

Response ID ANON-A42B-F295-F

Submitted to **Consultation on a Scottish Energy Strategy: The future of energy in Scotland**

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About You

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Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

Prospect

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response with name

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

Questions

1 What are your views on the priorities presented in Chapter 3 for energy supply over the coming decades? In answering, please consider whether the priorities are the right ones for delivering our vision.

1What are your views on the priorities presented for meeting our energy supply needs?:

Prospect supports the priorities as outlined in Chapter 3, however we believe that priorities could be expanded with the addition of an holistic priority covering how the energy priorities can support and develop key areas of Scottish manufacturing in such areas as renewables and Carbon Capture and Storage so that the integrated nature of energy and manufacturing is not lost. We also believe that delivery of this strategy requires both further work on the development of skills and changes to the regulation of networks, including independent distribution network operators and offshore transmission networks.

2 What are your views on the actions for Scottish Government set out in Chapter 3 regarding energy supply? In answering, please consider whether the actions are both necessary and sufficient for delivering our vision.

What are your views on the actions set out which support these priorities?:

Prospect welcomes the Scottish Governments ongoing commitment to a balanced energy mix, in particular we support the conclusion that "thermal electricity generation is required to provide important base load capacity...". We further welcome the conclusion that the current market and regulatory framework make the construction of thermal plant in Scotland highly unlikely. Scotland currently faces the position that with the announced mothballing of Peterhead Power Station Scotland will have no major non-nuclear generating capacity attached to the National Grid, a situation of key strategic disquiet in respect of system stability and black start capability

Prospect notes the Scottish Governments position that the two current nuclear stations, which will shortly form Scotland's only native baseload capacity, should not be replaced, but we welcome the concluding statement, "under current technologies". Prospect believes that within the balanced energy mix desired by the Scottish Government it is vital that nuclear is not simply ignored. Ongoing work by Prospect members at EDF and at Magnox amongst other companies shows that small modular reactors are a viable generating alternative.

Prospect continues to support carbon capture and storage as technology and as a methodology of ensuring a balanced energy mix including the use of clean coal generation

Prospect supports the ongoing development of both onshore and offshore renewable generating capacity as part of balanced mix, furthermore we believe that more could be done to ensure that Scottish manufacturing is more actively involved in renewable developments. We believe that long-term energy skills strategy should include manufacturing and energy consulting skills that are both required in Scotland and increase access to substantial export markets.

Prospect believes that the construction of the plant necessary to ensure a balanced energy mix for Scotland should be pursued as a priority and should be used to address areas where energy related jobs have been lost over a period of years to the detriment of the local economy, for example Caithness & Sutherland (Dounreay) and the Forth Bridgehead area (Longannet)

To ensure that the necessary economic environment is in place to encourage the development of thermal plant Prospect supports the view that regulatory
Latest revision of this document: <https://library.prospect.org.uk/id/2017/00802>
This revision: <https://library.prospect.org.uk/id/2017/00802/2017-05-23>

changes will be necessary, in particular the geographically based Transmission charging system which actively discourages not just the development of new thermal plant but also actively discourages the maintenance and operation of existing plant.

3 What are your views on the proposed target to supply the equivalent of 50% of all Scotland's energy consumption from renewable sources by 2030? In answering, please consider the ambition and feasibility of such a target.

What are your views on the proposed 2030 target of 50% of Scotland's energy consumption being met by renewable energy?:

4 What are your views for the development of an appropriate target to encourage the full range of low and zero carbon energy technologies?

What steps can be taken to make Scotland the first place in the UK to see commercial development of 'subsidy-free' renewables?:

Prospect believes that the Scottish Government should have a commitment to develop a Carbon Capture and Storage (CCS) demonstration plant and that the next electricity distribution price review, RIIO-ED2, should set targets for developing skills required to enable smart grids to make most efficient use of energy.

5 What ideas do you have about how the onshore wind industry can achieve the commercial development of onshore wind in Scotland without subsidy?

What are your views on the future of thermal generation in Scotland, with a particular focus on repowering Scotland's existing thermal generation sites?:

Continued investment in energy research, smart grids and skills should all contribute to a reduction in costs that make onshore wind commercially viable.

