

260531 Reminder NfWW No.114 Why the North Sea isn't the answer

As, at the time of writing, the blockade of the Strait of Hormuz continues and the world's energy crisis worsens, there are growing calls from some UK politicians and some in the media to drill for more North Sea oil and gas. This article sets out why this is not the answer to our current problems.

First, oil and gas extracted from UK waters are sold on international markets at international prices. This means that even if the UK increases production, British households and businesses still pay prices largely determined by global events, such as wars, geopolitical tensions, or decisions by major producers like OPEC.

Second, new drilling would not be a quick fix. Developing new fields usually takes several years before production begins, so the timeline doesn't match the urgency. New licences issued today would likely not produce substantial quantities until the 2030s. By then, demand for fossil fuels is expected to be falling as economies decarbonise and electric heating and transport expand.

This would mean by the time they come onstream new wells could become stranded assets.

Third, some argue that new North Sea oil and gas sold on international markets would help our balance of payments. Maybe, but again not for several years and then only modestly, as future oil prices may well be lower than today due to declining demand.

Fourth, the North Sea is already a mature basin. Most of the easily accessible reserves have been extracted. Remaining reserves are increasingly difficult and expensive to exploit. New projects often require tax breaks or subsidies to remain profitable.

Fifth, and most importantly, there is climate change. The UK has legally binding commitments to reduce greenhouse gas emissions to net zero by 2050. The scientific consensus, including assessments by the International Energy Agency, is that limiting global warming requires a rapid reduction in the use of fossil fuels.

Expanding oil and gas extraction, therefore, risks undermining Britain's credibility on climate policy.

Supporters of new drilling often argue that Britain would otherwise import more gas from abroad, potentially from countries with lower environmental standards. While there is some truth in this, the more effective long-term solution is not simply replacing foreign fossil fuels with domestic ones, even if we could, but reducing overall dependence on oil and gas altogether.

Improving home insulation, expanding renewable energy, investing in energy storage, modernising the electricity grid, and increasing energy efficiency can permanently cut exposure to volatile fossil fuel markets.

True energy security, which we all want, comes from sources that can't be disrupted by geopolitics – that means domestic renewables. Wind, solar, and tidal are abundant in the UK and, once built, have minimal operational costs, immune to global price shocks.

Furthermore, renewables now produce the cheapest electricity.

Surely, long-term energy security will come less from drilling deeper into a declining North Sea basin and more from building a low-carbon energy system.

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