

Scottish Executive Consultation: Scotland's Renewable Energy Potential – Beyond 2010

Response by the UK Business Council for Sustainable Energy

INTRODUCTION

The UK Business Council for Sustainable Energy (UKBCSE, the Council) welcomes the opportunity to respond to this consultation and commends the Executive for undertaking this consultation into the longer term prospects for renewable energy in Scotland at this key period in the review of UK energy policy.

The UKBCSE includes Innogy, BP, Shell UK, Powergen, National Grid Transco, United Utilities and Scottish Power. It has been created in order to develop an effective dialogue with Government to strengthen the UK's strategic agenda for sustainable energy.

These major businesses all have an interest in renewables, energy efficiency and combined heat and power (CHP) and the UKBCSE is working to build a broad consensus on many of the issues surrounding the development of sustainable energy in the UK.

This response begins with some general comments and then answers the specific questions posed in the consultation paper.

GENERAL COMMENTS

Whilst believing that a 40% renewable energy target by 2020 is feasible, subject to a number of caveats as described below (see Specific Comments), the UKBCSE would like to see more detailed analysis of how the target figure was reached. This analysis should outline the overall emission reductions expected, or required, across Scotland and the UK, what contribution is expected from the energy, and other sectors, and the contribution, in terms of emission reduction, that 40% renewable energy will bring. This analysis should also show how any future renewable energy target relates to targets for the development of energy efficiency and combined heat and power.

By 2020 EU and International emissions trading will be well underway – it is highly likely that both of these will have begun by 2010 – and in view of this it is essential that

the Scottish Executive, in conjunction with the whole UK Government, looks at how both ‘technology’ based targets, and the existing support mechanisms, such as the Renewables Obligation (Scotland) (ROS) will operate in these new markets.

These proposals must not be developed in isolation. The renewable energy market is GB wide and it is important that disproportionate costs are not incurred by Scottish operators or customers as a result of Scottish specific policy measures.

SPECIFIC COMMENTS

Do you share our view that Scotland can comfortably expect to meet and exceed our existing target of 18% renewables by 2010?

Whilst it is clear that the amount of proposals at various stages of development would result in the 18% target being exceeded there can be no guarantee that enough of these will make it to final commissioning in time or at all. This is for two reasons: issues surrounding the availability and capacity of the related networks and issues to do with planning.

Networks. It is unlikely that achieving the 18% target will cause problems in terms of intermittency of generation but some upgrading of the Scottish networks will be required to accommodate the necessary capacity, particularly as much of the resource is in areas where there is weak or no network capacity. Performing this work will come at a cost and it is imperative that the regulator agrees the basis on which these costs can be recovered – and who will bear the cost – as soon as possible. In addition it should be noted that network reinforcement and constructing new networks will take time – up to 10 years for major works - and that it took seven years to gain planning permission for the Northern Ireland interconnector. Early action on these issues is imperative.

Planning. Whilst the revision of planning guidance for renewable energy, in the form of NPPG6, is welcomed and seen to be having a positive effect on the progress of renewable energy projects in Scotland this positive support needs to be reflected in other areas of the planning process. As noted above planning delays can have serious implications for the development of the necessary infrastructure to support renewable energy developments. In addition the approach of other government agencies can hinder the development of projects – in particular the MOD in relation to wind farm developments. The Executive needs to ensure that there is a ‘joined up’ approach across government and its agencies to smooth the development of the necessary technologies.

Is it reasonable to suggest that by 2020, we can achieve a position whereby Scotland could generate as much as 40% of its energy from renewable sources by 2020? What measures would be required to realise this potential?

The UKBCSE believes that it is technically possible for Scotland to generate 40% of its energy from renewable sources by 2020 but that setting such a target needs to be done in the wider context of energy and climate change policy. The Executive also needs to

be clear about whether it means 40% of generation or supply and whether it means electricity specifically or energy in general i.e. including heat.

