Aberdeen & Grampian Chamber of Commerce

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The Rt Hon John Healey MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
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30th August 2026

Dear Chancellor,

Newspaper reports that you are considering extending or increasing the Energy Profits Levy will cause enormous concern across the UK's energy communities today, and we are writing to seek an assurance from you that this briefing is wrong.

The headline tax rate on the North Sea is already a crippling 78%. As a consequence, investment has fallen, projects have stalled and thousands of highly skilled jobs have already been lost.

BP – which has anchored the North Sea energy sector for six decades – has just announced it is leaving the basin, supply chain businesses are cutting headcount and investment that could have come to the UK is increasingly being deployed elsewhere.

This should act as a wake-up call for urgent change, not more of the same. The Government has publicly committed to replacing the Energy Profits Levy with a permanent price-based mechanism. It should honour that commitment and go further by introducing the new regime early, in the new tax year. There is a compelling economic case for doing so.

Analysis by Offshore Energies UK suggests an early policy reset could unlock £50billion of additional oil and gas investment, increase tax receipts by more than £13billion over the next decade and support tens of thousands of jobs. That is money which can fund schools, hospitals, defence and other public services.

Increasing the EPL risks achieving precisely the opposite. You cannot tax revenues from investment which does not happen, production which has ceased or workers whose jobs no longer exist.

The Government rightly acknowledges that Britain will continue to need oil and gas for decades to come. The question is therefore not whether we consume it, but increasingly where it comes from.

Last year Britain imported LNG from countries including the United States, Qatar, Peru, Brazil and Angola. Their governments will be among the few beneficiaries if the UK makes another deliberate decision to suppress its own production. Imports do not improve our energy security. They export jobs, investment and tax revenues while, in the case of LNG, carrying a substantially higher carbon footprint.

Finally, you understand better than most the dangerous world in which these decisions are now being taken, and there is a wider strategic point which should weigh heavily on the Treasury.

There are currently just two nations in Europe, excluding Russia, which produce more than one million barrels of oil and gas per day - the UK and Norway. Norway is continuing to invest, explore and develop its resources because it understands that domestic energy production is an economic and national security asset. Britain should understand that too, particularly at this moment of profound geopolitical uncertainty.

We urge you to reject any extension or increase in the Energy Profits Levy and instead bring forward the transition to a competitive, permanent fiscal regime which rewards investment while ensuring taxpayers receive a fair return when prices are exceptionally high.

That would protect jobs, strengthen energy security, increase investment and, ultimately, deliver more revenue for the Treasury. The alternative risks accelerating deindustrialisation in communities which have powered Britain for generations and doing lasting damage to an industry which Britain cannot afford to lose.

Yours sincerely,

Russell Borthwick
Chief Executive
Aberdeen & Grampian Chamber of Commerce