UNCOVERED: How opaque groups and privileged access enabled the fossil fuel industry to derail the windfall tax

New research published by Fossil Free Parliament, with support from the Fossil Free Politics coalition as part of the People over Polluters campaign.

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This research has been reviewed by the Fossil Free Politics coalition, Uplift, and journalists at DeSmog.

If you have any questions or comments about the information published here, please contact the Fossil Free Parliament team on info@fossilfreeparliament.uk.

Please see the bottom of the document for a timeline of the key events discussed.

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Introduction

The fossil fuel industry has reaped record-breaking profits from the energy crisis, even as millions of people in energy poverty have paid the price through their skyrocketing bills. Decades of industry lobbying to prolong the life of fossil fuels rather than shifting to renewables has left us vulnerable to high prices – and at the same time made oil and gas firms extraordinarily rich and powerful. The continued influence of these polluters over our politics has enabled them to shape the UK's response to the energy crisis, protecting their windfall profits at the expense of people and planet.

Even as people across Britain are demanding real action to address climate change, insulate homes and fight fuel poverty, Parliament and Government have failed to step up, opting instead to ignore, block, and often punish campaigners' efforts. One of the main explanations for this failure lies in the enormous influence of the fossil fuel industry. Through prolific lobby meetings, privileged access to decision-makers through Parliamentary events, donations and cushy job offers, the fossil fuel industry protects its obscene profits by delaying climate legislation, securing breathtaking subsidies and tax breaks, and channelling public resources into false 'solutions' that enable them to keep profiting-and-polluting-as-usual.

Fossil Free Parliament is a UK-wide movement campaigning to end the fossil fuel industry's power over our politics for good. In this briefing, we present new research that uncovers the extent to which the fossil fuel industry has derailed the windfall tax: through opaque groups and special access to MPs and Ministers, the industry has ensured theirs is the voice that is listened to, no matter the cost to lives and livelihoods.

How OEUK and its members undermined the windfall tax

In spring 2022, as the UK faced an intensifying cost of living crisis that brought cases like that of Elsie, the pensioner who rode the bus all day to keep warm,[1] to the foreground, the campaign for a windfall tax finally had a breakthrough. An ideologically opposed Conservative Government was forced to u-turn and introduce a tax on the excess profits that fossil fuel companies were reaping due to the war in Ukraine, and its effect on oil and gas prices. **The windfall tax would raise revenue to help alleviate fuel poverty and squeezed household finances: in other words, every pound it raises matters, as does every loophole that enables companies to forgo paying it.**

Against this backdrop, and unconcerned by households facing heating or eating scenarios, the fossil fuel industry has pulled out all the stops to derail, undermine and weaken the windfall tax. Key to this effort is one of Britain's most influential fossil fuel lobby groups, Offshore Energies UK (OEUK), which rebranded from Oil and Gas UK in February 2022. OEUK's Operator members include fossil fuel companies that drill in the North Sea, ranging from household names like Shell, BP, Equinor and TotalEnergies, to less well known but major North Sea oil and gas producers such as Harbour Energy, Neptune Energy and Ithaca Energy. (OEUK's other membership categories, meanwhile, include various fossil fuel industry affiliates – see Box A).

OEUK and its members have used their extensive and privileged access to politics to influence the Government response to the energy crisis and ensure they can keep profiting from war and climate chaos. **In the year following Russia's invasion of Ukraine on 24th February 2023, UK Government ministers met OEUK or its Operator member companies more than 210 times. That means Ministers were meeting OEUK and its oil and gas producing members more than once every two days – or nearly once every working day – for the whole year. By contrast, ten of the UK's leading environmental, social justice and fuel poverty groups had a combined total of just 32 meetings with Ministers in the same period.**[2]

1. The Guardian, Woman who rides bus to stay warm is tip of pensioner poverty iceberg, 03/05/22, https://www.theguardian.com/business/2022/may/03/stories-like-elsies-highlight-pensioners-plight-and-the-inadequate-help

Box A: Far more meetings if we count fossil fuel industry affiliates, and civil servants too

Oil and gas lobby OEUK's membership has three categories – Operators, Contractors and Associates.[3] When calculating our meeting numbers, we included only Operators, the firms extracting oil and gas from the North Sea – but the fossil fuel industry is much broader than this, and many of the industry's affiliates and contractors also exert considerable influence over policy-making. On the windfall tax, OEUK has told the Chancellor that it impacts the whole sector "including its supply chain which relies on ongoing projects by operators to produce oil and gas in order to sustain their businesses."[4] OEUK's Contractor members include massive oil and gas services firms like Wood, Baker Hughes and Petrofac (as well as more tangential affiliates such as law firms like White & Case, lobby firms like Weber Shandwick, and consultancies such as KPMG and McKinsey). The role of affiliates like service contractors in the success of fossil fuel industry lobbying is significant and should not be ignored – as the example of Sir Ian Wood illustrates.

2. The ten groups are: Greenpeace, Friends of the Earth, WWF, Global Witness, Shelter, Age UK, Child Poverty Action Group, National Energy Action, Fuel Poverty Action, End Fuel Poverty Coalition.

