

Unite House
128 Theobald's Road
Holborn
London WC1X 8TN

020 7611 2500

GENERAL SECRETARY'S OFFICE



15 November 2024

The Rt Hon Ed Miliband MP
Secretary of State for Energy Security and Net Zero
3 Whitehall Place
London
SW1A 2AW

Dear Ed,

As I have outlined in our many discussions, Unite is not prepared to accept the current inaction of the government in regard to the Grangemouth Refinery. I do not need to remind you that this is the only refinery in Scotland and it is critical to our national security. A Labour government not putting together a serious plan for the future of the site and the thousands of jobs which depend on it, would be a huge dereliction of duty.

I was extremely concerned to hear the evidence of Iain Hardie and Colin Pritchard from Petrolneos to the select committee on Wednesday. In particular, they claimed that no government discussions around an intervention had happened yet. I was also dismayed at the comments of Ian Murray which seemed to give up on Grangemouth, which is totally unacceptable.

How this government deals with the threatened closure at Grangemouth will be the key test of your commitment to a just transition for workers and communities, and to our future energy security. Unite stands ready to assist you in this and for us jointly to get to the right decision for workers and for Scotland. As discussed, I have attached a clear plan outlining how to secure the future of refinery.

The plan looks at Sustainable Aviation Fuel (SAF) and other sustainable fuels. We have spoken to many experts on biofuels and SAF across industry and academia and they all say that if you are converting to SAF production shutting Grangemouth down now is 'madness'. We need more refinery capacity for the transition, not less. It is 30-70% cheaper to convert an existing refinery to sustainable fuel than build a new plant from scratch. And Grangemouth has the skilled workforce, the customer networks, and the community support to make this work.

The attached report also shows that conversion of Grangemouth to SAF production from Hydro-processed Esters and Fatty Acids (HEFA) could be done in 1-3 years. P66's Rodeo refinery in California transitioned to HEFA in one year, with no job losses. It cost £1 billion. Preem's Lysekil transition in Sweden is preserving all 400 jobs and creating 50 new ones. It cost £0.73 billion.

The UK's SAF mandate means 10% of our aviation fuel (around 1.2 Mt out of total 12Mt) must be SAF by 2030: that is a 35-fold jump in demand. As well as a SAF mandate, your government

is introducing a revenue support mechanism for SAF production and Grangemouth has a customer base ready for SAF. Indeed, Scottish airport bosses say it is "imperative". The question is simply: will we produce this critical fuel domestically, or become dependent on imports?

So that brings us to the question: what are Petrolneos up to? They tell us the refinery is losing money, that the hydrocracker and other equipment are worn out or not suitable, so they have no choice except converting to an import terminal with 400 direct job losses. But as we have set out in the report, there are many serious concerns about lack of transparency and lack of evidence to support these claims.

It is also unavoidable that Petrolneos has conflicting incentives here. It is a joint venture, 50% owned by the Chinese government owned PetroChina and we know that Chinese producers are currently ramping up their own SAF production with intent to export. We are also worried that if Petrolneos do eventually agree to produce biofuels on site they will use this process to carry out an effective "fire and rehire" bad transition.

Given these issues and that "Project Willow" starts from the assumption of closure rather than conversion and is effectively controlled by Petrolneos, we must insist on an independent investigation into the viability of Grangemouth as a SAF plant. We must also stress that this work cannot be carried out by Petrolneos themselves, nor by EY, who are employed by Petrolneos, or indeed anyone else with a clear conflict of interest. We need to agree jointly on who does this review.

Based on the evidence and analysis in our report, we set out a three-phase proposal as follows:

First, an immediate pause to closure threats, and an Independent Review into the current state of the refinery and a detailed transition plan. Plus establishing a new Grangemouth Transition Partnership to manage the refinery, with the UK and Scottish governments taking a stake as "investor of first resort", and a board including worker and community representatives. We are confident that other investors are out there to join the project, if Ineos do not demonstrate their commitment.

Second, a rapid transition to HEFA-based SAF conversion in 1-3 years, following similar models used worldwide, maintaining all current refinery jobs.

Third, a long-term transition to advanced SAF and other sustainable fuel technologies such as Power to Liquid (PtL). The details to be determined following the Independent Review.

Ed, this is the moment to demonstrate Labour's commitment to workers and your readiness to ensure that there are no jobless transitions - or indeed working-class wastelands. Labour is the party of workers, and a Labour government must not allow this happen. We now need to forge a path to jobs and real energy security for Scotland and the UK.

I look forward to hearing from you.

Yours sincerely



Sharon Graham
General Secretary