

Water Charter launched

The STUC Water Charter was launched at the STUC Water Conference on 10 May 2004. UNISON's Scottish Organiser, Dave Watson outlined the charter objectives and the water unions' proposals for strengthening a publicly owned and accountable industry.

The charter highlights concerns over investment and charges together with the impact job losses are having on safety and customer service. The need to reform the regulatory structure and the obsession over false comparisons with England is highlighted.

The conference also heard from Jeanette Findlay of Glasgow University whose research paper was highly critical of the Water Industry Commissioner's econometric analysis. The Environment Minister, Allan Wilson outlined the Scottish government's plans for the industry and Alan Alexander, Chair of Scottish Water set out the corporation's response.

The STUC welcomes comments on the draft charter that can be accessed at the STUC and UNISON websites.

No to Water Privatisation

Despite steep increases in water charges Scots remain firmly committed to a publicly owned water sector according to a survey by the Scottish Consumer Council. False comparisons with charges in England have become less prominent since announcements that charges are to increase substantially south of the border.

Scotland's Energy – Scotland's Future

UNISON Scotland has launched their latest energy publication under the title *Scotland's Energy – Scotland's Future*. It sets out the union's position on Scotland's energy industry including the Energy Bill, renewables, fuel poverty and the role of the regulator Ofgem.

The centrepiece is UNISON's Scottish Energy Strategy that sets out a new approach to Scotland's energy needs. A balanced generation policy that recognises that the dash for renewables is part but not the complete answer to our nation's energy requirements. Unless we invest in clean coal technologies and other baseload generation including nuclear we will be over reliant on insecure overseas supplies of gas. The recent BBC 'If' docudrama vividly illustrated the risks.

Copies of the strategy are available from UNISON House or online at the UNISON Scotland website.

Fuel Poverty Action

Health Minister, Malcolm Chisholm MSP has supported training for health staff delivered by energy charity EAS with support from UNISON and Transco.

The Minister presented certificates to health workers from Glasgow PCT (see right) together with UNISON's Dave Watson.



Company News

ScottishPower

ScottishPower unveiled a 10% increase in annual profits backed by a steady increase in market share of energy supply, topping four million customers for the first time. However, this part of the business still contributes only modest profits to the group. A point lost on Energywatch, whose claims that Scottish customers are being penalised appears to have only limited substance.

Despite the competitive sales environment complaints about the sales force have fallen. Less pleasing was a £200,000 fine for unfairly stopping customers from switching. Gas generating capacity in South-East England has been increased through the £317m acquisition of the Dam Creek power station.

ScottishPower's generally good environmental reputation has come under pressure from native Americans protesting over the loss of fish due to hydro power schemes in southern Oregon. Protesters claim that the Klamath River dams have killed 33,000 fish wiping out some species. ScottishPower claims that the dams are necessary to meet renewable energy needs in California and the dams are a compromise between the irrigation needs of farmers and the tribes fishing rights.

Scottish & Southern Energy

SSE announced a 9.4% increase in underlying profit before tax, to £609.7m more than offsetting the termination in November 2002 of the contract to supply power to TXU. The energy supply business gained 400,000 customers last year and acquired over 300,000 customers from Atlantic Electric & Gas on 28 April. It is now the fourth largest energy supplier in the UK, with 5.5m customers.

SSE have announced more wind farms as part of its £300m renewable energy investment programme. The purchase of Spurness on Orkney adds to the consent given for Hadyard Hill and Artfield Fell. The company has also unveiled its preferred route for a new transmission line between the Highlands and the central Belt. The construction of pylons twice as high as the ones they replace together with some 60km of new lines is likely to attract local

opposition. Like ScottishPower they are looking to move into new build gas generation.

British Energy

The government's decision to offload its 'golden shares' in Scottish energy companies will have limited impact on the companies concerned. However, the government will retain modified powers over troubled nuclear generator British Energy.

The restructuring of the company remains dependent on the EU's interpretation of recent state aid support from the government. The company has recently recruited Roy Anderson a US based specialist in nuclear turnarounds to play a key role in their drive for financial survival.

Centrica

Centrica (which includes Scottish Gas) is struggling with lower profit margins largely due to higher gas production costs. Whilst still retaining 61% of the UK gas market Centrica has lost more market share since a 5.9% price rise in January. 220,000 energy accounts have been lost in the first four months of 2004. The company has announced some 1450 job losses although none of these will be in Scotland.

Highlands and Islands Energy?

Highlands and Islands Enterprise has announced plans to set up an £8.2m energy company to help communities to benefit from the renewable energy revolution in the North of Scotland. It will operate as a non-profit distributing company selling power to the grid from wind, wave, hydro and biomass generation. Some 25 projects are planned that could generate £25m over ten years.

Gas Distribution

National Grid Transco (NGT) has been cleared to proceed with its planned auction of four of its eight local gas networks including Scotland. A number of companies have expressed interest in bidding although the sale may not be concluded until next year. NGT would have to compensate customers if it decided to sell to a single bidder but most analysts regard the £10m figure as peanuts given the multi billion pound asset values involved.

Energy Bill

The Energy Bill has passed its second reading in the commons and heads for detailed scrutiny by backbenchers. MP's are becoming rightly concerned about energy issues including the feasibility of the renewables strategy. The BBC docudrama 'If' highlighted for many the risks to security of supply of the over reliance on imported gas.

Scottish Lords have highlighted the risk of discriminatory transmission charges against Scottish generators under draft transmission charges that will be introduced under the new GB wide system known as BETTA. ScottishPower has calculated that transmission charges in Scotland will increase by between 430% and 460% whilst charges in England will reduce. In addition other charges known as 'demand charges' may further discriminate against Scotland. This crazy 'market led' approach logically leads to the conclusion that most power stations would be situated around London where the greatest power demand is. A further blow to the nascent renewable industry although government is proposing powers to discount or cap charges for renewable generators.

