IISD Response to the United Kingdom Consultation on the Rosebank Field Development

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Summary

The British government has invited input into a consultation on Equinor's application for consent for the Rosebank oil and gas field development. The International Institute for Sustainable Development (IISD) welcomes the opportunity to contribute to the consultation.[1]

The further information submitted by Equinor is not consistent with supplementary guidance issued by the Department for Energy Security and Net Zero (DESNZ) on assessing the effects of downstream Scope 3 emissions on climate, published in June 2025.

Had the assessment been conducted in a manner consistent with the DESNZ guidance and with the available scientific evidence, it would inevitably have concluded that Rosebank would likely have highly significant environmental effects, as it would not be consistent with pathways aligned with Paris Agreement goals.

Therefore, **IISD recommends that the Secretary of State for Energy Security and Net Zero refuse to agree to the Oil and Gas Authority's grant of consent** following the Secretary of State's conclusion regarding the environmental effects of the project, so the project may not proceed.

Instead, investing in clean energy jobs and industries is the way forward, to ensure just transition and economic diversification for workers and communities. IISD looks forward to the British government's release of its response to the Building the North Sea's Energy Future consultation.

Introduction

The British Government's DESNZ has invited input into a consultation on Equinor UK Limited's application for consent for the Rosebank oil and gas field development. This follows the issuance by DESNZ in June 2025 of supplementary environmental impact assessment (EIA) guidance on how offshore oil extraction operators should address the greenhouse gases (GHGs) emitted when the extracted oil is ultimately burned ("end-use emissions").

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That guidance was significant because it will ensure that the full effects of oil and gas extraction on the climate are recognized in consent decisions. Until now, EIAs have focused only on the emissions that occur in operating an oilfield, such as from fuelling support ships or powering rigs. But about 75% of the GHG emissions associated with a barrel of oil occur when the fuel is ultimately consumed (Union of Concerned Scientists, n.d.), which means the largest climate impact comes from the decision to extract the oil in the first place, rather than from a decision about how to extract it.

The guidance responded to the *Finch v Surrey County Council* judgment of June 2024, where the British Supreme Court ruled that planning authorities must assess "downstream" GHG emissions as part of the EIA process for fossil fuel projects. Equinor has now submitted further information containing an assessment of the Rosebank field's end-use emissions.

IISD welcomes the opportunity to contribute to this consultation. We are pleased that the new guidance is working as intended to encourage consideration of end-use emissions. The decision on whether to allow the grant of consent for Rosebank is a first test of the robustness of the regulation.

The Further Information on Scope 3 Emissions Is Not Consistent With DESNZ Guidance

The further information submitted by Equinor is not consistent with DESNZ guidance in three respects, outlined below.

Equinor Fails to Consider Global GHGs in Baseline Assessment

The guidance (DESNZ, 2025, p. 9) states that

> A reasonable future estimate of global GHGs affecting climate over the lifetime of a project needs to be considered as part of the baseline scenario … Therefore, the scope 3 emissions estimated to be produced by the project … should be evaluated in the context of a global baseline scenario of GHGs.

Equinor's consideration of future GHG emissions (Equinor, 2025, Section 3.3) describes various scenarios for future GHG emissions, but does not treat these as a *baseline*, as required by the guidance.

A baseline is "a reference point against which the impact of a new project can be compared" (Institute of Environmental Management & Assessment, 2022, p. 17). This is an essential component of impact assessment, as the impact of a project can be measured as the difference between the state of the environment with and without the project. This is clarified in the guidance (DESNZ, 2025, p. 9), which further states that

> OPRED [the Offshore Petroleum Regulator for Environment and Decommissioning] expects that these downstream emissions from a new project will be presented in the ES against a no-project ("do-nothing") scenario (i.e., total quantity of scope 3 category 11 emissions from the project against zero scope 3 category 11 emissions for a no-project scenario).

Equinor's description of future GHG emission scenarios does not serve this function, as these scenarios do not consider the world without the project and offer no means to compare how the environment changes with the addition of the project. Rosebank is an oil production project; as such, a relevant baseline is therefore a projection of oil production in the absence of the project. Equinor does not consider this.

Equinor even states (2025, p. 14, n.4) that "For the Assessment, a 'do-nothing' scenario (e.g., a scenario where the Rosebank Development does not proceed) would result in zero emissions." This is clearly incorrect: a world without the project (the baseline) is not one with zero emissions; if it were, there would not be a pressing climate problem.