North Sea oil and gas services company Wood Group was built up by Sir Ian Wood, an incredibly influential fossil fuel industry veteran who – according to meeting minutes released under FoI law – "raised concerns on energy profits levy" (ie the windfall tax) to the Secretary of State for Scotland Alistair Jack in December 2022.[5] Officially, the meeting was with the Energy Transition Zone, which is chaired by Ian Wood and involves BP and the Net Zero Technology Centre (whose members include BP, Equinor, Shell, TotalEnergies, etc).[6] Sir Ian Wood – who also chairs Opportunity North East, which has OEUK on its board[7] - has been a vocal opponent of the windfall tax throughout, saying it will have a negative impact on North Sea oil and gas investment and damage the UK's energy security.[8] When the windfall tax was being drafted in June 2022, Sir Ian Wood dined a senior Government official,[9] and in May 2023 he called on the Government to introduce a price floor[10] (which it did, the following month – see below). His influence on Government cannot be underestimated – Sir Ian Wood conducted the review for the UK Government that led to the formation in 2015 of the fossil fuel industry-permeated Oil and Gas Authority (OGA), with a commitment to maximising economic recovery (MER) of oil and gas.[11] The OGA - rebranded the North Sea Transition Authority (NSTA) in March 2022 - is the 'regulator' that gave the development of Rosebank oilfield the stamp of approval in September 2023.[12]

If we considered the broader fossil fuel industry and its affiliates, therefore, the number of ministerial meetings would undoubtedly be much higher. As would the number of fossil fuel meetings if we included senior civil servants and special advisers as well – and higher still if we counted the interactions listed as 'hospitality', such as dinners and lunches. For example, permanent secretaries in the Department for Business, Energy & Industrial Strategy (BEIS) had around a dozen meetings with OEUK and its members in the year after the Ukraine invasion, BEIS senior officials had around a dozen dinners and lunches, and a BEIS special adviser had dinner with BP in January 2023.[13] And that's not even the end of the labyrinthine ways that the fossil fuel industry may be influencing policy: Special Advisers at No 10, for example, have received a lot of hospitality from consultancies that have fossil fuel clients, or think tanks with fossil fuel connections.[14]

3. OEUK, Members' Directory, https://oeuk.org.uk/members-directory/
4. OEUK, Windfall Levy: A tax too far, offshore energies industry tells chancellor, 09/12/22, https://oeuk.org.uk/windfall-levy-a-tax-too-far-offshore-energies-industry-tells-chancellor/
5. FoI DB 2548, Sir Ian Wood Meeting 7th December

6. ETZ, Our Partners, https://etzltd.com/about-etz/our-peoplehttps://etzltd.com/about-etz/our-partners
7. ONE, Who we are, https://www.opportunitynortheast.com/about/who-we-are
8. Daily Record, Windfall tax would put investment in North Sea at risk, says Sir Ian Wood, 20/05/22 https://www.dailyrecord.co.uk/news/politics/windfall-tax-north-sea-oil-27019732
9. BEIS Permanent secretaries meetings, https://www.data.gov.uk/dataset/e05c7e01-4ace-46b6-bfab-341217cc35fc/beis-senior-officials-business-expenses-hospitality-and-meetings; BEIS Senior officials hospitality: Fiona Mettam, 17-Jun-2022, Sir Ian Wood, Dinner, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1105857/beis-senior-official-hospitality-april-june-2022.csv
10. Press and Journal, Sir Ian Wood: Energy profits levy impacting investment at wrong time, 01/05/23, https://www.pressandjournal.co.uk/fp/business/5636629/sir-ian-wood-energy-profits-levy/
11. NSTA, Our Structure, https://www.nstauthority.co.uk/careers/about-the-nsta/our-structure/
12. NSTA, Consent granted for Rosebank project, https://www.nstauthority.co.uk/news-publications/consent-granted-for-rosebank-project
13. BEIS: special advisers' hospitality, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1174594/beis-special-advisers-hospitality-january-7-february-2023.csv/preview
14. Number 10 special advisers hospitality, https://www.gov.uk/government/collections/special-advisers-transparency-publications, cross-referenced with the Register of Consultant Lobbyists, http://www.registrarofconsultantlobbyists.org.uk/

The Energy Profits Levy (EPL), better known as the oil and gas windfall tax, was announced by then-Chancellor Rishi Sunak on 26 May 2022, promising to "raise around £5 billion over the next year to help with cost of living".[15] The windfall tax became law in July 2022, a temporary 25% tax (bringing the total tax rate up to 65%) - but with a "generous" 80% investment allowance. This loophole in essence meant that for every £1 oil and gas companies invested in UK extraction, they could

15. UK Government, Millions of most vulnerable households will receive £1,200 of help with cost of living, 26/05/22, https://www.gov.uk/government/news/millions-of-most-vulnerable-households-will-receive-1200-of-help-with-cost-of-living

claim a total of 91p in tax relief.[16] The Institute for Fiscal Studies called this a "huge tax subsidy" that can incentivise economically unviable oil and gas projects, by enabling massively loss-making investments to still be profitable after tax.[17] The investment allowance (combined with existing forms of tax relief) meant that by October 2022, Shell had paid zero windfall tax in the UK on its record global profits of £26bn, by (re) investing in North Sea oil and gas.[18]

In June 2022, the crucial intervening month when the bill was drafted and consulted on, OEUK went into overdrive lobbying to try to put a stop to it, and failing that, to ensure it was as industry-friendly and loophole-filled as possible. And they succeeded – loopholes combined with falling energy prices meant that in its first year, the windfall tax raised only £2.6 billion, half of what Sunak had promised.[19] OEUK and its operator members had twice as many meetings with Government Ministers in June 2022 as it did in the month before or after. And that's just the tip of the (rapidly melting) iceburg: a summer reception at Parliament organised under the auspices of an OEUK-affiliated All-Party Parliamentary Group (APPG) gave the oil and gas lobby an incredible opportunity to lobby MPs and Ministers against the windfall tax, while a so-called 'Fiscal Forum' with the Treasury, including Sunak himself, gave them the opportunity to hammer home their message even harder.

The Register of APPGs, which is intended to provide transparency about who is funding and organising these informal groups of MPs and stakeholders, suggests that the APPG for the British Offshore Oil and Gas Industry does not receive any registrable financial or in kind benefits from external organisations. The APPG, however, lists OEUK's Senior External Affairs Officer - who used to work as a Parliamentary Assistant at Westminster - as its public enquiry point.[20] According to OEUK, the services it provides for the APPG (said to include coordinating meetings, sending invites and preparing minutes) amount to less than £100 (and so do not need to be registered).[21] Yet despite this paltry sum, OEUK helps put on swanky annual summer receptions in Westminster under the guise of this APPG, enabling OEUK and its oil and gas members to lobby MPs and Ministers on their own turf.

