

Rosebank and the changing regime for oil and gas

Last month, Scotland's Court of Session ruled that the approval of the Rosebank oil field was unlawful. Since then there has been much media speculation about what might happen with regard to this development.

This briefing explains the process that will now follow on from the court's decision and the potential outcomes.

In brief

- **The rules governing the way that UK oil and gas projects are assessed is fundamentally changing thanks to the landmark Supreme Court 'Finch' ruling.**
- **The enormous climate harm from burning Rosebank's oil will now be subject to proper public scrutiny through the revised application process.**
- **The new application to develop Rosebank must pass multiple regulatory stages before being considered by the Energy Secretary. The government cannot preempt the outcome of this process.**

A fundamental change in the regulation of new oil and gas projects

The rules governing the way that UK oil and gas projects are assessed is fundamentally changing.

Thanks to the 'Finch' ruling by the Supreme Court in June 2024, regulators are now required to consider the impact of burning the oil and gas extracted from a project when assessing its environmental impact. Despite these 'scope 3' emissions accounting for the vast majority of the climate harm from new oil and gas fields, this was not previously the case.

The landmark Supreme Court ruling strengthens the case for refusing an oil and gas project on climate grounds, and has been [described](#) as the "beginning of the end of... new fossil fuel extraction in the UK."

The government has responded to the ruling by proposing changes to the way new oil and gas fields are assessed so that regulators can now account for their whole climate harm. A consultation on new guidance for oil and gas companies on how they should factor scope 3 emissions in applications closed last month, with the new rules due this Spring.

Last week, Scotland's Court of Session ruled that the Finch decision should apply to Rosebank – the emissions from burning Rosebank's reserves should have been accounted for when assessing its environmental harm – and ruled that consent was granted unlawfully by the previous Conservative government in September 2023.

Rosebank's owner Equinor must now reapply to the UK government if it wants to seek approval and – following the new guidance – this time include the emissions that will be produced from burning its reserves. No new fields are being considered prior to the guidance being in place.

The oil and gas industry in denial of the new rules

Rosebank's owners are reportedly 'confident' that the UK government will wave through its new application to develop the field.

This confidence is misplaced. There are strong public interest grounds against it proceeding because of the climate harm it will cause – something that will now be subject to proper public scrutiny through the revised application process. As the Rosebank ruling states: "The addition of downstream emissions will add to the assessment process a new and significant factor... and may change the result of the assessment."

The climate pollution from burning Rosebank's reserves would be more than the combined annual CO2 emissions of all 28 lowest-income countries in the world, including Uganda, Ethiopia, and Mozambique.

While Rosebank's climate impact will be significant, to rationally determine whether a new oil and gas project is consistent with staying within safe climate limits, decision-makers need to look at the cumulative picture, taking into account the emissions we are already committed to from existing oil and gas projects around the world.

The remaining global carbon budget is [extremely small](#) – amounting to five years of present global emissions – for just a 50/50 chance of limiting warming to 1.5°C. There is now [significant scientific evidence](#) that the emissions from burning the oil and gas in [existing fields](#) around the world would exceed this safe climate limit. Decision-makers should not knowingly add more oil and gas than the world can safely burn.

Rosebank: the process and politics

Since the Rosebank judgement, the government has been repeatedly pressed to say if it backs Rosebank proceeding or not, with much speculation around the influencing factors in government. While it will ultimately be a government decision, the application must first pass through multiple, crucial stages before it will be considered by the Secretary of State.

Equinor's assertion this week that it is in "continuous and constructive" dialogue with the energy department, DESNZ, is irrelevant to this process.

Steps for obtaining consent to develop a new offshore oil and gas project

Step 1: The production licence

The first step an oil and gas company must make is to obtain a production licence from the oil and gas regulator, the North Sea Transition Authority (NSTA). These are typically obtained many years before a field goes into development – Rosebank is covered by three existing production licences, which were issued between 2001 and 2005. Many production licences are held for fields that will never produce oil or gas. Labour committed in its election manifesto to not issue new licences to explore new fields.

The government has also said it would 'honour existing licences', something that Equinor has held up as proof of the government's backing for Rosebank. Honouring existing licences is not the same as guaranteeing that any licence-holder can develop a new field. There is no automatic entitlement for a licence-holder to obtain development consent, and indeed the regulator has previously rejected applications for development consents on various grounds.

Step 2: Application for a development consent

To receive a development consent, companies are required to submit a Field Development Plan and other relevant documents to the NSTA. An Environmental Statement also needs to be submitted to a second regulator, the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED).

Equinor will need to wait for the new guidance on scope 3 emissions before it can submit its new Environmental Statement, if it wants to proceed with Rosebank.

Step 3: Assessing the environmental impact of the development

Once the documents are submitted, OPRED will conduct an Environmental Impact Assessment (EIA) of the development on behalf of the Secretary of State. This will scrutinise all the environmental harms resulting from the field – including now the vast scope 3 emissions from burning Rosebank's oil.

Crucially, this EIA is open to scrutiny by experts and members of the public as it is subject to a period of public consultation.

Step 4: Decision time

Subject to OPRED and the Secretary of State coming to a new decision on Rosebank, the NSTA would then take the decision whether or not to issue a Development and Production Consent for Rosebank – the necessary consent to start producing oil.

The NSTA would first need to be satisfied with the company's plans and have conducted its other assessments. The regulator, for example, has set the industry targets for reducing production emissions (the emissions created from extracting the oil) through the electrification of drilling platforms. In its previous submission, Equinor said it would ensure that Rosebank's drilling vessel was 'electrification' ready, but has made no firm commitment to electrifying the field. The scale and lifespan of Rosebank might make this lack of commitment a barrier for the NSTA.

Conclusion

As outlined above, the existing process through which Rosebank must progress if it is to go into production is a lengthy and tightly regulated one. The government is right not to – and indeed cannot – preempt the outcome of this process.

It is imperative that this new regulatory framework makes a rational assessment of the harm from new oil and gas fields, based on climate science and in the public interest.

As the decision by Lord Ericht in the case of Rosebank states: “The public interest in authorities acting lawfully and the private interest of members of the public in climate change outweigh the private interest of the developers”.

About the Rosebank oil field

At 500 million barrels, Rosebank is the UK's biggest undeveloped oil and gas field. The Norwegian state-backed oil firm, Equinor holds an 80% stake in Rosebank, and Ithaca Energy holds the remaining 20% stake.

Rosebank is mainly oil-for-export and will do little to nothing to improve energy security. New UK oil and gas production does not affect the market price and therefore will also make no difference to UK bills. The UK public would effectively carry [almost all the costs](#) of developing Rosebank, with the field's owners, Equinor and Ithaca, receiving billions of pounds in tax breaks. The claim that Rosebank will create 1000s of jobs is inflated – 255 direct jobs are [expected](#) to be created in the UK over its lifetime. Equinor has also decided to construct the main offshore vessel for the field in Dubai. As unions have [noted](#), not a single design or construction job has yet been created by the project in the UK.

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