Press Announcement

** Embargoed until 1030 on Friday 11 January 2019 **

Scottish global hub aims to transform decommissioning

- Unique partnership between The Oil & Gas Technology Centre and University of Aberdeen
- £38 million investment to create world-leading research and development centre
- Focused on reducing costs, extending field life and science-based thought leadership

The National Decommissioning Centre (NDC), a global technology R&D hub, is today opened by Lord Duncan, UK Government Minister for Scotland and Paul Wheelhouse MSP, Scottish Energy Minister, in Newburgh, in North-East Scotland’s Energetica Corridor.

The government ministers joined industry and civic leaders to celebrate the launch of this long-term £38m partnership between the Oil & Gas Technology Centre and the University of Aberdeen, part of the Aberdeen City Region Deal.

100 offshore platforms and 5,700km of pipeline are forecast to be decommissioned or reused over the next decade on the UK Continental Shelf. With the Oil and Gas Authority estimating the total cost of oil and gas decommissioning to be £58bn, the NDC will help industry deliver the >35% cost reduction target set by the regulator in 2016.

Combining industry expertise with academic excellence, the Centre aims to work in partnership with companies to become the global leader in research and development (R&D) focused on reducing costs, extending field and asset life, and transforming the traditional approach to decommissioning.

The NDC builds on the world-leading R&D capability at the University of Aberdeen in areas such as decommissioning technologies, predictive modelling, environmental assessment and the economics of decommissioning.

The Centre is in advanced discussions with several anchor partners, focused on bringing together academic researchers, experts from industry and business partners with the best experience, ideas and equipment to create a unique environment for collaborative R&D.

The NDC is home to the most powerful industrial laser at any UK academic institution, a state-of-the-art digital visualisation and collaboration suite, and a supercomputer cluster enabling the fast simulation and modelling of innovative decommissioning scenarios.

This includes facilities for technology trials and rapid prototyping, with a hyperbaric testing vessel that can simulate ocean conditions of 6,500m, an indoor freshwater immersion tank, environmental chambers for temperature testing from -40C to +180C and hangar space for the design and construction of decommissioning technology.

Led by Professor Richard Neilson from the University of Aberdeen and the OGTC’s Dr Russell Stevenson, the NDC is developing a wide-ranging, industry-led research programme, with dedicated access to the brightest and best PhD and MSc students, and several projects are already underway.
Linking industry demand and expertise with academic capability and skills will help create competitive advantage, not only for the oil and gas industry, but for decommissioning challenges in the wider energy sector, for example, in offshore renewables.

The NDC will also collaborate with R&D institutions and innovation centres across the country active in late life asset management and decommissioning, and partner with fishing, marine, safety and environment organisations in the UK and internationally.

Colette Cohen, Chief Executive Officer, the Oil & Gas Technology Centre, said:

“We’re delighted to be working in partnership with the University of Aberdeen to establish the National Decommissioning Centre. Together we’ll provide access to the brightest and best academic minds and help companies accelerate new technologies that transform mature field management and decommissioning.

“The Centre will partner with industry and academia to deliver technology, share knowledge and provide thought leadership to reduce costs, extend field life, and challenge the conventional approach to decommissioning. We’re now talking with several anchor companies to co-invest in this exciting new facility and help shape our research programme.

“With the global decommissioning market set to grow to £80bn over the next decade, we will work with supply chain companies and technology developers in Scotland, and across the UK, to help them develop the capability to meet domestic demand and drive export growth across the world.”

George Boyne, Principal of the University of Aberdeen, said:

“The University’s partnership with the OGTC is testament to our shared commitment to establish the National Decommissioning Centre as a global leader in research and development, building on this region’s strong track record in innovation in industry and the sciences.

“Our research programmes will nurture academic and technical expertise through PhD opportunities that will anchor research talent here in the north-east of Scotland, while the University’s Masters programme and continuous professional development course in decommissioning will provide companies with the opportunity to upskill their staff.