The government's official consultation on the windfall tax ran from the 21st to the 28th June, a period so short that climate groups threatened legal action over the way it limited public scrutiny of such a complex and important bill, risking unjust outcomes.[22] OEUK and its members, however, had plenty of opportunities to make their voices heard over this period. On 20th June 2022, the eve of the consultation's launch, a British Offshore Oil and Gas Industry APPG Summer Reception was held at the Houses of Parliament. The event, which OEUK boasted was attended by MPs and Lords from all parties, included speeches from Tory MPs Peter Aldous (the APPG Chair) and Greg Hands (then-Minister of State for Business, Energy and Industrial Strategy) as well as OEUK's

16. NSTA, The Energy Profits Levy, https://www.nstauthority.co.uk/media/8210/the-energy-profits-levy-v1-june-2022.pdf
17. IFS, IFS response to government cost of living support package, 26/05/22, https://ifs.org.uk/articles/ifs-response-government-cost-living-support-package
18. The Guardian, Shell paid zero windfall tax in UK despite record global profits, 27/10/22, https://www.theguardian.com/business/2022/oct/27/shell-doubles-its-profits-to-95bn
19. BBC, What is the windfall tax on oil and gas companies and how much do they pay? 29/09/23, https://www.bbc.co.uk/news/business-60295177
20. Register of All-Party Parliamentary Groups, Published 28/06/23, https://publications.parliament.uk/pa/cm/cmallparty/230628/register-230628.pdf lists the APPG's Public Enquiry Point as David Evans, OGUK (Oil and Gas UK). (NB. This was the most recent register published when the research for this briefing was undertaken in early August 2023. As of 30/09/23, the most recent register was published 20/09/23, and contains the same details for this APPG ie no registrable benefits received but OEUK as public enquiry point – see https://publications.parliament.uk/pa/cm/cmallparty/230920/register-230920.pdf). Linked-in, David Evans, Senior External Affairs Adviser at OEUK, accessed https://www.linkedin.com/in/david-evans-b22248a2/
21. The Guardian, Oil and gas firms have unlisted links to Westminster, 20/02/22 https://www.theguardian.com/politics/2022/feb/20/lobbyists-for-oil-and-gas-companies-shell-bp-exxonmobil
22. StopCambo, Climate groups threatens legal action over "unlawful" consultation period on windfall tax legislation, 04/07/22, https://www.stopcambo.org.uk/updates/climate-groups-threatens-legal-action-over-unlawful-consultation-period-on-windfall-tax-legislation; UK Government, Energy (Oil and Gas) Profits Levy Bill - Consultation outcome, https://www.gov.uk/government/consultations/draft-legislation-energy-oil-and-gas-profits-levy-bill

then-CEO, Deirdre Michie, who used the opportunity to argue that the windfall tax could “undermine and disrupt” the sector’s investment potential at a time when the UK needs to focus on “energy security and working for net zero”.[23]

Three days later, on 23rd June 2022, then-Chancellor Sunak (along with Exchequer Secretary Helen Whately and BEIS Minister Greg Hands) attended an Oil and Gas Roundtable in Aberdeen with OEUK and many of its members, including BP, Shell, Equinor, TotalEnergies, Harbour Energy and Ithaca Energy. A follow-up letter from OEUK on 28th June reveals how the meeting discussed the “negative impact” of the windfall tax “on investor confidence”, with several companies outlining “the damage to the UK’s competitiveness” compared to countries that “have maintained fiscal stability and are therefore less risky” as investment choices.[31]

Box B: APPGs: A backdoor for oil and gas industry influence over Government

APPGs are informal cross-party groups that have been described as a backdoor for undue influence in Westminster, with undeclared arrangements in particular allowing external groups to “distort policy without the public knowing”, according to the Centre for the Study of Corruption at the University of Sussex.[24] The OEUK-afflilated British Offshore Oil and Gas Industry APPG is far from the only APPG providing direct access to MPs for the oil and gas industry: in fact, it is one of at least 12 APPGs that we have found to have links to the fossil fuel industry.[25] These include:

- **the Corporate Governance APPG**, which received a £5000 donation from BP in December 2022, and whose regular breakfast meetings are open to sponsors;
- **the CCUS APPG**, which has no registrable benefits recorded but lists the CCS Association (whose board includes TotalEnergies, BP, Equinor, Wood, Shell, Harbour Energy etc.)[26] as its public enquiry point. Notably, a March 2023 meeting of the CCUS APPG, attended by MPs and Lords, presented the CCS Association’s CCUS Delivery Plan 2035,[27] which recommends more public money, faster permitting, and the launching of “the next cluster selection process”[28] – recommendations that the Government’s subsequent support of CCUS projects has echoed;
- **the Hydrogen APPG**, whose secretariat is paid Connect £70,000 per year by a collection of companies including Equinor and Shell. Both firms spoke at a Hydrogen APPG event in April 2022, urging Government support for blue hydrogen made from fossil gas;
- **the Energy Studies APPG**, whose entry in the register shows no links to the fossil fuel industry,[29] but whose website shows its members to include BP, Shell, Equinor, ExxonMobil, etc.[30] A 2022 paper from the Energy Studies APPG implies that prolonging life of coal power could be the answer to energy security, and says that the costs of decarbonisation should be borne through bills and that the way to reduce bills is to focus on consumption not energy price.

