



# **Business & Supply Chain Outlook**

The energy ecosystem

23 May 2024

# Choosing a homegrown energy transition

Evolution of the UK's energy landscape

Securing investment for energy projects

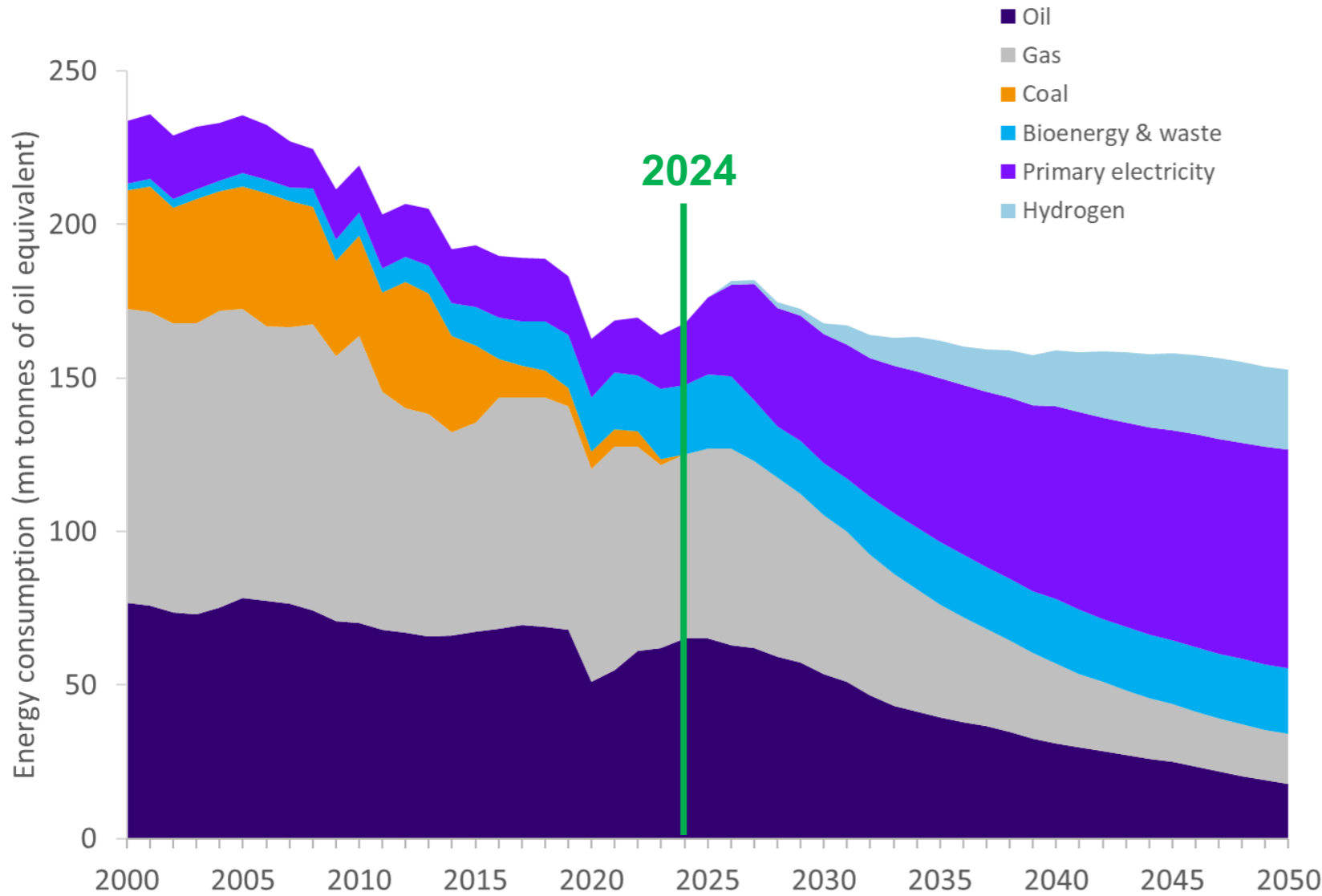
Growing the UK's energy supply chain



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# Energy consumption patterns are changing

