



Minutes

Cross Party Group on Sustainable Energy
Presentations by
Chris Stark, the Committee on Climate Change
Ragne Low, University of Strathclyde
Tuesday 25 September 2018 @ 12.00pm
Seminar Room 1 & 2, Pierhead

Attendees

Industry Members

Aled Rowlands, National Grid

Andy Regan, Ofgem

Ann Cousins, Arup

Bethan Proctor, National Energy Action
(NEA) Cymru

Carolyn Pugsley, Freshwater

Charlotte Gibson, Onshore Renewable
Energy Policy Team

Clare Jones, Grasshopper PR

Craig Harrison, Liberty Renewables

David Clubb, Renewable Cymru UK

Ella Maxwell, Ofgem

Erin Gill, Arup

Gareth Williams, CITB Bircham Newtown

Gerallt Hughes, Arup

Guto Owen, Ynni Glan

Helen Westhead, Arup

Jane Taylor, Energy, Water and Flood
Division

Jennifer Pride, Welsh Government

Joe Ayoubkhani, Barton Willmore

Jonny Hewitt, Vattenfall

Laura Hulson

Llyr Gruffydd, Welsh Assembly

Mari Arthur, Cynnod Cymru

Mark Summers, Acuity Legal Limited

Ragne Low, University of Strathclyde

Sara Powell-Davies, Renewable Cymru
UK



Simon Morgan, REG Power Management

Stephen Cook, Arup

Stuart Becharas, Acuity Legal Limited

Tony Cooke, Cardiff Community Energy

Yasmin Akbari, Freshwater

AGM

- Llyr Gruffydd proposed and seconded as Chair for another term.
- Freshwater proposed and seconded as Secretary for another term.

Welcome: Llyr Gruffydd

- The theme of this meeting is to discuss 'Is it time for Wales to go Scottish' with regard to energy policy.

Presentation: Chris Stark, Chief Executive of the Committee on Climate Change

Introduction

- Presentation outlines some history and context on how Scotland approaches energy policy.

Is it time for Wales to go more Scottish on Energy Policy?

- It is not time for Wales to go Scottish, it is for Wales to decide its own energy policy.
- Modern Scotland is completely defined by its energy resources, which are very distinct from Wales.
- While there are some parallels with Wales, eg the mining of coal, it is important to discover what matters to Wales in terms of its energy resources and production.

How might we discuss and characterise Scotland's approach to energy?

History

- There's been a long term trend for Scotland to be defined by its resources, especially oil and gas, which have defined the industrial economy of Scotland.
- But Scotland has always viewed its approach to energy as distinct from the rest of the UK, but the reasons for this are not simply because of its off-shore oil and gas.
- Until recently, there's been a separate system of electricity use – in terms of regulations and also transmission. In a way, until recently, Scotland has been an 'island' when it comes to electricity.



Political History

- Prior to devolution, the Scottish Office was seen as having expertise in the field of oil and gas, with lots of specialists working there, including Alex Salmond when he was a civil servant. The way that oil revenues were handled throughout the 80s caused conflict among politicians.
- Devolution created a new face to individuality when it comes to Scotland.
 - Devolution created a Scottish parliament
 - Economic development was devolved, and in Scotland as energy is so closely related to the economy, devolution of economic development meant more control by Scotland over energy policy
- After devolution, there was pressure for a Committee in Scottish Parliament to produce a new energy policy, then pressure on the Labour/Lib Dem coalition to come up with an energy policy. Westminster didn't notice what was happening.
- SNP took control of parliament in 2007. It put energy front and centre in its manifesto for the first time. It was the first ministerial portfolio in Scotland with 'energy' in the title. First Minister in Alex Salmond was a self-styled energy expert, and really cared about the issue.
- In 2007-2009, Scotland put tougher governance procedures around the Climate Change Act 2008, passed in Westminster – linking the same long-term target with energy policy.
- During the 2014 Referendum, many political publications sported windmills on their front covers, wearing them as a 'badge of honour' and indicating that the SNP were to be defined by renewable energy.