Solely Numeric Assessment Does Not Give Meaningful Expression of Significance

The guidance (DESNZ, 2025, p. 12) states that

> OPRED's current view is that characterising scope 3 emissions from a project solely in numeric terms against global GHG emissions would not on its own provide a meaningful expression of the global effect of those scope 3 emissions, because of the obvious difference in scale between individual projects and global emissions levels.

Unfortunately, this is precisely what Equinor does; indeed, it is the only way in which Equinor considers the magnitude of impact.

In its assessment of the significance of the likely effects of Scope 3 emissions, Equinor states Rosebank's downstream Scope 3 emissions in numeric terms—14, 10, and 4 MtCO2eq in 2030, 2040, and 2050—against global GHG emissions in a range of scenarios from the Intergovernmental Panel on Climate Change (IPCC), United Nations Environment Programme, and International Energy Agency (IEA), observing that Rosebank's production would comprise between 0.06% and 0.08% of global oil production in a 1.5°C compatible pathway (Equinor, 2025, Sections 6.4.5 to 6.4.17).

However, the percentage of global oil production that Rosebank would provide is irrelevant to the assessment of whether it falls within a Paris-aligned pathway. It was precisely such simplistic numeric comparisons that the DESNZ guidance warned would not be meaningful. Even the largest fields in the world will comprise only a small share of global emissions—the "obvious difference in scale"—precisely because there are thousands of fields worldwide. Using this type of measure would thus lead to a conclusion that no oilfield ever has a significant environmental impact; hence, such an approach to assessment is clearly not meaningful.

Equinor Fails to Consider Rosebank in Cumulation With Other Projects

The guidance (DESNZ, 2025, p. 12) states that

> OPRED expects that ESs [environmental statements] will consider how the GHG emissions associated with a proposed project impact climate at a global level and a national level. This will likely involve assessment of the project's emissions against global

> climate objectives at the project level and in cumulation with other global projects[2]... Given the global effect of GHG emissions, the ES must consider the cumulative effects of the proposed project with other existing and planned future projects, in a global context. If global reduction pathways are used to contextualise magnitude of emissions as above, this approach should be inherently cumulative, as these pathways take into account a wide range of existing and planned projects and other activities.

Nowhere in its assessment does Equinor consider the effect of Rosebank "in cumulation with other global projects." These other global projects cannot simply be wished away; they are part of the world to which Rosebank would be added. Estimates of other global projects are readily available to companies like Equinor, including through oil industry data providers such as Rystad, Wood Mackenzie, and IHS Markit. They are publicly available through the Global Oil and Gas Extraction Tracker, which Equinor (2025, Section 6.4.2) cites, but does not use to assess Rosebank's impact in cumulation with other projects.

Without this, it is not possible to meaningfully assess whether the Rosebank field's oil production profile is within a Paris Agreement-aligned production pathway. Equinor's assertion (2025, Sections 6.4.9, 6.4.12) that Rosebank's production is within a Paris-aligned pathway is true only if one neglects these other global projects, as Equinor appears to be doing when it states that emissions are zero in the baseline, "do-nothing" scenario (above). Equinor is effectively assuming that the rest of the world's oil production all stops, leaving plenty of room in carbon budgets for Rosebank's production. This is not an appropriate way to consider the issue.

Equinor argues that the Rosebank field would be compatible with Net Zero Emissions (NZE) because production would decline between 2030 and 2050 at approximately the same rate as the decline in demand projected in the NZE scenario. However, this ignores NZE's clear implication that there is no room for new oil and gas fields after 2021.

Notably, the guidance requires that the assessment in cumulation with other projects should be global. This is because the oil market is global, and indeed the large majority of British oil production is exported to other countries (Global Witness, 2024). Therefore, Equinor's statement (2025, Sections 6.4.10 to 6.4.12) that British production is relatively small and declining is not relevant.