## Will we achieve a net zero pathway?



Sources: DESNZ, CCC, OEUK

Energy consumption has fallen 30% in last 20 years

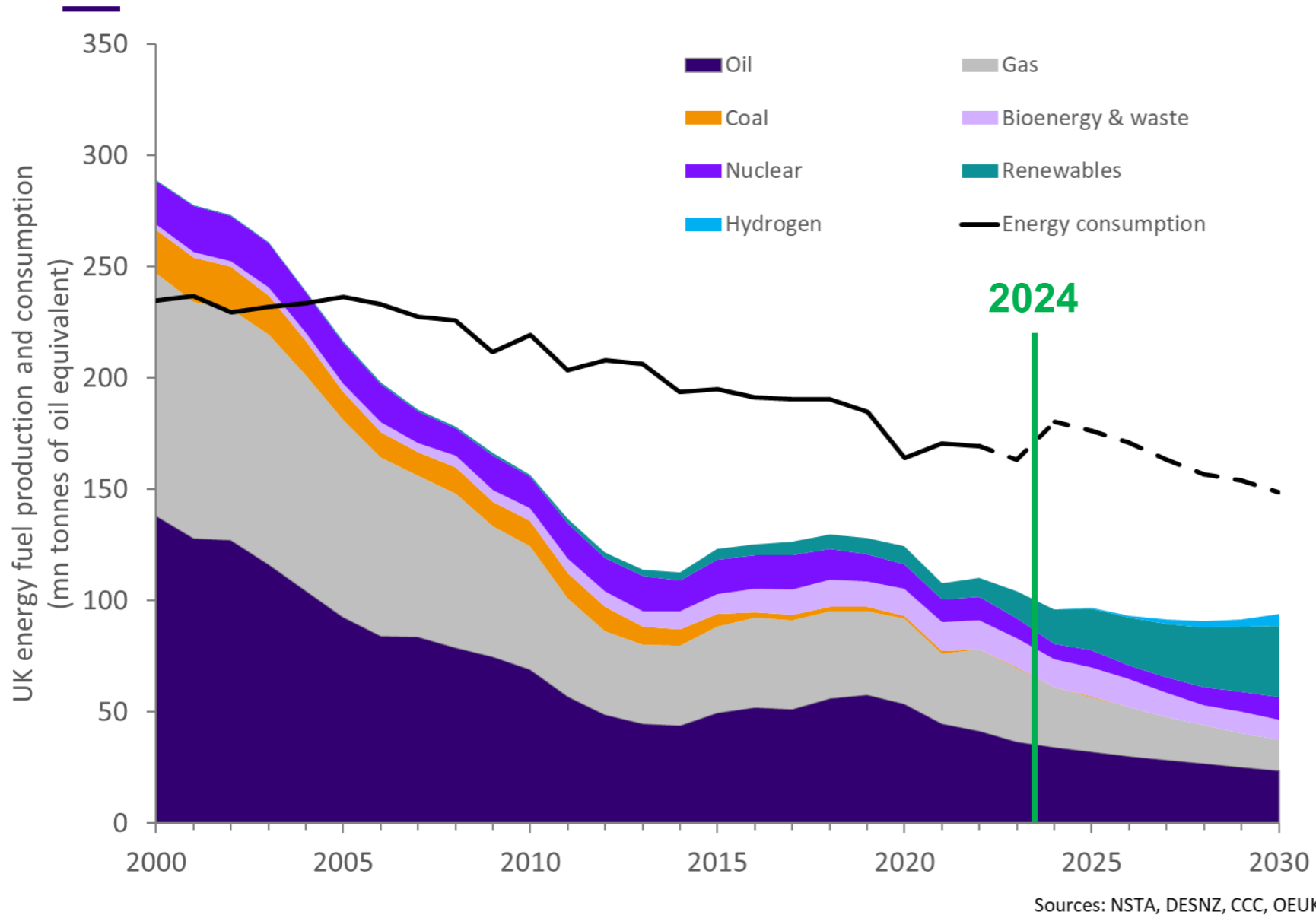
Oil and gas continue to provide 74% of energy