Policy Change

- The SNP government promoted an ambitious planning policy when it comes to renewable energy.
- The SNP government worked together with public bodies to provide generous subsidies for renewable energy.
- Onshore wind energy consenting was devolved and this was used as the basis for the support and development of onshore wind in Scotland.
- The consenting powers over transmission infrastructure was also devolved. It has permitted the construction of enormous new transmission infrastructure to provide that power to the windmills it built and further afield.
- Where it was previously an island-like situation, Scotland has now joined up more or less completely with the rest of the UK so all the constraints have more or less gone.
- Alex Salmond, Chris Hume and Ed Davey as energy secretary, agreed on almost everything energy policy wise.
- Alex Salmond presented Scotland as the 'Saudi Arabia of the North' with their new industrial strategy.
- All changes were framed in industrial policy, which would define Scottish energy policy.



Bringing it up to date

- The final period was defined by a change in UK energy policy. Amber Rudd moved away from renewable energy subsidies.
- Scotland has moved towards a more market based mechanism, including consumer subsidies.
- There has been a growing recognition of the climate control work that Scotland has undertaken, and there are prospects of a new approach by Westminster.
- There's been a much broader view of what energy and climate change policy in Scotland means under a Nicola Sturgeon-led administration.

Conclusions

- With carbon 2050 targets, there needs to be a whole economic plan – an energy strategy that supports a carbon strategy.
- Need to think about how we move electricity around, heating, how energy efficient the building stock is, agriculture etc needs to be crucially considered. Energy is the golden thread that links everything together.
- What role should community play in broader discussions of climate change?
- Looking less to subsidies but instead using devolved responsibility for planning, transport, economic developments, climate policy, housing, building regulations, local government etc can enable Wales (as Scotland has done) to take responsibility for its own climate change and energy policy.
- Ambition is good – but policy is better

Questions and answers

- **Question:** *Aled Owens, National Grid:* You mentioned that wind turbines are a badge of honour; I'm yet to see a pylon on the front of a political manifesto. I have two questions:
 - Can you talk about the political context, the political will needed to consent to giant pylons?
 - What about the public debate about this, was there anything about Scotland providing energy for English cities?
- **Response (CS)** You never refer to a pylon – you call them towers! But you don't often see them on the front page of manifestos. But I would say that the difficult planning decision to permit a new transmission infrastructure to be built through the middle of Scotland was one of the key issues raised, and what opened up development, and was one of the most controversial decisions taken by the first administration in Scotland. There was lots of public debate about it, crucially there was a lot of unhappiness out there about the way that these things look. In Scotland, there is a road that goes up through the middle, the A9, known as the spine of Scotland, and those pylons follow the A9 and then head into a beautiful bit in the middle of Scotland, Stirlingshire. That was seen as a worthwhile endeavour. I think if you were to put that question to the Scottish populace, they would still say that and there would still be a consensus around it. But the way in which it was managed was to do a fairly vanilla consenting procedure, and there were lots of questions as to whether that was really handled in the right way, and I don't really have a view about it. I would say that was honestly a bold position taken by the administration.



- **Question:** *Erin Gill, Arup* You mentioned that there was some disquiet in the 1980s about how oil and gas revenues were handled, could you say a bit more about how that might have fed into a willingness to use those levers that you talk about as ambitiously as has been the case. Was there a direct relationship or was it just a feeling that Scotland needed to take its future into its own hands?

Response (CS) I'm loathe to speculate about that particular connection, but I do think that Alex Salmond used that very well. A lot of the things that Alex Salmond did was ensuring that we didn't have the loss of revenue that occurred in the 70s and 80s from oil and gas. And I find it can be quite misleading, that loss of benefit from those revenues. Crucially in Scotland there is often discussion about why a Norwegian-style oil fund was not established and that was, and continues to be, a huge political issue. I certainly think there was a feeling that the next energy revolution in Scotland shouldn't miss out on the industrial aspect. I think there is an enormously valuable industry in Scotland from renewable energy and clean energies generally.

- **Question** *Helen Westhead, Arup* I was formerly a wind farm developer in Wales around 2007, and what we really noticed then was the difference in accountability for delivery of projects, and the urgency to get them through the planning process.' As someone on the inside, can you tell us what was going on behind the scenes to drive that newly felt sort of urgency?

Response (CS) I don't think there's any great secret that the political desire was to get as many of these things built as possible, definitely, and in many ways it was a great time to be a civil servant, as you knew what you had to do. The other aspect of it was that we all knew that the system of financial support in renewable energy wasn't long for this world. So there was a huge incentive to get some of those projects in under the wire. Crucially, there would be a fixed pot with people competing against each other to win it. I think we underestimated the degree to which there would be a drop off in support for onshore wind, so that proved to be a sensible strategy. We weren't acting on ministerial instructions; we just knew that we needed to get it done.