24. The Guardian, Oil and gas firms have unlisted links to Westminster, 20/02/22 https://www.theguardian.com/politics/2022/feb/20/lobbyists-for-oil-and-gas-companies-shell-bp-exxonmobil
25. Based on the Register of All-Party Parliamentary Groups, Published 28/06/23, ibid.
26. CCSA, Our Members, https://www.ccsassociation.org/membership/our-members/
27. CCSA, CCUS APPG AGM & CCUS Delivery Plan 2035 Discussion, 29/03/22, https://www.ccsassociation.org/events/ccus-appg-agm-ccus-delivery-plan-2035-discussion/
28. CCSA, Slides for CCUS APPG AGM & CCUS Delivery Plan 2035 Discussion, 29/03/22, https://www.ccsassociation.org/wp-content/uploads/2022/03/CCUS-APPG-AGM-CCUS-Delivery-Plan-2035-Discussion-29th-March-2022-Final.pdf
29. Its secretariat is provided by Tamesis Services; no other registrable benefits.
30. PGES, Members, https://pges.org.uk/about/members

23. OEUK, APPG Westminster Summer Reception champions the value of industry, 21/06/22, https://oeuk.org.uk/appg-westminster-summer-reception-champions-the-value-of-industry/

31. Chancellor of the Exchequer 28/06/2022, https://www.whatdotheyknow.com/request/988999/response/2401320/attach/5/Chancellor%20of%20the%20Exchequer%2028%2006%202022.pdf?cookie_passthrough=1

OEUK's letter – which followed letters to Sunak on 1st and 15th June issuing the same warnings and asking that he "urgently convene" an "energy summit/fiscal forum" with the industry[32] – also said it had written to Treasury officials with "detailed proposals" for the draft legislation. Specifically, OEUK requested that the windfall tax not be applied to Petroleum Revenue Tax (PRT) refunds relating to decommissioning. These PRT refund payments effectively mean HMRC gives public money to oil and gas companies, thanks to a tax break that means oil rig decommissioning expenditure reduces companies' taxable profits.[33] The windfall tax bill, when it was passed in the Commons on 11 July 2022, did exactly that – protecting a tax break that pays fossil fuel firms back for taxes they've paid in the past, just as OEUK requested.[34] Other OEUK demands – e.g. that the windfall tax should be terminated by the end of 2025 – were also reflected in the July 2022 bill.

OEUK told Sunak that although it was "disappointed" at the decision to create the windfall tax, OEUK and its members promised to "work constructively" with him to rebuild investor confidence and ensure the tax " is designed and implemented thoughtfully".[35] And the fossil fuel lobby group was handed the perfect opportunity to shape the implementation of the windfall tax through the so-called 'Fiscal Forum'. The North Sea Transition Authority, which had also attended the Aberdeen meeting, referred to it as a meeting of the "Oil and Gas Fiscal Forum".[36] Despite its dry-sounding name, the Fiscal Forum is one of the most climate-catastrophic groups you've never heard of – a "longstanding group" led by the Chancellor, bringing the Treasury together with OEUK and its oil and gas producer members.[37] OEUK says the forum is a "key tool" for OEUK members to "drive" the development of fiscal policies and "sustain fiscal stability".[38]

The little-known Fiscal Forum therefore gives the industry that profits from the destruction of our climate and an energy crisis it helped to create an official avenue to influence the UK's tax – or fiscal – regime. A regime that so strongly favours oil and gas companies' interests that fossil fuel giants BP and Shell both received more money back from the UK government than they paid in tax every year from 2015 to 2020 (except Shell in 2017), thanks to climate-wrecking tax breaks such as those for new investment into North Sea drilling.[39] The Fiscal Forum is, essentially, designed to give oil and gas companies the opportunity to shape the tax regime in such a way as to ensure they can keep extracting (and profiting from) as much oil and gas as possible. A perfect place, then, from which to take aim at the windfall tax.

Faced with the disastrous fallout of Trussonomics and soaring public outrage at the staggering windfall profits being made while people struggled to pay their energy bills, Chancellor Jeremy Hunt introduced changes to the windfall tax in his Autumn Statement in November 2022. Hunt extended the tax until 2028, increased it from 25% to 35%, and reduced the investment allowance to 29% (except for decarbonisation investment, which remained at 80% - see Box C).[40] Newly obtained

32. OEUK letter to Chancellor of the Exchequer 01/06/2022 pdf, https://www.whatdotheyknow.com/request/988999/response/2401320/attach/3/OEUK%20letter%20to%20Chancellor%20of%20the%20Exchequer%2001%2006%202022.pdf?cookie_passthrough=1; and, 2nd OEUK letter to Chancellor of the Exchequer 15/06/2022 2 pdf, https://www.whatdotheyknow.com/request/988999/response/2401320/attach/4/2nd%20OEUK%20letter%20to%20Chancellor%20of%20the%20Exchequer%2015%2006%202022%202.pdf?cookie_passthrough=1
33. Chancellor of the Exchequer 28/06/2022 pdf, https://www.whatdotheyknow.com/request/988999/response/2401320/attach/5/Chancellor%20of%20the%20Exchequer%2028%2006%202022.pdf?cookie_passthrough=1
34. CW Energy Ltd, Energy Profits Levy – now enacted, 14/07/22, https://cwenergy.co.uk/energy-profits-levy-now-enacted/
35. Chancellor of the Exchequer 28/06/2022 pdf, ibid
36. NSTA, Chief Executive Andy Samuel welcomes Chancellor Rishi Sunak's visit, 23/06/22, https://www.nstauthority.co.uk/news-publications/news/2022/chief-executive-andy-samuel-welcomes-chancellor-rishi-sunaks-visit/
37. OEUK, UK government must scrap the windfall tax if oil and gas prices decline, offshore industry leaders to tell ministers, 08/12/22, https://oeuk.org.uk/uk-government-must-scrap-the-windfall-tax-if-oil-and-gas-prices-decline-offshore-industry-leaders-to-tell-ministers/
38. OEUK, Fiscal Policy Forum, https://oeuk.org.uk/forum-and-workgroup/fiscal-policy-forum/
39. BBC, ibid.
40. HMRC, Energy (Oil and Gas) Profits Levy, 21/11/22, https://www.gov.uk/government/publications/changes-to-the-energy-oil-and-gas-profits-levy/energy-oil-and-gas-profits-levy

FoI documents reveal that in a meeting with Financial Secretary to the Treasury Victoria Atkins MP on 17 November 2022, OEUK board member Harbour Energy complained that the windfall tax "adversely targeted" smaller companies, and put future investment at risk. OEUK itself warned that the higher rate would "impact companies borrowing and projects" and that the time extension "plays into investors being undermined". OEUK also complained of a "lack of engagement" with ministers and brought up "the previous HMT fiscal forum".[42] And their complaints worked, because a fully fledged Fiscal Forum was held in Edinburgh the following month.