Renewable Energy

The Scottish Executive's ambitious renewable energy targets has come under further pressure from several sources. A report from the David Hume Institute states that wind farms are expensive, unreliable and wreck the countryside. The report estimates that generating electricity from wind power has already added 2% to domestic energy bills and that will grow to £2bn a year if Executive targets are met. The controversial solution in the report's view is to build new nuclear power stations that don't require transmission upgrades, emit no greenhouse gases and ensure security of supply.

Further support for this solution comes from the leading environmentalist, Professor James Lovelock. He argues that there is not enough time for renewable energy to replace coal etc. Supporting the nuclear option he said "the environmental movement will have to confront the real choice – are

they more against nuclear power than they are in favour of taking global warming very, very seriously?"

Local opposition to wind farms continues to grow. A group called Scottish Wind Watch has registered as a political party and contested the European elections on 10 June. Delays in the planning process are a major concern to power companies. ScottishPower is reported to have warned that it will shift most of its investment to the US if the process is not reformed. They have 13 sites blocked by aviation authorities over concerns that turbines could interfere with air traffic control.

Many commentators view wave power as the answer to opposition to wind turbines. However, the technology is at an early stage and unlikely to make a significant contribution to renewable targets in the near future. Good news is that the Pelamis sea snake system, designed and built in Scotland, has started its first deep water trials off Orkney. This system faces into rather than across the waves, minimising the risk of storm damage.

Electricity Networks

Energy prices may need to increase by 20% over the next 20 years just to fund electricity network upgrades. In a report critical of the energy regulator Ofgem, the PwC survey stated that "their goal has to be not only that energy is supplied at competitive prices but that energy is supplied at all". Powergen CEO Paul Golby repeated warnings previously made by Scottish company leaders that power failures could become a feature of life under a competitive power market. The influential Trade & Industry Select Committee had previously highlighted their concerns that 'investment made now will be a major factor in determining future performance'.

ScottishPower has announced plans to create a 40km series of super pylons from Kilmarnock to Kendoon in Galloway. This will double the capacity of the Scotland-England interconnector. This type of development is essential for the long term development of renewable energy. However, it's not cheap. This and SSE's similar plans will cost some £625m adding significantly to power bills across the UK.

Regulation

Regulators have been the subject of some long overdue and intense scrutiny themselves in recent months. The House of Lords Select Committee on the Constitution called for the creation of a parliamentary joint committee to establish "a coherent overview of the regulatory regime operating in the UK. They also welcomed a government review of the relationship between regulators and related consumer bodies.

The Scottish Parliament's Finance Committee came to similar conclusions in its inquiry into water charges. Their report was critical of the Water Industry Commissioner and Scottish ministers have responded with plans to reorganise the WIC structure in the forthcoming Water Services (Scotland) Bill.

International

International resistance to utility privatisation is growing. A report from War on Want has highlighted the role of multinational companies in developing countries, driving profit from the water people drink and the electricity they need. Residents in South African townships are reconnecting their neighbour's electricity under the slogan 'Power to the People'. This follows the privatisation of water which left 10 million people without clean water and a cholera outbreak that killed 300 people and left a quarter of a million more ill. In Peru moves to sell the electricity company brought the mayor on hunger strike whilst protestors blocked the airport runway. There are similar campaigns in Argentina, South Korea and elsewhere.

The essence of the conflict is between the privatising IMF, promoting the interests of the multinationals and the aid charities who argue that democratic control of essential services is crucial to development. UNISON has urged the British government to use its influence in the World bank and IMF to allow developing countries to follow their own path to progress.

PFI Stinks

Most of Scotland's failed sewage PFI schemes have now failed their discharge consents. Public concern over the odor at these plants has resulted in several MSPs raising the issue in the Scottish parliament. No new PFI schemes have been signed since 1998 –

which says everything about the much-vaunted financial viability of the schemes. However, they continue to be bought and sold. AWG has sold its stake in the £100m Tay Wastewater project to that well known sewage expert Hendersons Private Capital's PFI fund.

Environment

Beaches on the west coast have won awards for cleanliness for the first time in three years. In total Scotland had 14 new entries in the good beach guide. Scottish Water's £436m investment to improve beaches, coastline and rivers has made a significant contribution to this improvement. Lack of investment is to blame for the 50 million litres a day leaking from rotting water pipes in Scotland. A waste of resources as well as an environmental scar demonstrating the urgent need for further investment.

Big Brother is Watching

UNISON Scotland has uncovered shockingly high levels of unwarranted surveillance by bosses in Scotland's contact (call) centres. A recently commissioned survey into the nature and extent of monitoring of centre staff revealed that 67% of Scottish call centre staff have had phone calls monitored, 82% have had email monitored and 62% have had computer usage monitored. Over 70% suffered from different levels of anxiety with 17% suffering from depression and over 52% of call centre staff stated that they had considered resigning as a result of excessive monitoring in the workplace.

Dave Watson, UNISON's Scottish Organiser for Utilities, said:

"We have been concerned for a number of years that surveillance of staff in Scotland's contact centres was becoming more invasive. However, even we had not anticipated the intolerably high levels of unwarranted monitoring of staff that this survey revealed."

Further detail on the survey is available on the UNISON Scotland website.

For further details contact:

Dave Watson, Scottish Organiser (Utilities)
UNISON House, 14 West Campbell Street
Glasgow G2 6RX. Tel: 0870 7777 006
E.mail d.watson@UNISON.co.uk
web: www.unison-scotland.org.uk/