- **Question** *Vinay Mulgundmath* Do you think that the Scottish energy policy was too ambitious in the marine renewables aspect and therefore missed out on other technologies eg coal? Do you think that coal is something they should have supported because it is still used? When the renewables go off, you are still using coal in the UK. So do you think that the energy policy could have supported coal as well?

Response (CS) I certainly think we were too ambitious on marine renewables, I'll deal with that first, and I know what a live issue this has been for Wales as well. I think we encouraged through Scottish policy making, particularly wave technologies, to go too fast. That led to an unrealistic position where there were, in particular, two big companies, two big developers in technology that had shown promise, and we encouraged them to get too big. And the fact that those technologies didn't work well left them in the position that there was no private investment. There's a lesson there in making bad policy decisions actually, it's a case of policy running ahead of development reality. I think we learned a lot from that in Scotland.



I definitely don't think we moved too quickly around coal and abandoned it. We were very keen that our policy would be tied to the climate agenda. We have also been among the keenest advocates for carbon capture and storage. One of the other ways in which Scotland defined its energy policy as different from the rest of the UK after devolution, was the 'no new nuclear' policy which was encouraged through the planning again. Planning has been the most important energy policy tool in the last 10 to 15 years. Planning has been used to ban fracking. But the use of coal for power generation is now slipping out of use. There are still some very keen developers but I'm not sure there will be subsidies from Westminster to support it.

Presentation: Ragne Low, Centre for Energy Policy, University of Strathclyde

Introduction

- RL works mainly on UK and Scottish energy policy issues, and some European policies.
- Presentation follows nicely the previous one as it deals with where we are at present with energy policy.

What is Scotland like

- Scotland has adopted a whole system approach to energy policy that is set out in the Scottish Energy Strategy, bringing in transport, heat and electricity together for the first time in an integrated way in terms of policy.
- Sets out a vision for 2050 – so it's a long-term view.
- This is accompanied by the Scottish Climate Change Plan, the third document required under our Scottish Climate Change Act, which is a five year strategy, showing how Scotland will decarbonise its economy by 2032.
- These two documents are closely interlinked and show a consistent approach and set of assumptions. They were published within three months of each other.
- There are wider policy documents that sit underneath the Energy Strategy.
 - Energy Efficient Scotland routemap
 - Local Heat and Energy Efficiency Strategies
 - Onshore Wind Policy Statement
 - Energy Consumer Action Plan [forthcoming]
 - Bioenergy Action Plan [forthcoming]
- **How did we get here?**
- There is a single energy strategy now, but prior to that there was a 'jumble' of policies that crossed over and overlapped.
- Two key things underpinned policy development and set the framework for the energy strategy:
 - the Climate Change (Scotland) Act 2009: decarbonising the energy system
 - the Scottish Government's overarching goal: economic development.

The value of targets – driving deployment and innovation

- Scottish Government always had a raft of targets under each policy document. This has driven development and investment.
- Targets were consolidated into two overarching ambitious targets in energy strategy:



- The equivalent of 50% of the energy for Scotland's heat, transport and electricity consumption to be supplied from renewable sources.
- An increase by 30% in the productivity of energy use across the Scottish economy.
- Those are very ambitious targets, especially 50% of Scottish energy demand being supplied by renewables.
- The value of targets in terms of driving innovation includes holding politicians to account.
- Ambition is great, policy is good, but it is important to have the investment in place and the commitment at a local level to deliver.
- We need delivery mechanisms, funding and incentives to deliver these targets.

Should Wales be more like Scotland?

- Wales should not “be more like Scotland”, however there are lessons from Scotland to be learnt by Wales:
 - The emphasis on energy as industrial strategy fed through into support for renewables.
 - A large number of industrial sectors in Scotland are looking at the very stringent emission reductions targets and energy policy objectives and wondering how they will meet the requirements.
 - There is an absence in investment in carbon capture and storage for example, making it difficult to see how some of the big industries are going to be able to decarbonise in the set timescale.
 - The ambitions of the oil and gas sector are in tension with wider decarbonisation policy.
 - ‘Lagging behind’ on difficult aspects such as heat decarbonisation, which requires intervening in every business and home, digging up streets and possibly higher costs to consumers, none of which has been addressed head on.
 - Local authorities are being asked to do a lot on energy, and resources are not always there to support them, so many of them are feeling the strain
 - It doesn't feel that the strategies and policy of Scotland and the UK are as well aligned as they were under the coalition government and before.