A reversal of electricity decline is needed to offset oil and gas

Hydrogen could grow to the same scale that electricity use currently is

# Energy production has fallen to record lows

Diversity is increasing, but output growth unlikely this decade



The UK is producing less energy than ever before – 60% of demand

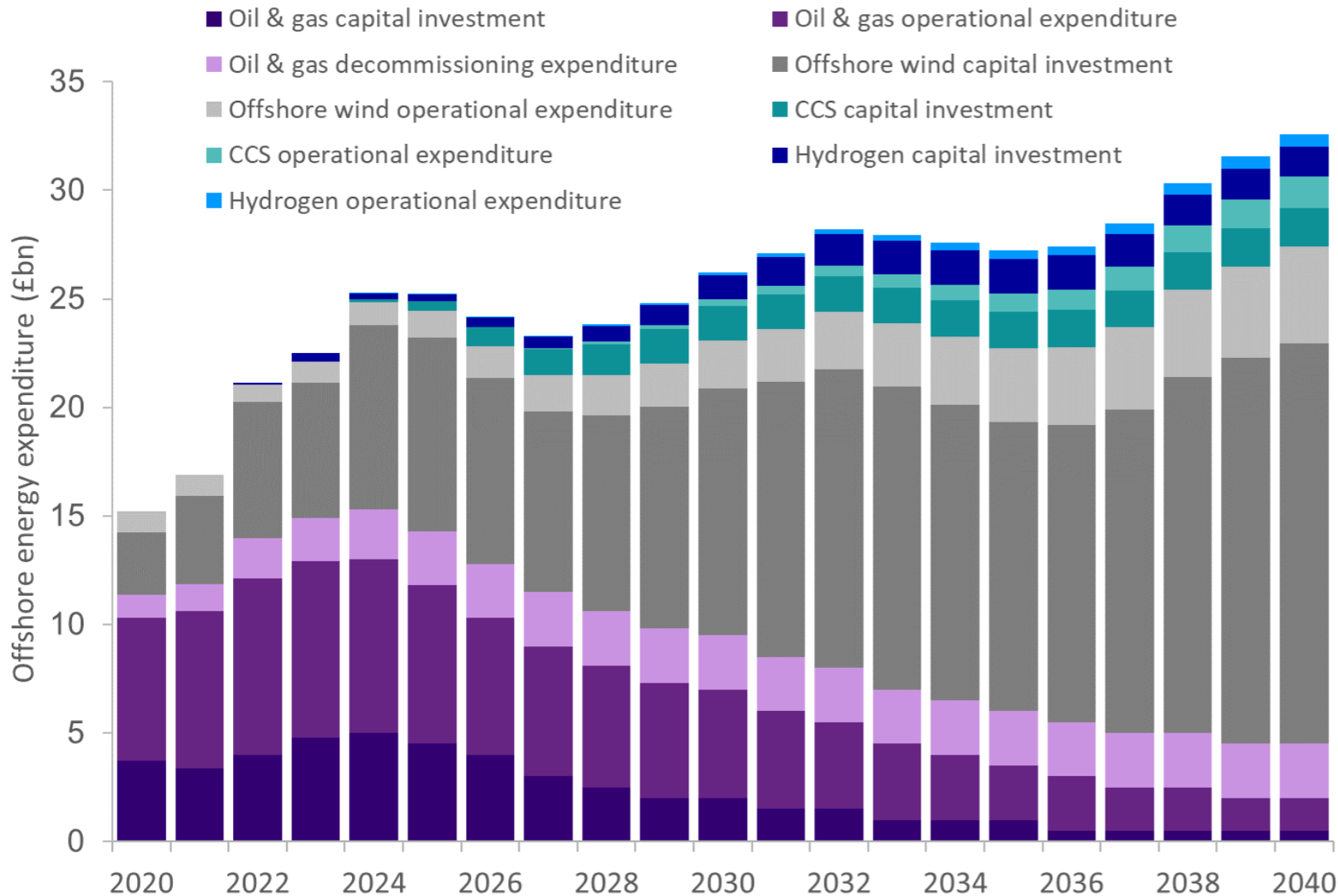
Oil and gas production is 70% of output now, could be less than ½ in 2030

Renewables up 8-fold since 2010 – now 10% of production, and growing

The UK will remain a net energy importer – but to what extent?