Providing financial incentives to develop smart grids, storage and ancillary services, such as Blackstart and voltage regulation, also provides a more stable electricity market reducing perceptions of risk and thus the required rate of return on investment in wind. As wind generation is capital intensive industry, commercial stability that reduces risk has a significant impact on costs.

The wind sector is fragmented and the development of a skilled workforce has required Government support. Prospect believes that continued partnership between the public-sector, wind generators and trade unions would improve the quantity and quality of skills in the sector this would reduce costs by ensuring more reliable operation and better scheduling of maintenance..

6 What are your views on the potential future for Scotland's decommissioned thermal generation sites?

What are your views on the role of hydrogen in Scotland's energy mix and what can government do to support this?:

Prospect believes that the Scottish Government should actively support the use of decommissioned thermal sites for the development of new thermal plant. This could be encouraged by a range of devolved financial instruments, however Prospect notes that substantial regulatory change at a UK level will be needed to create a wider supportive economic environment. Current decommissioned thermal sites such as Longannet exist at strategically important nodes on the grid network and represent suitable sites in respect of grid stability and connectivity for replacement baseload generation. They also sit within well-established local economies supporting thermal technologies and so a new thermal programme based on existing sites would go some way to mitigating previous economic loss. Newer technologies may lead to a lower overall site footprint and as such as long as sufficient space was safeguarded for future thermal development Prospect would support the use of decommissioned sites for non-thermal generation activity. Prospect believes that it is vital that the Scottish Government conducts a review of decommissioned sites and takes a view as to which represent critical strategic sites for baseload generation and take steps to protect them from other development, economically maintaining an available strategic site is in the medium and long term more efficient than losing the site and then having to purchase or apply planning permission to a new greenfield site

7 What ideas do you have about how we can develop the role of hydrogen in Scotland's energy mix?

What are your views on the on the four priority areas for a transformation in energy use?:

8 What are your views on the priorities presented in Chapter 4 for transforming energy use over the coming decades? In answering, please consider whether the priorities are the right ones for delivering our vision.

What are your views on the specific actions identified under each priority area?:

We broadly support the priorities set out and believe that improving energy efficiency has the greatest environmental and social benefit.

9 What are your views on the actions for Scottish Government set out in Chapter 4 regarding transforming energy use? In answering, please consider whether the actions are both necessary and sufficient for delivering our vision.

What are your views on how best to reflect the EU ambition to implement a EU wide 30% energy efficiency target to 2030?:

We believe that the three following additional measures would contribute to delivering the target set out in Chapter 4:

1. Providing incentives for small to medium scale combined heat and power for industrial and commercial sites;
2. Working with industry to increase knowledge of best practice and innovation in the use of industrial heat; and
3. Developing the use and commercial deployment of alternative fuels such as bio-gas, bio-diesel and woodchips for domestic customers, especially for the large-number of off-grid customers with no access to the national gas grid.

10 What ideas do you have about what energy efficiency target we should set for Scotland, and how it should be measured? In answering, please consider the EU ambition to implement an energy efficiency target of 30% by 2030 across the EU.

10:

Any target should be set after consultation with stakeholders over levels and delivery plans: whilst domestic fuel prices are below the EU median, industrial fuel prices are significantly above those of many of our EU partners. A simplistic target runs the risk of simply displacing carbon emissions to other parts of the world.

11 What are your views on the priorities presented in Chapter 5 for developing smart, local energy systems over the coming decades? In answering, please consider whether the priorities are the right ones for delivering our vision.

What are your views on the priorities presented for delivering a smarter local energy system?:

Local energy companies have particular benefits for rural and island communities. However these objectives should not inhibit moves to increase the efficiency of generation and the opportunities offered by smart grid technology to make better use of energy. Given the intermittent nature of renewable sources such as wind and solar, there is a need for co-ordination of local companies with national energy companies, especially ScottishPower and SSE as the distribution network operators so communities have reliable access to energy supplies and professional expertise to coordinate groups of local energy companies. Given Scotland's surplus of energy, with a large share of the EU's oil, gas and wind resources, there is need for close co-operation with English and Irish energy companies if the energy strategy is to work effectively.

12 What are your views on the actions for Scottish Government set out in Chapter 5 regarding smart, local energy systems? In answering, please consider whether the actions are both necessary and sufficient for delivering our vision.

