

# View from the top

**Q&A:**  
**Sir Ian Wood KT**  
GBE

As we move towards net zero, the energy industry will play a critical role in providing the technology and the solutions. We need new perspectives, new skills and new ways of thinking



**Energy Focus talks with Sir Ian Wood**, the man behind Wood Group's massive global growth, Chair of Opportunity North East (ONE) and a vocal advocate of accelerating the energy transition to more sustainable sectors



**In the current environment, what advice would you give to business leaders trying to survive and grow?**

The impact of COVID-19 and accompanying fall in commodity prices has had a significant impact on the industry and the global economy, presenting additional challenges for those looking to export.

Businesses have demonstrated resilience and adaptability and government has acted quickly to support the economy. The challenge now is to step back from reactive thinking and action. Business owners and leaders need to reset, assess the market and any new opportunities, and focus on how they can deliver to take full advantage of these as the industry prepares for economic recovery.



**As Chair of ONE, what are your objectives for Aberdeen and Aberdeenshire?**

ONE was formed four years ago as a private sector-led, not-for-profit economic development company to broaden our economy so it depends less on oil and gas. It has become a leading force in economic and business development in the region and is an important co-funder of projects with regional and national partners.

We have economic strengths beyond energy, with major shares of national food and drink production, enormous tourism potential, a dynamic life sciences cluster and exciting digital developments. The focus is on action and delivery, with targets set for each of the industry sectors that contribute to national economic goals.



**What are the key strengths that the region offers, and how are these relevant to helping achieve net-zero carbon 2045 goals?**

The region's assets include 50 years of oil and gas experience, our significant offshore infrastructure, and an entrepreneurial, globally-focused company base. The skills and expertise developed in oil and gas developments lend themselves to diversification, and

these strengths uniquely position the north east of Scotland to play an important role in developing innovative low-carbon solutions.

This region is home to half of Scotland's energy jobs, and has a highly skilled, internationally experienced supply chain that is skilled in operating remote, complex floating production facilities in harsh environments and expert in complex large-scale project management.

We have the ambition, capability and capacity to make a significant contribution to net zero and already have several noteworthy projects – the Acorn hydrogen and CCUS projects, Aberdeen Hydrogen Hub, world-leading floating wind demonstrators, the European Offshore Wind Deployment Centre and the proposed Energy Transition Zone (ETZ), which will lever the £350m Aberdeen Harbour South investment in a new deep-sea green port.



**What is needed from government, the oil and gas industry and the supply chain to create the confidence to invest and grow low-carbon businesses at scale?**

The energy industry has the opportunity to contribute £2.5tn to the UK economy and create more than 200,000 new jobs supporting activity across the UK.

Discussions are ongoing with the UK government on a transformational North Sea Transition Deal. This will set out how the oil and gas industry will play its part in supporting a green recovery that attracts investment, and jobs, and boosts the supply chain. The ask for government is to support a transformational deal, including demand stimulation and a funding package to help the industry to reskill towards alternative forms of energy and the push towards net zero.

The Scottish Government's £62m Energy Transition Fund will support businesses during the next five years as they grow and diversify, and will help attract private sector investment in the region. Major projects to be considered for funding include the Global Underwater Hub, Net Zero Solution Centre projects, Aberdeen Hydrogen Hub, the Acorn project and the ETZ.

The UK's upstream oil and gas industry was one of the first sectors to embrace the 2050 target, with OGUK



## About Sir Ian Wood

Born and educated in Aberdeen, Sir Ian Wood is a well-respected and influential global businessman. His career began in the North East fishing industry, but he is best known for his work in the North Sea and international oil industry with Wood Group, serving as Chief Executive from 1967 to 2006 and as Chairman until 2012. He was the author of the Maximising Economic Recovery UK Report and led the start-up of the Oil and Gas Technology Centre. Sir Ian remains Chairman of JW Holdings Limited, is the current Chancellor of Robert Gordon University and Chair of ONE. Committed to the importance of philanthropy, Sir Ian and his family established The Wood Foundation in 2007. In 2019, he received the Carnegie Medal of Philanthropy.



# The North Sea Transition Deal will set out how the oil and gas industry will play its part in supporting a green recovery

Roadmap 2035 highlighting the role the sector can play to help the UK achieve the energy transition.

## Is Aberdeen ready to take advantage of the opportunities that will arise from CCUS and hydrogen, having missed out on the large prizes that offshore wind presented?

The region is well placed to take advantage of CCUS and hydrogen opportunities, and the huge opportunity ahead with offshore wind. It is simply not true to say we have missed that opportunity. We have an immediate opportunity unlocked by the Crown Estate's ScotWind leasing round, adding a further 8–10GW capacity in the next 10–15 years, with investment expected to surpass £8bn. Many sites are within a 100-mile radius of Aberdeen, and the combination of Aberdeen Harbour South and the ETZ will provide a game-changing proposition to the offshore wind industry.

The Offshore Wind Sector Deal sets out an ambitious partnership between government and industry to raise the productivity and competitiveness of UK companies to ensure the UK continues to play a leading role. The planned ETZ will ensure the region can offer the combined marine and onshore support to accommodate large scale renewable activity to support these projects.

One-third of the UK's CO2 storage capacity is located within 50km of Aberdeen, highlighting the strategic importance of the region in reusing infrastructure and building on existing knowledge. The onshore facilities and pipeline infrastructure are already being redeployed towards carbon capture and storage through the Acorn CCS

project, and the Acorn Hydrogen project at St Fergus Gas Terminal will initiate large scale blue hydrogen production by 2025. As higher levels of green hydrogen production are unlocked through offshore wind power, the region is well placed to scale up activity to meet the demand for heat, transport and industrial use.