# There is big opportunity ahead

Spend could grow 30%, but investors need more certainty



Source: OEUK, NSTA, Rystad

Offshore energy spend to be £450bn to 2040 - competitiveness key

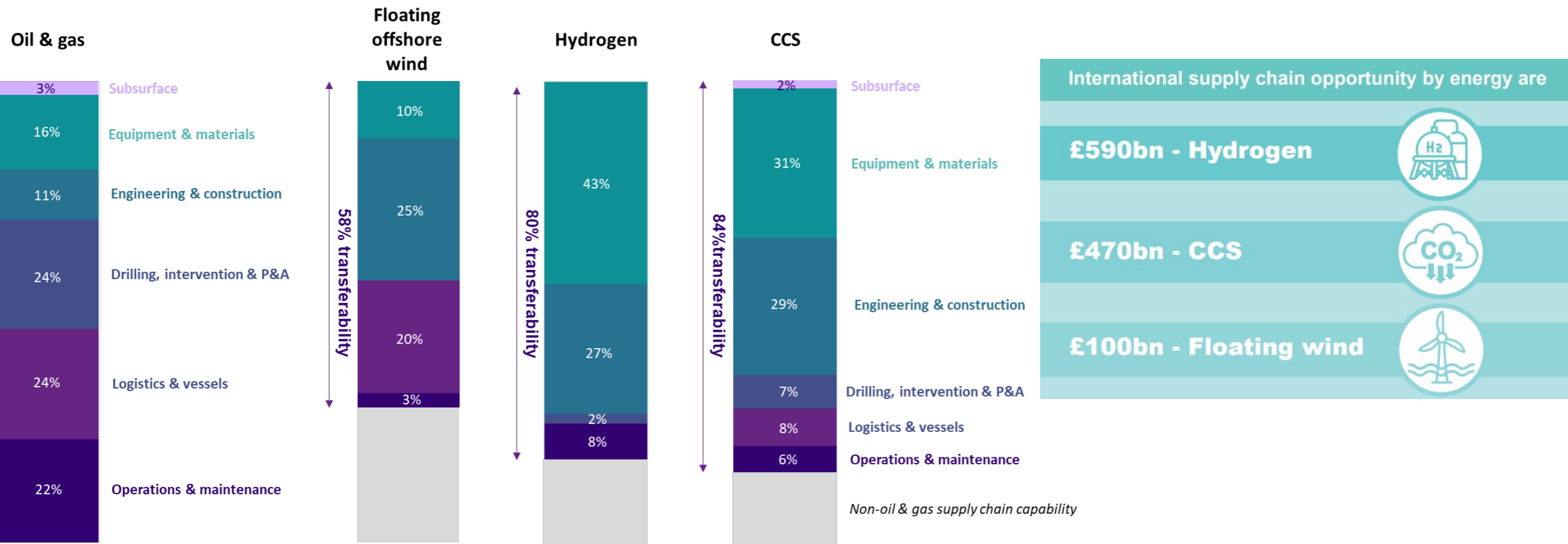
Oil and gas spend declines, but still a significant market