Box C: 'Decarbonisation' investment allowance a hand out to the oil and gas industry

When Jeremy Hunt changed the investment allowance from 80% to 29% except for decarbonisation investment, you might think that the fossil fuel industry was up in arms. But minutes of the Treasury's 17 November 2022 meeting with OEUK show that OEUK was "happy about investment allowance including decarbonisation - they want to work with HMT on definition of this".[43] Evidently, OEUK saw it as an opportunity to shape what decarbonisation investment means – no doubt in favour of its own interests, like the empty promise technofixes of CCUS and "low-carbon" hydrogen.

But that's not all. When the Treasury told OEUK that the windfall tax had been designed to support investment into oil and gas extraction (thanks to its 80% investment allowance), OEUK confirmed that this had "worked and they saw an uptick in investment activity". Not only was the windfall tax not hitting oil and gas companies very hard thanks to its huge investment allowance loophole, but analysis by Uplift suggested that had the Chancellor increased the windfall tax to 35% and kept the investment allowance at 80%, then – due to the complex interaction with existing tax breaks – oil and gas companies may have been able to claim £1.07 back for every £1 invested, rather than 91p.[44] In other words, the public would be paying them to drill a direct route to climate collapse. A situation that may still aplpy to decarbonisation expenditure.

So what did the Government decide counted as 'decarbonisation' investment? Simply that companies invest in powering their oil rigs with renewable electricity (ie electrification), or reduce their routine gas flaring and venting… even as they drill for more and more oil and gas![45] As Fuel Poverty Action point out, this means that "the £2-3bn the oil and gas sector has pledged towards decarbonisation, usually for their own infrastructure, will effectively be paid for by the taxpayer".[46]

43. FOI2023/12958, ibid.
44. The Independent, Taxpayer subsidy to energy giants 'could exceed 100p in the pound' if Hunt increases windfall tax, 12/11/23, https://www.independent.co.uk/news/uk/politics/windfall-tax-hunt-sunak-oil-gas-b2223773.html
45. HMRC, Energy Profits Levy: Decarbonisation Allowance, 15/03/23, https://www.gov.uk/government/publications/the-decarbonisation-allowance-in-the-energy-profits-levy/energy-profits-levy-decarbonisation-allowance
46. Fuel Poverty Action, It's Not a Windfall Tax: It's a Windfall Subsidy, 02/12/23, https://www.fuelpovertyaction.org.uk/news/its-not-a-windfall-tax-its-a-windfall-subsidy/

On 9 December 2022, Chancellor Jeremy Hunt presided over a Fiscal Forum attended by OEUK, BP, Shell, Equinor, TotalEnergies, Repsol, Harbour Energy, Ithaca Energy, and several other OEUK member firms, at the end of which Hunt promised them "more regular Fiscal Forum meetings in future".[47] OEUK described the meeting as marking "the reinstatement of the 'Fiscal Forum'", which it used to issue senior Treasury ministers and officials "with a stark warning that the windfall tax risks causing a rapid reduction in investment and jobs – and in the UK's production of oil and gas", leading companies "to invest overseas

41. FOI2023/12958, Meeting(s) re. Energy Profits Levy between Victoria Atkins and Offshore Energy UK and Harbour Energy
42. FOI2023/12958, ibid.

47. HM Treasury, Readout of the Chancellor of the Exchequer Jeremy Hunt's roundtable with the oil and gas industry, 09/12/22, https://www.gov.uk/government/news/readout-of-the-chancellor-of-the-exchequer-jeremy-hunts-roundtable-with-the-oil-and-gas-industry

rather than here". OEUK then told the Chancellor that the Government must "Scrap the windfall tax on homegrown energy when oil and gas prices fall back to normal levels". In other words, OEUK wanted a price floor to be introduced, which – following several months of further lobbying – is exactly what the Government did.[48]

Newly obtained documents reveal that at a meeting on 16 January 2023, OEUK member ExxonMobil warned Dominic Johnson, then-Minister for Investment, that the windfall tax had been taken "very negatively by their industry as a moving of the goal posts."[49] In March 2023, ahead of the Spring Budget, OEUK reportedly wrote to the Chancellor calling for a "trigger price" that "switches off" the windfall tax.[50] At the same time, OEUK and its members continued to make public threats that the windfall tax would lead to divestment from the North Sea, meaning the UK would have to import more oil and gas instead.[51] This threat point blank ignores the far better option whereby the UK invests in renewable energy, energy efficiency and demand reduction to meet its energy needs – and ignores the incontrovertible reality that North Sea oil and gas needs to be rapidly and justly phased out if we are to avoid catastrophic climate change.