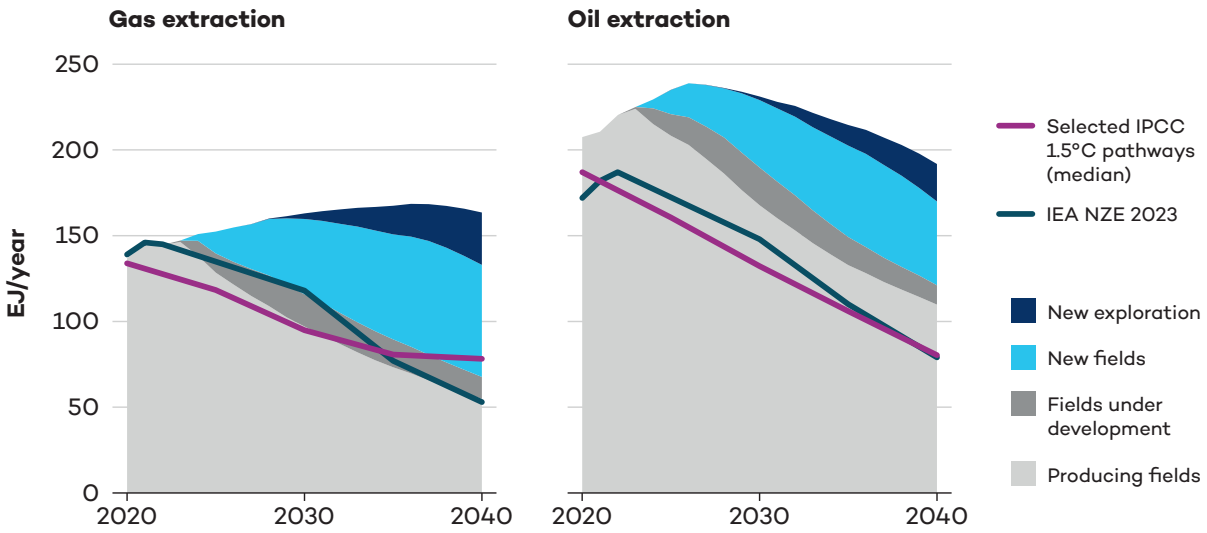
Developing Rosebank Would Not Be Consistent With Paris Agreement-Aligned Pathways

The science is clear that developing any new oil and gas fields is incompatible with the Paris Agreement target of limiting global warming to 1.5°C. In July 2025, the International Court of Justice (ICJ) confirmed that 1.5°C is the agreed legally binding temperature goal under the Paris Agreement (ICJ, 2025). In 2021, the IEA set out its NZE scenario, which provides a pathway for reaching net-zero by 2050 and staying within the 1.5°C limit. In NZE, no new oil and gas fields are approved for development after 2021 (IEA, 2021, 2023). Subsequent

[2] This follows from the requirement in Schedule 6(4)(e) of the Offshore EIA Regulations to consider in cumulation with other existing and proposed projects, noting that the cumulative effect of GHGs occurs at the global level.

analysis by IISD found that this same conclusion—that there is no need for developing any new oil and gas fields in a 1.5°C world—follows also from most[3] 1.5° C scenarios from the IPCC's Sixth Assessment Report and from all major 1.5°C scenarios published by universities, intergovernmental organizations, companies, and consultancies (Bois von Kursk et al., 2022). This conclusion was again confirmed in a peer-reviewed paper in Science co-authored by IISD experts (Green et al., 2024) (Figure 1). Existing oil and gas fields—those already in production or under development—are sufficient to meet energy demand in representative scenarios aligned with 1.5°C.

Figure 1. Forecasted global primary energy production from gas and oil compared with energy demand based on IEA NZE and selected IPCC 1.5°C scenarios



Source: Green et al., 2024.

It is important to note that not only is there no need for new oil and gas fields in 1.5°C-aligned scenarios, but there is also no room. It is particularly difficult to close existing fields, for economic and political reasons related to jobs, vested interests, and infrastructure lock-in effects, as well as legal reasons related to the costly compensation owed to foreign investors when governments attempt to do so.

Economically, once construction of an oil and gas field has begun and capital sunk, the operating company has an interest in continuing to operate that project for as long as possible, "as long as the product can be sold at a price greater than the marginal operating cost" (Green et al., 2024). Therefore, to protect their sunk investments, oil and gas companies "tend to lobby more intensely against environmental regulations that diminish the value of their existing assets than they do against regulations that would diminish the value of hypothetical future investments, in which their capital is not yet sunk" (Green et al., 2024). Trade unions, similarly, have more of an interest in protecting their members' existing jobs than in

[3] Scenarios whose usage of bioenergy with carbon capture and storage or fossil carbon capture and storage is categorized by the IPCC as raising medium to high feasibility concerns were excluded from the analysis. In total, 26 IPCC pathways were selected for the analysis out of those considered in the IPCC's Sixth Assessment Report.

ensuring hypothetical future jobs from new projects, so they lobby more intensively to protect existing jobs (Green et al., 2024). Due to these political pressures, legislators who support environmental regulation "find it politically easier to enact more stringent regulations on new entrants …than on incumbents" (Green et al., 2024).

