so small that they are impossible to assess on their individual merit" and "[...] on a wider scale the additive contribution to the emissions of the overall UK oil and gas industry from the proposed operations can be viewed as of little significance and therefore their cumulative effect is also expected to be minimal."

- 36. The Cambo Project's emissions and their cumulative climate change-related effects together with emissions from other oil and gas projects should be incorporated into the ES. Information about the climate-related cumulative impacts of the operational and downstream emissions of projects is necessary for the government to make informed decisions concerning an individual project's impact on limiting global warming to 1.5°C or 2°C.
- 37. The assertion that the cumulative impacts of a project are impossible to quantify is not accurate, particularly in the context of the world's remaining "carbon budget" and the production gap (see paragraphs 21 27, above). To illustrate this:
 - a. The UNEP Production Gap Report makes clear that, "to follow a 1.5°Cconsistent pathway, the world will need to decrease [overall] fossil fuel production by roughly 6% per year between 2020 and 2030."²⁸ Countries' planned and projected production already implies an average growth rate of 2% per year to 2030. As such, <u>new fossil fuel projects cannot be compatible</u> with 1.5°C or 2°C pathways unless a significant proportion of planned / projected projects do not go ahead.
 - b. The IEA's Net Zero by 2050 report makes clear that <u>from 2021, no new oil or</u> <u>gas fields should be approved for development if net zero is to be achieved by</u> <u>2050</u>.²⁹
- 38. The IEA's findings are critical in light of the UK's legal obligation to reach net zero by 2050. Fatih Birol, the Executive Director of the IEA, confirmed that, "*if [the UK] still give[s] licences for coal or oil or gas investments or exploration, this might contradict with their own domestic climate goals*."³⁰ The CCC stated in its 2021 Report to Parliament that, "Decisions on road building, planning, [and] fossil fuel production [...] are not only potentially incompatible with the overall need to reduce emissions but also send mixed messages and could undermine public buy-in to the Net Zero transition."³¹ To this end, the

²⁷ Cambo Environmental Statement, page 8-8.

²⁸ UNEP, "Production Gap Report", available <u>here</u>.

²⁹ IEA, "Net Zero by 2050" (Page 20), available here.

³⁰ Sky News, "Climate change: No gas boilers to be sold by 2025 to reach net zero", available here.

³¹ CCC, "Progress in reducing emissions: 2021 Report to Parliament" (Page 26), available here.

CCC have recommended that the government apply a "net zero test" to ensure that all government policy decisions are compatible with its net zero target.

39. The position that no individual project can be associated with significant, long-term, permanent and negative climate change-related environmental effects because its emissions are not significant compared to global emissions is also not consistent with the evolving international consensus concerning cumulative climate-related impacts. To illustrate, the Rocky Hill judgment strongly rebuts this argument and makes clear that the individual and cumulative climate-related impacts of projects must be taken into consideration:

"The direct and indirect GHG emissions of the Rocky Hill Coal Project will contribute cumulatively to the global total GHG emissions. [...] It matters not that this aggregate of the Project's GHG emissions may represent a small fraction of the global total of GHG emissions. The global problem of climate change needs to be addressed by multiple local actions to mitigate emissions by sources and remove GHGs by sinks. [...]

Many courts have recognised this point that climate change is caused by cumulative emissions from a myriad of individual sources, each proportionally small relative to the global total of GHG emissions, and will be solved by abatement of the GHG emissions from these myriad of individual sources."³².

Conclusion

- 40. We consider the ES of the Cambo Project to be inadequate, as it describes excessive scope 1 emissions and fails to address scope 3 emissions and the cumulative climate change-related effects of the project's emissions. This information is critical to properly assess the impacts of the project, and the compatibility of the project with the UK's national and international climate commitments.
- 41. As set out in paragraphs 21-25 above, there is strong scientific evidence that new oil and gas production is not compatible with net zero by 2050, nor with a 1.5°C or 2°C pathway. The world's fossil fuel production gap necessitates a decline in production, while approval of the Cambo Project would lead to an increase in domestic production. To achieve net zero by 2050, no new oil and gas fields should be approved for development from 2021. Given the drastic need to reduce oil and gas production and the high emissions intensity of the UKCS, approval of the Cambo Project would be directly contrary to the actions required for the UK to meet its national and international climate change commitments.
- 42. On this basis, consent for the Cambo Project should not be granted.
- 43. Please do not hesitate to contact Sam Hunter Jones (<u>shunterjones@clientearth.org</u>); Daniel Jones (daniel@upliftuk.org) Rachel Kennerley (<u>rachel.kennerley@foe.co.uk</u>) Caroline Rance (<u>crance@foe.scot</u>), Leila Mimmack (leilamimmack26@hotmail.com) David Hillman (<u>David@robinhoodtax.org</u>), Rosemary Harris (<u>rosemary@platformlondon.org</u>), Euan Graham (<u>euan.graham@e3g.org</u>), Laurie van der Burg (<u>laurie@priceofoil.org</u>), Claire Larkin (<u>larkinclaire@hotmail.co.uk</u>), Charlotte Howell-Jones (<u>charlottehowelljones@gmail.com</u>), Maya Mailer (<u>mailermaya@gmail.com</u>), Helen McCrorie (helenmccrorie@hotmail.com) or Lola Fayokun (<u>temilolafayokun@gmail.com</u>) for further information on anything contained in this response.

Submitted by:

see overleaf

³² Gloucester Resources Limited v Minister for Planning [2019] NSWLEC 7 (Para 515 – 516), available here.

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