Final thoughts

- The consolidation of Scottish energy policy under one strategy was potentially prompted in part by UK and Scottish policy divergence
- There could be a possible clash between the regulator and Scottish targets, Scotland has a much more ambitious set of local policies than the UK.
- What is the future relationship between Scottish policy and Ofgem, given the different policies and ambitions.

Questions and answers

Question: *Llyr Gruffydd AM:* The elephant in the room is independence, isn't it? I mean, given what's happening in a broader context, another referendum is potentially on the cards. How independence-proofed is that energy policy?



Response (RL) There is a concern in Scotland around Brexit in terms of access to the single energy union, access to finance and the potential impact of increasing costs eg gas, which is increasingly imported.

Those are all issues that Scottish Government is concerned about. Regarding Scottish independence, the energy strategy was delivered by an SNP Government, which has independence as an ultimate goal, so they would suggest that the energy strategy would be independence-proof. I think the direction that it sets, particularly around heat, transport and engaging more at a local level in the development of energy policy and in the roll out of energy infrastructure and energy projects, that kind of localisation agenda is entirely consistent with a view of the future of an independent Scotland.

Question: *Mari Arthur, Cynnal Cymru* – How policy comes top down and how it's met bottom up...how does it work in Scotland to make sure people are buying in and what's the engagement process?

Response (RL) I would say it's been pretty poor actually. Prior to the new overarching vision for 2050, what the Scottish Government has done is really use planning policy to drive achievement of ambitions around energy. There have been some pretty poor examples of public consultation around energy projects and I think the transmission network is one example. There is the example of particular onshore wind farms, where there has been some public opposition. That's the legacy of not having good public engagement.

Now, there's emphasis on the Energy Strategy and on local energy systems and much more so on the consumer, and consumer engagement with energy, so things should improve. It is part of the strategy policy to have engagement of people in these processes. And there is a commitment to better participation and involvement for citizens to help shape energy policy.

Question: *Craig Harrison, Liberty Renewables* – I have a manufacturing background and when I was looking at onshore wind, the money that has been spent in Scotland and the UK is less than five per cent. Is there an intermediary strategy lying before the Climate Change Policy and the Energy Strategy Policy, and is there a will in Scotland to drive more local influence at Capex?

Response (RL) There definitely is on the last question; there is the ambition to have much more integrated energy systems at a local level. The extent to which it's been fully thought out as to how that's delivered, in different parts of Scotland, is not necessarily clear. The timing of the Energy Strategy and the Climate Change Plan in relation to the UK industrial strategy speak to one another but don't necessarily speak exactly the same language. As Chris suggested, energy policy in Scotland has always been industrial policy. I think there's much more emphasis on the social and societal benefits of energy, so, much more around consumers, access, affordability, energy efficiency, fuel poverty, addressing demand side challenges. So in that sense, the tenor and the tone around Scottish energy policy is slightly different from the industrial strategy and growth strategy about jobs, national and regional economic development. I wouldn't say that the UK industrial strategy and the Scottish energy policy framework are exactly aligned.

Question: *Stephen Cook, Arup* – In terms of local authorities and the new responsibility – or burden – of Energy Efficiency Strategy...what's your take on how that conversation is going and the level of take up and ambition and level of participation, versus a 'this is one more thing that we're being asked to do' attitude?



Response (RL) As you would expect, the situation is patchy. There are some local authorities that are very well ahead of the game and have embraced this and have had somebody working on energy. They have had energy engineers working on energy projects, have utilised access to Scottish Government and UK Government funding to do all sorts of projects, and are therefore ready to hit the ground running. They have access to all sorts of assets locally, and a good sense of what demand looks like. However, there are others that are lagging way behind. Scottish Government has provided funding to support the developing of local energy and heat strategies. There is also pilot funding for the local authorities to develop their energy efficiency interventions under the Energy Efficient Scotland programme. There is support available nationally, but the picture is patchy. Some local authorities, particularly for those whom energy isn't a natural go-to issue, where they don't have big generators, no energy assets, network assets in their local authority boundaries, and where they've not engaged on energy before, it's a steep learning curve.

Close

The host thanked the presenters and guests, and asked for suggestions for future topics from attendees.