

Inquiry into the Scottish Government's Renewables Targets

Introduction

UNISON is Scotland's largest trade union representing over 165,000 members delivering services across Scotland. UNISON members deliver a wide range of services in the public, community and private sector. UNISON Scotland is the largest union in the energy industry in Scotland. We are able to collate and analyse member's experience to provide evidence to inform the policy process. We therefore welcome the opportunity to submit evidence to the Economy Energy and Tourism Committee on its inquiry into the Scottish Government's renewables targets..

Overview

Scotland is an energy rich nation and its energy industry is a key resource. 18% of the UK power sector workforce is based in Scotland. Four of the six major power firms in the UK have major operations here including Scottish & Southern Energy (SSE), ScottishPower (Iberdrola), Centrica and EDF. Although only SSE can properly be described as a Scottish based company. Energy is a major Scottish export, provides high quality employment and contributes significantly to the Scottish economy. It is also an industry that has huge potential, particularly in the renewables sector.

However, the industry faces a number of challenges in the so called energy market including infrastructure investment and workforce skills. There is also a major challenge for government at UK and Scottish levels in combating climate change, eliminating fuel poverty and most importantly ensuring security of energy supply. Most of Scotland's existing generating capacity will close in the next 15 years without a clear replacement plan in place. This could expose Scotland to an energy crisis or reliance on insecure supplies.

UNISON Scotland, as the largest power industry trade union in Scotland, has long argued that we need to develop a planned, sustainable and balanced Scottish energy strategy. In our recent publication ***Scotland's Energy – Scotland's Future*** (http://www.unison-scotland.org.uk/energy/ScotlandsEnergyScotlandsFuture_Feb2012.pdf) we set out the challenges facing the industry and our view of the actions needed to deliver a secure energy future for Scotland.

Renewables

Scotland has 25% of the European wind resource, 25% of the European tidal resource and 10% of the European wave resource. In contrast Scotland has 0.6% of the European population and therefore rich in renewable energy sources on a per capita basis.

UNISON Scotland strongly supports the emerging renewables industries and realistic targets and incentives to increase generating capacity from renewables. However, this has to be as part of a balanced energy policy.

The Scottish Government's target of delivering 100% of Scotland's electricity from renewables by 2020 is by any standards challenging. There is currently no detailed plan for delivering this and the minister has recently confirmed that there are no targets for individual technologies. Of the current 24% generated by renewables, 13% comes from hydro that we have to thank the vision of politicians in the 1940's for that. This means we have only delivered 11% in the last ten years.

There are impressive reports, even more regular Scottish Government press releases and stirring rhetoric. However, detailed plans are missing. Onshore wind is a proven technology but the best sites have already been used and there is growing pressure on new planning applications. The recent Highland Council decision on the Cairngorms fringe application illustrates this well. However, the Scottish Government is putting considerable effort into renewables and this has been boosted by Scotland being granted permission to invest around half of the funds available in the UK's fossil fuel levy (£100m) on renewable energy sources such as wind farms.

In its first year, the Feed In Tariff (FiT) scheme encouraged the development of 107.7 MWe of renewable energy capacity in the UK, 20% of which was in Scotland. Compared with the rest of the UK, Scotland has many more wind and hydro schemes, particularly larger schemes over 500 kWe that have been developed by community and commercial investors. In total, 75% of the UK hydro capacity is in Scotland as is 63% of the wind capacity.

Offshore renewables has major potential with a range of companies developing demonstration projects like the European Marine Energy Centre (EMEC) in Orkney. But the technology is far from mature and the Scottish Government has no idea if it will be in place at the scale required by 2020. The view of credible industry experts is that there is no objective evidence to support this. The UK government also wants to change the support system for the tidal energy sector in 2017, moving away from renewable obligation certificates (ROCs) that renewable power companies can sell to the big utilities and instead using a form of feed-in tariff (FIT). The industry is concerned that other countries could provide a more attractive fiscal regime.

The decision to change the solar panel funding regime could also undermine investor confidence and is currently the subject of litigation to the Supreme Court. Slashing the domestic tariff for solar panels is likely to cripple the market and result in thousands of job losses. While the renewables industry remains over-dependent on subsidy it is vital that regulation remains constant throughout the life of a project. Less well publicised is the need to enlarge and strengthen UK port facilities costing upwards of £5bn. A decision is awaited from the UK Government this year.

The fiscal climate is not the best to encourage the necessary investment in new technologies. In addition renewables are undermined by the regulatory environment. The transmission charging regime continues to discriminate against Scotland and the North of England and the TRANSMIT review is unlikely to make a huge

difference. The review of the ROC (Renewable Obligation Certificates) scheme risks destabilising the market.

Consumer willingness to subsidise renewables cannot be taken for granted in the context of rising energy bills and fuel poverty. Wind farm subsidies add at least 20% to our energy bills. However, we do require to move to a low carbon economy and we should not forget that most of Scotland's existing power stations were built with public investment.

Workforce issues

The Scottish Government predicts that 130,000 jobs will be created in green technology industries by the end of the decade. UNISON Scotland remains sceptical about these claims as they follow in the wake of previous estimates that have not been realised. When the oil industry was being developed in the 70's at least 70% of the equipment was made in the UK. With wind farms it is the other way round with about 80% being imported. We do have an advantage in marine technologies, but large scale job creation could be 20 or 30 years away.

In the next 15 years the sector will lose 80% of today's workers through retirement or natural wastage. This means recruiting and training 6,300 people in Scotland by 2024 just to maintain the status quo. The National Skills Academy for Power estimates that a seven fold increase in the current number of skilled workers is required to meet renewable targets.

Conclusion

UNISON Scotland believes there needs to be a new realism in the energy debate in Scotland. Renewables has an important role to play but only as part of a balanced energy strategy.

The time has come to bring some sanity back to Scotland's energy structures. Liberalised and competitive markets are not the panacea that the UK government believes them to be. We need a planned energy policy that provides safe, secure and sustainable generation, which contributes to the economic future of Scotland and eliminates fuel poverty.

For further details contact:

Dave Watson
Scottish Organiser
d.watson@unison.co.uk