“By building expertise at all levels – academic and within industry – we will create competitive advantage for the oil and gas industry, and for decommissioning challenges in the wider energy sector, for example offshore renewables.

“I am delighted that the University is part of this exciting project and look forward to a bright and successful future.”

UK Energy and Clean Growth Minister, Claire Perry, said:

“The National Decommissioning Centre will lay the groundwork for the UK to become a global leader in offshore oil and gas decommissioning – an industry set to grow to be worth around £80 billion in the next 10 years.

“Cutting-edge facilities and technology will equip new and existing talent with the right skills to transition to this growing sector, creating a wealth of high-skilled jobs to boost earning power – a key part of our modern Industrial Strategy.”
Paul Wheelhouse, Scotland’s Minister for Energy, Connectivity and the Islands said:

“I’m delighted the Aberdeen City Region Deal has helped enable today’s launch of a global technology hub at the vanguard of industry collaboration, research and development.

“The National Decommissioning Centre has a key role to play to help all of Scotland unlock new opportunities. In doing so, it will cement the country as the place for decommissioning expertise. This is why last April we provided a further £1.9 million in funding towards the establishment of the Centre of Excellence here in Newburgh.

“I have no doubt under the excellent leadership of both University of Aberdeen’s Professor Richard Neilson and the Oil and Gas Technology Centre’s Dr Russell Stevenson, the Centre will help to make great strides in increasing sector knowledge on new approaches to decommissioning and demonstrating routes for cost reduction.”

Lord Duncan, UK Government Minister for Scotland said:

“The National Decommissioning Centre is a real and tangible benefit to the region of the Aberdeen City Region Deal. This presents an exciting opportunity to establish a centre of excellence in the North-East of Scotland which will develop new capabilities, skills and jobs to meet the decommissioning challenge now and in the years ahead. It will be funded in partnership by the UK Government, Scottish Government, University of Aberdeen, Robert Gordon University and the private sector.

“It’s been two years since the Aberdeen City Region Deal started to make a huge difference to the region’s economy. The Deal is helping to boost jobs and prosperity and is driving growth across the region. To date the UK Government has committed more than £1.1 billion to City Region Deals right across Scotland.”

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Notes to Editors

1. Supportive quotes

Andy Samuel, Chief Executive of the Oil and Gas Authority, said:

“I’m excited by the prospects for this centre to help bring forward more game-changing technology into the decommissioning sector, where we’re already seeing some great examples of companies innovating and collaborating efficiently. I’ve no doubt this will help put the UK, and the North East of Scotland, on the map as a global decommissioning centre of excellence.”

Sir Ian Wood KT GBE, Chair of private sector led economic development body Opportunity North East (ONE), said:

“The National Decommissioning Centre will positively impact the efficiency and innovation in the UKCS and help reduce decommissioning expenditure, which is forecast to total £58bn by 2050. It will also continue North East Scotland’s transformation from oil and gas to wider energy technology and activities, and help to develop products and services that will contribute to the Vision 2035 target of doubling supply chain exports. The Centre’s ambition is aligned with maximising economic recovery, securing economic benefit from decommissioning and anchoring our high-value supply chain for the long term, which are regional, national and industry priorities.”

Councillor Jenny Laing, Co-Leader of Aberdeen City Council and Chair of the Aberdeen City Region Deal Joint Committee

“The region has a proud track record of innovation and this is another important step to ensuring we build upon those solid foundations. Cost reduction, prolonging field life and decommissioning are growth areas and it is important that Aberdeen is at the heart of worldwide developments.

“The NDC will harness the academic expertise and industry experience we have and use that to bring economic and technology benefits that will have a positive impact not only on the North Sea sector but also globally.

“The input of PhD and MSc students will also support the aims of the Regional Economic Strategy in fostering and retaining talent, another advantage the NDC brings as part of the Aberdeen City Region Deal’s wide-ranging programme.”