## What do you want government to prioritise as its key deliverables during the next one to two years?

ONE's submission to the Scottish Government's independent advisory group on economic recovery outlined clear priorities: focus on high potential opportunities to safeguard and create new high-quality jobs, and aim to produce sustainable employment, particularly for young people. Accelerate the application of digital technology to maximise efficiency and productivity. Maximise the energy transition opportunity in green recovery. Provide some funding to enable the North East of Scotland to progress an Energy Transition Zone that will be key in establishing energy transition as a major new

# Without the oil and gas industry, the transformation of the energy sector will be more difficult and more expensive, and will take longer



industry in the region. Aim to build significantly on our oil and gas and energy transition export activities. Ensure UK supply chain companies get some market priority to enable them to get into the business and build up at least for a period of time. Reduce bureaucracy, particularly in planning, to enable faster decisions in delivering new investment and infrastructure – for example, a new offshore wind project still takes something like 10 years from concept to operation.

For the UK Government, we also want it to support the North Sea Transition Deal, accelerate support for CCUS and articulate a clear ambition on hydrogen that will put the relevant policy levers in place to stimulate demand and support the commerciality of green hydrogen. Both governments need to do everything they can to support the energy supply chain now.

## Do you believe it is realistic for oil companies to be successful, and competitive, and to generate suitably high margins in both oil and gas as well as renewables?

I think there is real commitment and determination from many oil companies to do this, and I believe it's possible. If I take BP as an example, it has set out how it plans to maintain the necessary cashflows from hydrocarbons while it scales its low carbon and energy transition businesses. It expects to get 8%–10% returns across its renewables portfolio, but it also intends to continue to focus on its hydrocarbon business as an engine of cashflow.

The oil and gas industry will be critical for key capital-intensive clean energy technologies to reach maturity. Scaling up these technologies and bringing down their costs will rely on large-scale engineering and project management capabilities – qualities that are a good match to those of large oil and gas companies. Without the oil and gas industry, the transformation of the energy sector will be more difficult and expensive, and will take longer.

## What actions are needed to make Scottish and British supply chain companies competitive on a world stage?

North Sea oil and gas expertise gives us a great starting advantage, but we must work harder and faster to identify the existing

skills and technology from oil and gas that can be applied to low-carbon areas including offshore wind, hydrogen and CCUS. The OGTC Closing the Gap report is helpful, as it has started to outline what needs to be done to progress some of these priorities.

We are already exporting almost £12bn of goods and services to other basins around the world, and we need to focus on creating the environment and conditions to support the supply chain diversify into new markets at home and abroad.

Connecting companies to opportunities is a key role for ONE. In partnership with Scottish Development International and the Scottish Government, we support Scottish companies looking to export through peer-to-peer knowledge events and through energy market specialists located in Boston, Kuala Lumpur, Mumbai, Mexico City, and soon Johannesburg.

The international market specialists focus on supporting market entry and growth in specific regions – offering extensive insight and expert advice on how to grow business overseas successfully.

The right advice from in-country specialists can have a significant impact on successful outcomes and fast-track progress, and access to “boots on the ground” is proving more valuable than ever for those navigating international markets in these challenging times.

# While I encourage exporting ambition, limit your exposure to risk and be targeted with the opportunities you pursue

## We were delighted to welcome you once again as a keynote speaker at our Energy Exports Conference. How important are events like these in encouraging international trade and kickstarting exports growth?

It's vitally important we continue to focus on international and export opportunities and provide support for those looking to export at a time when the global economy presents additional challenges. We must retain our strong international and outward-looking approach to build on our existing export activity, support international energy transition projects and drive further export growth.

I commend EIC and partners for successfully putting together a virtual event to provide businesses with insights on international energy markets and connect them with export opportunities.

## What advice would you give to companies looking to take the first steps towards exporting?

I encourage companies and anyone interested in exporting to new territories to first do their research, get your best people to visit, and use the market specialists and the wider support of SDI, DIT, UK Export Finance and other organisations. Speak to other companies that have been successful

in your target markets; there is so much you can learn from your peers.

While I encourage ambition, limit your exposure to risk and be targeted with the opportunities you pursue. Pick one or two potential opportunities and do due diligence to fully understand the market, the customer and the opportunity. Many of Wood Group's first steps into new markets were with existing customers, so we understood their business and way of working; this was a great advantage, as we took time to understand new countries and over time build up our in-country presence.

## What more needs to be done to help enhance diversity and shape, inspire and grow energy leaders of tomorrow?

The energy industry is a great place to work, with opportunities for development for people from a huge range of disciplines and backgrounds. The transition ahead makes the industry an exciting and long-term career choice. As we move towards net zero, the energy industry will play a critical role in providing the technology and the solutions. We need new perspectives, new skills and new ways of thinking.

We are now seeing real progress in companies across the industry, and the work of the OGUK Diversity and Inclusion Task Group in championing a diverse and inclusive working environment within energy is very welcome.

## What do you hope will be achieved at COP26 in Glasgow in November 2021?

The industry and the supply chain have a tremendous opportunity to showcase how the UKCS, as a mature province, can be an exemplar of how the natural synergy between oil and gas and energy transition will accelerate solutions.

I want to see both governments with a shared vision of green economic recovery, demonstrating that real action is being taken to achieve this.

The ask right now is for government to support a North Sea transformational deal. The hope is that, in 12 months, that ask has been answered, and tangible progress made in implementing it is being showcased at COP26. ●