On 15 March 2023, the Treasury's Exchequer Secretary James Cartlidge MP met with OEUK, and with two of its board members, Equinor and Harbour Energy, to hear their views on the Spring Budget. Minutes newly obtained under FoI law reveal that OEUK said it was "extremely disappointed that oil and gas did not get a mention", and complained that its "requests of further engagement by Ministers had been ignored in the run up to Budget" – demanding a discussion with Ministers and "a public signal" to "shore up confidence."[52] In response, Cartlidge assured the fossil fuel lobby group of the Government's commitment, adding that we "clearly need to have continued output of oil and gas in the North Sea", and promised a meeting of the Fiscal Forum after Easter to discuss it further.[53]

Harbour Energy – which described itself as one of the "more vocal opponents" of the windfall tax, citing "volatility and unpredictability of the fiscal regime", falling share prices, worried investors, negative business impacts, and the lowering of oil and gas prices – was likewise assured that the Treasury would chair a Fiscal Forum after Easter, and additionally told that "Harbour should also continue to engage with officials".[54] And Equinor – which made £62 billion in profits in 2022 and has publicly said the "uncertainty around the longevity of" the windfall tax damages investor confidence[55] – emphasised concerns around "stability, predictability, foresight" in the context of its investment decision on the massive, and disastrous-for-the-climate, Rosebank oil field.[56] When Cartilage reassured Equinor that "there will be further opportunities to consider measures for the sector", the Treasury minutes note that "Equinor reps smiled at this point".[57]

And they had reason to smile. By the end of March, industry press was reporting that UK-operating oil and gas companies "expect the government to ease the burden of windfall taxes imposed on fossil fuel profits last year after the recent fall in energy prices" – in other words, they were confident that that Government was going to cede to their

48. OEUK, UK government must scrap the windfall tax if oil and gas prices decline, offshore industry leaders to tell ministers, 08/12/22, https://oeuk.org.uk/uk-government-must-scrap-the-windfall-tax-if-oil-and-gas-prices-decline-offshore-industry-leaders-to-tell-ministers/
49. FOI2023/04506, 16/01/23 Meeting between Dominic Johnson and ExxonMobil to discuss renewable energy
50. Politics Home, Jeremy Hunt Considered A Windfall Tax "Price Floor" For Oil And Gas Companies, 14/03/23, https://www.politicshome.com/news/article/treasury-windfall-tax-price-floor-budget-energy-profits-levy
51. City A.M, Harbour Energy ramps up industry calls for price floor inclusion in windfall tax, 03/04/23, https://www.cityam.com/harbour-energy-ramps-up-industry-calls-for-price-floor-inclusion-in-windfall-tax/
52. FOI2023/12958, 15/03/23 Meeting(s) between James Cartlidge and Offshore Energies UK (OEUK), Equinor and Harbour Energy, to listen to OEUK/Equinor/Harbour Energy's views on Spring Budget
53. FOI2023/12958, 15/03/23 ibid.
54. FOI2023/12958, 15/03/23 ibid.
55. Reuters, Equinor evaluating impact of British windfall tax on projects, 22/11/22, https://www.reuters.com/markets/europe/equinor-evaluating-impact-britains-windfall-tax-projects-2022-11-22/
56. FOI2023/12958, 15/03/23 ibid.
57. FOI2023/12958, 15/03/23 ibid.

demands.[58] Rightly so, since on 9 June 2023, Chancellor Jeremy Hunt introduced a price floor to the windfall tax, a "get-out" clause that will end the tax before 2028 if wholesale energy market prices fall back to normal levels – and crucially, will reassure banks and investors that new oil and gas investments are a safe bet.[59]

Worse, that was just one among many fossil-friendly but climate-devastating Government decisions, including July 2023's announcement of hundreds of new oil and gas exploration licences.[60] September 2023 saw the NSTA give the go-ahead for the development of the Rosebank oilfield, for which its developers, Equinor and Ithaca Energy, are expected to receive £3.75 billion in tax breaks due partly to the investment allowance loophole in the windfall tax.[61] The Government is estimated to lose over £750 million in tax revenue due to the fact that most of Rosebank's oil will be produced – and taxed – after the windfall tax has ended (yet Rosebank still gets to benefit from the windfall tax's investment allowance to subsidise its development).[62] As Fuel Poverty Action notes, claims that these investments will provide energy security and keep us warm through the winter are untrue: new North Sea investments will not yield for decades, and the oil and gas extracted will be sold on the global market for up to nine times as much as energy from renewable sources.[63]

58. Upstream, UK oil and gas companies expect government to agree windfall tax breather, 27/03/23, https://www.upstreamonline.com/energy-transition/uk-oil-and-gas-companies-expect-government-to-agree-windfall-tax-breather/2-1-1426228
59. The Guardian, North Sea oil and gas industry offered 'get-out' clause on windfall tax, 09/06/23, https://www.theguardian.com/business/2023/jun/09/north-sea-oil-and-gas-industry-offered-get-out-clause-on-windfall-tax
60. UK Government, Hundreds of new North Sea oil and gas licences to boost British energy independence and grow the economy, 31/07/23, https://www.gov.uk/government/news/hundreds-of-new-north-sea-oil-and-gas-licences-to-boost-british-energy-independence-and-grow-the-economy-31-july-2023
61. Friends of the Earth Scotland, Rosebank approval shows 'climate denial' from UK Government, 27/09/23, https://foe.scot/press-release/rosebank-approval-shows-climate-denial-from-uk-government/
62. The Herald, Activists say UK to lose £750m in tax if Rosebank oil field approved, 26/07/23, https://www.heraldscotland.com/news/23681576.activists-say-uk-lose-750m-tax-rosebank-oil-field-approved/
63. Fuel Poverty Action, ibid.