Legal barriers also exist to governments enacting regulations that decrease the value of existing investments. Most notably, under international trade and investment treaties, foreign investors in fossil fuel projects can often enforce claims of strong protections against regulatory reforms that reduce expected profits in private tribunals for investor–state dispute settlement (Tienhaara et al., 2022). By contrast, decisions to approve or reject a new project are not legally constrained in this way.

It is, therefore, generally more economically, politically, and legally feasible to stop new fossil fuel projects than to close existing capacity early.

Thus, any new development of oil and gas fields would ultimately generate stranded assets—either because they have to shut down early or because existing fields will need to produce significantly less than their anticipated amounts—or push the world beyond the 1.5°C goal (Bois von Kursk et al., 2022; Green et al., 2024).

The Likely Climate Effects of the Rosebank Development Would Be Highly Significant

The DESNZ guidance (2025, p. 12) states that an assessment of significance "will likely involve assessment of the project's emissions against global climate objectives at the project level and in cumulation with other global projects."

The above analysis finds that the Rosebank project in cumulation with other global projects is not consistent with the global climate objective specified in the Paris Agreement of pursuing efforts to limit warming to 1.5°C (ICJ, 2025). This inconsistency implies that the project's environmental impact will be significant.

Guidance from the Institute of Environmental Management & Assessment (2022, p. 23) states that "There is a global GHG emission budget that defines a level of dangerous climate change, and any GHG emission that contributes to exceedance of that budget or threatens efforts to stay within it can be considered as significant."

In the baseline, "do-nothing" scenario, it should be assumed that other global projects will produce at the levels projected above (which is assessed based on economic modelling by Rystad). As Figure 1 shows, emissions from the oil from these other global projects would already exceed pathways consistent with 1.5°C. Emissions associated with Rosebank would therefore likely lead to further temperature increases beyond 1.5°C, which the IPCC has found to be very significant (IPCC, 2018).

The Secretary of State Should Refuse to Agree to Grant of Consent

The DESNZ guidance (DESNZ, 2025) states that in reaching a decision, the Secretary of State will form a view of the overall balance of advantage between any potential significant effects on the environment and wider benefits to the interests of the nation and any other relevant factors in proceeding with the project.

The economic benefits of the Rosebank project do not outweigh the significant negative environmental effects outlined above because the project would create few jobs, generate minimal revenues (with a likely net loss to the Treasury), and make no contribution to energy security.

The Rosebank project would not create many jobs. Rosebank is expected to support just 255 direct and 137 supply chain jobs in the UK on average over the lifetime of the field (Equinor, n.d.). It therefore would do little to stem the tide of decline in the North Sea workforce, which has seen jobs supported by the oil and gas sector more than halve in the past decade—a loss of more than 200,000 jobs—despite new field approvals (Bol, 2023).

Moreover, Rosebank would not be profitable in terms of revenues to Treasury. Analysis conducted by WWF Norway found that due to tax breaks for development costs, in a case where the long-term average oil price is USD 70 a barrel, Equinor and Ithaca Energy would make a GBP 1.5 billion profit, while the British government would suffer a net loss of GBP 258 million (Jones & Lysta, 2025). In a case where global efforts to limit warming succeed and oil prices fall to USD 40 a barrel, the Treasury's loss could reach GBP 1.3 billion. The oil price would have to stay over USD 70 a barrel for the Treasury to make net revenues on Rosebank.

Finally, Rosebank would make no contribution to British energy security. Rosebank's reserves are 90% oil, which would overwhelmingly be for export (Taylor, 2024). Its 10% of gas reserves "have the potential to reduce UK annual gas import dependency by just 1% on average (under the most favourable conditions and if no gas is exported)" (Carthy et al., 2025).

Therefore, **IISD recommends that the Secretary of State for Energy Security and Net Zero refuse to agree to the Oil and Gas Authority's grant of consent** following the Secretary of State's conclusion regarding the environmental effects of the project, so the project may not proceed.

Instead, investing in clean energy jobs and industries is the way forward, to ensure just transition and economic diversification for workers and communities. IISD looks forward to the British government's release of its response to the Building the North Sea's Energy Future consultation.

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