Offshore wind drives growth. CCS & hydrogen become established

Huge supply chain opportunity, but only if capacity is in place

# Oil & gas supply chain experience gives the UK a big advantage in new markets

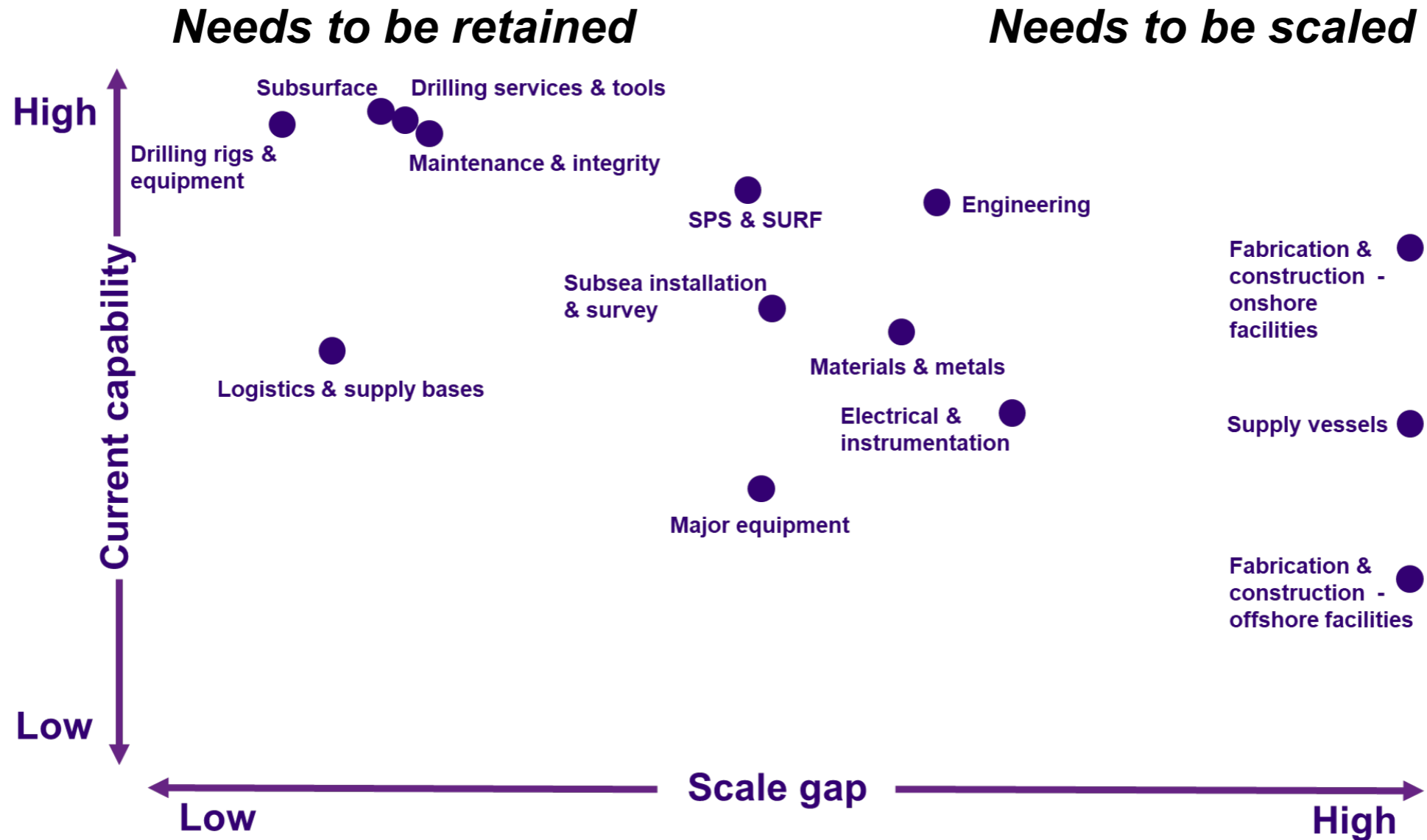
58% transferability to floating wind; 80% to hydrogen; 84% to CCS



Source: Rystad, OEUK

# Investing in the right capabilities, at the right time, is crucial

Action needed to retain key segments; certainty needed to enable investment to scale capacity



Source: Rystad, OEUK



## Choosing a homegrown energy transition

£450bn energy opportunity to grow the economy – but warning lights are flashing

The energy landscape continues to evolve, but the UK is producing less than ever before - meaning more imports

There is huge opportunity, £450bn, to increase energy security, reduce emissions, create jobs and grow the economy

Getting the UK market right will help companies access a £1tn+ international market

Policy conditions, and their stability, are key to unlocking these opportunities

Policies need to reflect changing economic conditions

The UK is competing internationally – it needs to keep pace or investment and supply chain will go elsewhere

A relentless focus on the health of the supply chain is crucial

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