There is no doubt that the price floor was introduced at the behest of the fossil fuel industry, whose influence over Government is facilitated through groups like the Fiscal Forum (see Box D) and oil and gas industry-affiliated APPGs, alongside hundreds of ministerial meetings. OEUK board member Shell welcomed the price floor as helping "to improve investor confidence in the North Sea", but that doesn't mean the fossil

Box D: Advisory groups give fossil fuel industry sway over policy-making

It's not just the Fiscal Forum that gives the fossil fuel industry privileged access to decision-makers and an explicit role in influencing climate- and energy-related policy development. There are numerous other Government advisory groups that do the same thing, including:

- the **Hydrogen Delivery Council,** the "primary forum for Department for Energy Security and Net Zero ministers to engage with senior representatives from the hydrogen sector", including Shell, BP and Equinor.[64] It brings industry and Government together to "identify and promote" actions needed to grow the UK's "low carbon hydrogen economy" – the phrase "low-carbon" opening the door for fossil gas-based blue hydrogen, a false solution promoted by oil and gas majors as a justification for continued fossil gas extraction and infrastructure expansion;
- the **CCUS Council,** co-chaired by the Minister of State for Energy, Clean Growth and Climate Change, whose members – appointed "to provide advice" on the development and deployment of CCUS – include Shell, BP, Equinor and ExxonMobil.[65] Companies with decades of experience in delaying, weakening, and sabotaging climate action, invited to advise the Government on how to dedicate public resources to a technofix that the fossil fuel industry has been promising for decades, with no results except to justify business-as-usual.

64. UK Government, Hydrogen Delivery Council, https://www.gov.uk/government/groups/hydrogen-delivery-council
65. UK Government, CCUS Council, https://www.gov.uk/government/groups/ccus-council

fuel industry is content. Oil industry veteran Sir Ian Wood, for example (see Box A), has said the price floor is only a "modest step" towards a "more stable fiscal regime".[66] Another fossil fuel lobby group, the Association of British Independent Exploration Companies, meanwhile – whose members have considerable crossover with OEUK including Harbour Energy, Ithaca Energy, Neptune Energy and EnQues,[67] – has already called for the price floor to be lowered before 2028, and for the windfall tax to be scrapped if either the oil or gas price falls to beneath the floor price (rather than both).[68]

Thus, the fossil fuel industry is continuing to take aim at the already weakened and loophole-filled windfall tax, and it has the exclusive space of the Fiscal Forum in which to do so, as well as insider-access to Westminster via opaque APPGs. On 5 July 2023, for example, the British Offshore Oil and Gas Industry APPG once again held its annual summer reception with "prominent politicians" in the House of Commons – with OEUK describing itself as "event sponsor" (while still maintaining it provides no registrable benefits to the APPG).[69] A video of the reception shows a plush and sumptuously decorated Westminster reception room, packed with people in formal wear and dotted with wine glasses.[70] In it, OEUK's External Relations Director describes how OEUK brought its board members (which, don't forget, include BP, Shell, Equinor, TotalEnergies, Harbour and Ithaca Energy) to Parliament to speak to MPs and their staff, senior civil servants and Lords, "to network and discuss the issues facing our industry" – the very definition of a lobby event.[71]

66. The Herald, Sir Ian Wood calls for North Sea production to be stepped up, 09/06/23, https://www.heraldscotland.com/business_hq/23578976.sir-ian-wood-calls-north-sea-production-stepped/
67. Brindex, Members, https://www.brindex.co.uk/member-companies.html
68. City A.M, What the Windfall?! Debunking what just happened and why the industry's not happy, 09/06/23, https://www.cityam.com/what-the-windfall-debunking-what-just-happened-and-why-the-industrys-not-happy/
69. OEUK on Linkedin, https://www.linkedin.com/feed/update/urn:li:activity:7083077700860403712/ NB. The video of the event dates it to 05/07/23.
70. OEUK on Linkedin, ibid.
71. OEUK on Linkedin, ibid.

Alongside OEUK, speakers at the reception included the APPG Chair Peter Aldous MP, Labour MP and Shadow Financial Secretary James Murray, and Tory MP and Chair of the 1922 Energy Committee David Duguid. OEUK's video of the event features the latter waxing lyrical about the APPG reception, saying how great it was to have the various members of the oil and gas industry "in one room" and that "we need to produce as much domestic oil and gas as we possibly can". Duiguid has repeatedly spoken out against the windfall tax in Parliament, urged the Government to "commit to a regular, perhaps quarterly, fiscal forum with the industry, as used to happen prior to covid",[72] and was recently revealed to have failed to make public that his wife holds more than £50,000 shares in BP (the company that he used to work for).[73]

Conclusion

While the UK has faced soaring energy bills and a cost of living crisis, the fossil fuel industry has pulled out all the stops to undermine and weaken the windfall tax on the excess profits it's reaped, thanks to the energy crisis it helped to create. Oil and gas lobby OEUK, and its North Sea operating members such as Equinor, Harbour Energy, BP and Shell, have used their extensive and privileged access to influence the Government. In the year following Russia's invasion of Ukraine, they met with Ministers nearly once every working day, while an OEUK-affiliated

72. UK Parliament – Hansard, Cost of Living: Energy Prices, Volume 734: debated on Tuesday 20 June 2023, https://hansard.parliament.uk/commons/2023-06-20/debates/50F1B9DB-3508-44E0-A2BB-1C77525A2D0D/CostOfLivingEnergyPrices
73. The Guardian, Wife of Tory MP who criticised windfall tax on oil firms has £50,000 in BP shares, 09/07/23, https://www.theguardian.com/politics/2023/jul/09/tory-mp-david-duguid-criticised-windfall-tax-oil-firms-wife-bp-shares

APPG gave them the access to MPs at swanky Parliamentary receptions, and a Treasury-run Fiscal Forum invited them to shape their own tax regime. The result: a windfall tax so full of loopholes that it can, quite literally, lead to the Government paying fossil fuel companies, and a price floor that was introduced entirely at the industry's behest.

Fossil Free Parliament is a UK-wide movement working to end the fossil fuel industry's power over our democracy. We want our elected representatives to work in the interests of the public, and not the industry whose business model puts profit over people and planet. And that means severing the influence of the fossil fuel industry and its affiliates over Parliament.