Cllr Jim Gifford, leader of Aberdeenshire Council and vice-chair of the City Region Deal Joint Committee said:

“Decommissioning is the final stage of the Oil & Gas process and is fundamental to the future of our region. I am pleased to see the City Region Deal supporting another essential strand of work which will create opportunities for our talent pool and allow this region to continue to lead the industry from the front.

“Having the National Decommissioning Centre of Excellence located in the Energetica corridor will continue to shine a spotlight on Aberdeenshire and Aberdeen, building on our well-established research base and history of innovation. It will work towards delivering efficiencies that will have a significant impact, help anchor expertise in the region and provide another reason for the global industry to learn from us.

“The Centre is built on the principle of collaboration that is key to our City Region Deal and Regional Economic Strategy and is another example of what can be achieved through partnership working. We look forward to watching the Centre grow and develop.”
John Warrender, Chief Executive of industry body Decom North Sea said:

“As the sole membership body dedicated to the decommissioning sector, Decom North Sea welcomes the opportunity to partner with the NDC in bringing our sector experience, expertise and innovative drive to help steer the centre’s research objectives. We look forward to working with the NDC and our energy industry colleagues, particularly as the Centre begins to outline the benefits it can bring to the local, Scottish and UK late life and decommissioning community.”

Deirdre Michie, Oil & Gas UK’s chief executive, said:

“The launch of the National Decommissioning Centre makes clear our ambition to become a trailblazer in decommissioning. The UK’s oil and gas industry is renowned across the globe thanks to its dynamic supply chain and expert capabilities. With first mover advantage in the global decommissioning market and clear support from the government, regulators and industry, this exciting new facility will play a key role in driving our ambitions forward.”

Russell Borthwick, Chief Executive of Aberdeen & Grampian Chamber of Commerce, said:

“The UK continental shelf is one of the world’s most mature oil and gas producing basins and that legacy has put the North-east of Scotland at the centre of global knowledge and expertise in the sector for decades. There is a major opportunity for the supply chain to develop and anchor world-class decommissioning capabilities here and the establishment of the NDC marks a step-change in our move towards becoming a world leader in this growing global market.”

Dr Stuart Fancey, Director of Research and Innovation for the Scottish Funding Council said:

“SFC is very pleased to have supported the development of the NDC and to have contributed to funding the first cohort of MSc Students in Decommissioning, giving Scottish oil and gas businesses timely access to the skilled workforce they need for the decommissioning opportunity ahead.

“This cutting-edge facility is a fantastic asset for Scotland and provides industry with an open door to our world-leading research and development, boosting our economy through the maintenance and decommissioning of existing oil and gas infrastructure.”

2. About the Oil & Gas Technology Centre

- The Oil & Gas Technology Centre is a not-for-profit, industry-led, technology research and development organisation based in Aberdeen.
- The Oil & Gas Technology Centre was established in October 2016 with £180 million funding as part of the Aberdeen City Region Deal.
- The Deal is a long-term improvement programme to enhance growth, competitiveness, connectivity, infrastructure, housing and employment into an already successful regional economy.
- The Deal is supported by the Scottish Government, UK Government, Aberdeen City Council, Aberdeenshire Council and Opportunity North East.
- An additional £174.1 million has to be generated in matched funding from industry, university or others as part of the Centre’s long-term funding, which can be both cash and in-kind.
3. About the University of Aberdeen

- Established in 1495, the University of Aberdeen is the fifth oldest in the UK and is consistently ranked in the top 200 of the world’s universities.
- A total of 76% of Aberdeen’s research was judged ‘world leading’ or ‘internationally excellent’ through the UK’s most recent Research Excellence Framework.
- Located in Europe’s oil and gas capital, the University is renowned for its world-leading research in energy, environmental and biological sciences, health, and food and nutrition.
- In 2016 the University launched the UK’s first master’s degree in decommissioning oil rigs and platforms. As the first of its kind in the world, the programme is multi-disciplinary and focuses on the key aspects of decommissioning such as engineering, project management, economic benefit, law, safety and environmental science.