Whilst a 40% target, whichever way it is framed, is technically possible there are a number of issues that will need to be solved before achievement of the target becomes a reality. As with the 18% target these are mainly to do with planning and network issues, but there are also other issues to be considered.

Networks. The issues here are broadly the same as for the 18% target but on a larger scale. Delivering the technologies to meet a 40% target will require more network reinforcement, new infrastructure and intermittency may start to become a problem. These issues will need to be solved as a matter of priority with the issues of cost recovery and incentives to develop the necessary infrastructure key to developing the solutions.

The introduction of BETTA and its potential impact on the achievement of the 40% target is also an issue that needs exploring in more detail. Given the uncertainty NETA has introduced into the renewables market in England and Wales the Executive should ensure that the implications and impact of BETTA on the development of renewable energy are examined and considered fully during the design process.

Planning. As with networks the issues here are broadly similar to those surrounding the 18% target. Delivering the 40% target will need a range of technologies some of which have not yet been developed on a large scale in Scotland (biomass, wave, tidal etc) which will have, or will be perceived to have, an impact on the wider environment. If these technologies are not to experience the delays and opposition faced by some wind farm proposals then the planning process needs to be able to easily accommodate proposals for renewable developments themselves and the related infrastructure. A strong steer is needed from the Executive to ensure that the relevant authorities view renewable projects favourably. In addition a programme of public education as to the need for renewable energy within the wider context of climate change and security and diversity of energy supply would help to make the concept of renewable energy more favourable.

Technologies. As outlined in the consultation paper, meeting the 40% target will require a range of technologies not just wind, and, given the experience of wind development in the UK, it could take 10 years or more for these other technologies to become commercially viable. The Executive needs to ensure that the mechanisms exist to give adequate support to the emerging technologies.

How can the Executive best support and encourage further investment in renewables? What actions might be needed and by whom to promote the rapid development and commercialisation of new forms of renewable technology such as wave and tidal power, biomass and photovoltaic panels?

Whilst the ROS will help to deliver renewable energy at a low cost it is essential that adequate support is available to bring forward the technologies that are not currently commercial but essential to meeting the target. This is likely to be best delivered in the

form of capital grants similar to those currently available for offshore wind and biomass developments, but additional measures such as tax breaks, or Enhanced Capital Allowances for these technologies would also be of benefit.

How can significant growth in renewable energy (particularly wind farms) in Scotland be reconciled with other policy interests, such as environmental and aviation interests?

Reconciling these interests has proved difficult in the past but must be solved if the 40% target is to be reached. A strong steer from the Executive as to the importance and priority of the 40% target is needed to ensure that it is delivered. Discussions with all interested parties must take place at an early stage so that all those concerned understand the importance of reaching the target and that the varying opinions can be reconciled in advance. It may also be necessary to carry out some form of pre-planning process with sites, or areas of search, which would not be contentious being identified in advance and with full consultation.

What impact will an increased reliance on renewables have on Scotland's electricity network?

As highlighted above, whilst the 18% target will not cause significant problems for the network, a 40% target could be more problematic and early action needs to be taken to fully identify and resolve the problems given the timescales involved. As well as looking at issues to do with renewables directly – availability and strength of network, intermittency, charging and cost issues – it is also necessary to look at the balance of the generation i.e. the remaining 60% to ensure that the right mix of generation exists to ensure overall network stability.

CONCLUSION

The UKBCSE believes that a 40% target for renewable energy is technically achievable but that such a target cannot be set in isolation. It must be seen as a part of wider emission reduction and energy policy objectives and the Executive should make clear how this target relates to the wider agendas. It must also be viewed in the context of the GB wide renewable market and ensure that it is compatible with any future EU or Internationally based emission trading schemes.

Whilst technically achievable meeting the target will require concerted action in a number of areas notably upgrading and developing new networks and the ability of the transmission and distribution companies to recover their costs effectively.

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The views expressed in this paper cannot be taken to represent the views of all parts of all the companies in the UK BCSE. However, they do reflect a general consensus.