We're calling on MPs to reject financial and other benefits from the fossil fuel industry or organisations representing fossil fuel industry interests, including via APPGs, and to reject invitations to any event run by the fossil fuel industry. A Parliament free from fossil fuel influence is one, furthermore, that removes the industry's seat at the table, by ending lobbying meetings with the fossil fuel industry unless to discuss its phase out (in a fully transparent setting). Oil and gas companies and lobby groups, what's more, have no place advising the Government on how to tackle the climate, energy or cost of living crises that they have helped to create and continue to profit from. That means advisory groups like the oil and gas Fiscal Forum have got to go - just as loopholes like the 'investment allowance' and the price floor must be removed from the windfall tax, if we are to ensure that people's lives are put above polluters profits.

Notes on methodology

An initial wide-cast scoping investigation into lobby meetings, and APPG connections, of the fossil fuel industry and its affiliates more broadly indicated a particularly significant lobbying role of OEUK, as well as some of its prominent oil and gas extractive company members. This report therefore focuses on OEUK and its Operator members (see Box A for more details on its other types of members) - without precluding the significant role that other fossil fuel lobby groups and companies may play in influencing policy.

- Ministerial meeting figures are based on Transparency International's Open Access UK website (which compiles Government transparency data), for the dates 25/02/22 to 24/02/23.[74] It therefore reflects the way that meetings are declared by Government; for example, each Minister met with is counted as a distinct meeting.
- Meetings that are listed with multiple attendees (e.g. OEUK and some of its members) are only counted as one meeting (unless they have been declared separately by the Minister themselves). Effort has been made to remove any obvious duplications, and the data should be considered to be subject to reasonable human error.
- Data re. civil servant and special advisers' meetings and hospitality was taken directly from the Government's transparency releases (see footnotes for references).
- APPG data was taken from the Register of APPGs as published 28/06/23 (see footnotes for references).
- New freedom of information (FoI) requests were made for a number of meetings whose subjects related to the Energy Profits Levy (ie windfall tax) and related topics, to a number of Government departments.
- Existing FoI releases, as published on WhatDoTheyKnow website, were also considered.
- Data taken from Linked-in was publicly viewable (ie without a Linked-in account) at the time of writing.

74. Where OEUK Operator members were a subsidiary of a larger company (e.g. Centrica Storage Limited, the North Sea gas storage part of Centrica), we have included meetings attributed to its parent company (e.g. Centrica).

A timeline of key events in the development of the Windfall Tax and OEUK's lobbying activities (1/2)

Between 24 Feb 2022 and 24 Feb 2023, OEUK and its operator members had 211 meetings with UK Government ministers - that's nearly one meeting every working day - and 6.5 times as many meetings as Government Ministers had with ten of the UK's leading environmental, social justice and fuel poverty groups combined.

24 FEBRUARY 2022	Russia invades Ukraine
MARCH - APRIL	Energy prices soar, fuel poverty grows as part of wider cost of living crisis - while fossil fuel companies
MAY	OEUK and its Operator members had 15 Ministerial meetings
26 MAY	Windfall tax finally proposed by then-Chancellor Rishi Sunak
JUNE	Windfall tax being drafted and consulted on - OEUK and its Operator members had 29 Ministerial meetings ie twice as many as the month before or after
1 JUNE	OEUK letter to Sunak with warnings and demands re. windfall tax/ asking for an emergency summit to discuss it
15 JUNE	OEUK letter to Sunak with warnings and demands re. windfall tax/ asking for a "Fiscal Forum" to discuss it
20 JUNE	British Offshore Oil and Gas Industry APPG Summer Reception at Westminster, at which OEUK warned windfall tax would "undermine and disrupt" investment
21 - 28 JUNE	Official Government consultation on the Windfall tax bill (a period so short that climate groups threatened legal action)
23 JUNE	OEUK and Operator members meet Chancellor Sunak in Aberdeen (referred to by NSTA as a Fiscal Forum), where they warned of negative impact on investment/competitiveness of windfall tax, and made recommendations
28 JUNE	OEUK letter to Sunak with warnings re. windfall tax, and detailed proposals for bill
JULY	OEUK and its Operator members had 15 Ministerial meetings

Continued on the next page...

FOSSIL FREE PARLIAMENT

FOSSIL FREE POLITICS

A timeline of key events in the development of the Windfall Tax and OEUK's lobbying activities (2/2)

11 JULY	Energy profits levy bill (ie windfall tax) passed by House of Commons with 80% investment allowance loophole, and other changes reflecting OEUK's detailed proposals
SEPTEMBER - NOVEMBER	New Government grapples with the fallout of 'Trussonomics'
17 NOVEMBER	Chancellor Jeremy Hunt announces changes to windfall tax, as part of Autumn Statement, including extending it from 2025 to 2028; OEUK meets with Treasury saying time extension undermines investors, complains of lack of engagement with Ministers and brings up Fiscal Forum. OEUK board member Harbour Energy also meets Treasury to complain windfall tax puts investment at risk
9 DECEMBER	Chancellor Jeremy Hunt hosts Fiscal Forum with OEUK and members in Edinburgh, at which OEUK demands a price floor be introduced to windfall tax
16 JANUARY 2023	Minister for Investment Dominic Johnson meets OEUK member ExxonMobil, who warns windfall tax viewed "very negatively by their industry as a moving of the goal posts."
EARLY MARCH	OEUK letter to the Chancellor asking for a price floor in the windfall tax to reassure investors
15 MARCH	OEUK - and its board members Equinor and Harbour Energy - meet Treasury, emphasising need for government to improve investor confidence. Treasury promises opportunities for further measures, and to host another Fiscal Forum after Easter
9 JUNE	Chancellor Hunt introduces price floor to windfall tax
5 JULY	British Offshore Oil and Gas Industry APPG Summer Reception at Westminster, sponsored by OEUK
31 JULY	Prime Minister Rishi Sunak promises hundreds of new oil and gas licenses will be granted in the UK
27 SEPTEMBER	Rosebank oilfield gets approval - with £3.75 billion tax breaks, and UK government set to lose over £750 million in tax revenue