What are your views on the specific actions identified under each priority area?:

Given the important role of the distribution networks in providing reliable back-up energy and professional expertise to local energy companies, there is need to review regulation so DNOs have the authority and ability to invest in smartgrid technology and skills to operate a more complex network as local energy companies emerge in greater numbers. Moreover the regulatory system needs to develop commercial mechanisms and price controls for local energy companies as these could form local monopolies, for example if they own the local distribution network. We believe that some work is needed to explore the best commercial mechanism for the sales of excess energy between energy companies and to the provision of ancillary services such as Blackstart and voltage regulation. This will enable a robust and certain regulatory environment thus reducing the cost of capital.

With greater diversity in energy provision, the argument for Government sponsored partnership on skills and sector-wide training become more compelling, the success of this initiative relies on professional staff having adequate training to provide a safe and efficient service to consumers as well as providing a mechanism for small and medium energy companies to train staff joining the sector.

13 What are your views on the idea of a Government-owned energy company to support the development of local energy? In answering, please consider how a Government-owned company could address specific market failure or add value.

What role do you see for a potential Government owned energy company that would add value to the current landscape supporting the development of local energy?:

Prospect could see a role for a Government owned energy company. The current economic disincentives to commercial development of generating capacity in Scotland would be less likely to impact on a Government owned institution. We also believe that a Government-owned company should have greater freedom to develop new commercial frameworks to encourage local energy production and should have a specific remit to share intellectual property created as the energy market in Scotland evolves. Since privatisation, the private sector has been driven by short-term regulation and there has been little financial incentive to invest in research into technology and services. Furthermore, it could provide an essential and impartial comparison to the private market, giving insight to future policy and ownership of the industry.

14 What are your views on the idea of a Scottish Renewable Energy Bond to allow savers to invest in and support Scotland's renewable energy sector? In answering, please consider the possible roles of both the public and private sectors in such an arrangement.

What are your views on the need for a Scottish Renewable Energy Bond, the potential structure, and the role of both the public and private sector in such an arrangement?:

Existing policy has encouraged high levels of investment by the private sector so accessing finance is not a major priority: a more productive development of policy would be in regulation and research that guided such investment.

15 What ideas do you have about how Scottish Government, the private sector and the public sector can maximise the benefits of working in partnership to deliver the 2050 vision for energy in Scotland?

How can Scottish Government maximise the benefit of working in partnership with the public and private sector bodies?:

Prospect supports a mixed economic approach to the delivery of energy capacity in Scotland. Whilst the chief deliverer of capacity is at present likely to be the Private Sector Prospect believes it is necessary for the Scottish Government to seek to establish an economic environment in which there are reduced disincentives to Companies to invest in the generating, transmission and distribution capacity necessary for Scotland's future. However we note that in the current economic climate there may be a role for Government as highlighted in the answer to question 13 to engage to meet critical strategic need. Continued partnership between the public sector, private sector and unions is essential to the development of skills in the energy sector. We would wish to see a firm commitment by the Scottish Government to encourage and support further joint working as the new energy strategy requires the development and maintenance of a wide range of professional skills

16 What ideas do you have about how delivery of the Energy Strategy should be monitored?

Do you have a view on the way in which the Energy Strategy is monitored?:

We support the establishment of national energy commission to monitor progress on the strategy and to provide a forum for the sharing of best practice.

17 What are your views on the proposed approach to deepening public engagement set out in Chapter 6?

What are your views on the proposed approach to deepening public engagement under the Energy Strategy?:

The publication of a proposed Annual Energy Statement is welcome. A further suggestion would be that its publication is accompanied by a government statement and formal debate.

Strategic Environmental Assessment (SEA) Questions

18 What are your views on the accuracy and scope of the information used to describe of the SEA environmental baseline set out in the Environmental Report? (Please give details of additional relevant sources)

To what extent does the Environmental Report set out an accurate description of the current baseline? (Please give details of additional relevant sources):

19 What are your views on the predicted environmental effects as set out in the Environmental Report?

19:

20 What are your views on the proposals for mitigation and monitoring of the environmental effects set out in the Environmental Report?

20:

Evaluation

Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Very satisfied

Please enter comments here.:

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Neither satisfied nor dissatisfied

Please enter comments here.: