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Scottish Renewables' submission to the Economy and Fair Work Committee call for evidence on Just Transition for the North East and Moray

Scottish Renewables

Scottish Renewables is a trade association that works to grow Scotland's renewable energy sector and sustain its position at the forefront of the global clean energy industry.

As we transition to a low-carbon economy there are opportunities for companies across many renewable technologies. To support this huge pipeline of opportunities, a significant number of skills, products and services will be required.

At Scottish Renewables we work to champion the diverse organisations making up the growing renewable energy supply chain in Scotland.

We represent and support suppliers, showcasing their exceptional skills, expertise and experience. From SMEs to original equipment manufacturers (OEMs) and large-scale contractors, Scottish Renewables guides and connects the stakeholders of Scotland's world-leading supplier network.

We do this by working collaboratively across the industry with project developers, government and other sector-specific industry bodies like enterprise agencies.

1. How can public investment, such as the Just Transition Fund, unlock private capital to support a just transition?

Delivering a just transition will be a challenging undertaking. However, the energy transition offers Scotland enormous economic and environmental benefits.

Renewable energy is at the heart of the energy transition and the Committee on Climate Change calculates that the UK will need to quadruple the amount of renewable electricity it deploys by 2050 in order to meet our net-zero climate change targets. To deliver the crucial green energy projects we need and to maximise the economic benefits these projects offer, investment in the Scottish supply chain, grid infrastructure and workforce is required.

Scotland as the largest pipeline of floating offshore wind projects in the world. This is a sector in which we are poised to develop a lead, but work is needed to ensure that happens. Recent announcements for our ports have given a glimpse of the economic revitalisation offshore renewables offer, yet to reach full potential, enhanced government support is needed. The Port of Aberdeen has invested £420 million in its South Harbour extension, increasing the port's capacity and supporting the growth of renewable energy in the region. Elsewhere in Scotland, Ardersier Port has launched a multi-million-pound redevelopment to position its facilities to manufacture offshore wind farm components.

As outlined by the Floating Offshore Wind Taskforce “Industry Roadmap 2040” report, upgrading Scottish ports is essential to kickstarting Scotland’s floating offshore wind industry. The report recommends developing ports as soon as possible by investing £4 billion to ensure they are ready for mass floating wind deployment by the end of this decade.

Whilst the Green Freeport program is welcomed by industry, and initiatives such as the Collaborative Framework Strategic Investment Model provide a focus on unlocking investment, further development measures will be required. All strategic Scottish ports must be supported and Scottish Renewables urges The Scottish Government to maximise the economic benefits of renewable energy projects by delivering crucial financial support as soon as possible.

The Scottish Government should, through the Scottish National Investment Bank, offer crucial CapEx funding and expand guarantee services to unlock private sector finance. In addition, The Scottish Government should establish a dedicated port development seed fund to close the investment gap and enable potential port development projects to progress through consenting.

Investment in Scotland’s ports will stimulate growth for supply chain organisations, foster export opportunities and promote the development of green skills in communities. Scottish ports are national assets and investing in this infrastructure will ensure the nation benefits from the fresh economic investment and regeneration opportunities a home-grown clean energy supply chain brings.

2. What engagement has there been between the public sector, industry and local communities in planning for the transition to a low carbon future for the North East and Moray?

The renewable energy industry prioritises stakeholder engagement at all stages of project development. Scottish Renewables members deliver company initiatives to ensure local communities and supply chain are informed about their green energy projects and the opportunities they present to individuals and businesses.

An example of community funding at work can be seen in Vattenfall’s “Unlock Our Future” project, which awarded nearly £500,000 to more than 50 climate-smart community projects in Aberdeen and Aberdeenshire. With several wind farms in these regions, the fund demonstrates a commitment to planning for the energy transition. Benefactors of “Unlock Our Future” included a football club which received £15,000 to upgrade to energy saving pitch floodlights to ensure the facility remains a vital part of the community and a specialist care centre which was granted £30,000 to reduce its carbon footprint by installing solar panels, double glazing and effective insulation.

Ocean Winds, developer of the Mory East and Moray West Offshore Wind Farms, established science, technology, engineering and maths (STEM) programmes to support education and schools in Edinburgh, Fraserburgh and Buckie. Focusing on secondary school students the Ocean Winds STEM ambassadors engage with students to ensure that young people, particularly young women, are enthused about STEM subjects, with a clear view of the opportunities in the offshore wind and wider energy transition sectors. The developer also hosts regular meet-the-buyer events for local businesses and continues to invite potential suppliers, in areas such as Buckie and Keith, to meet with them.

Further developer-supplier engagement is carried out through industry trade associations such as Scottish Renewables. Scottish Renewables regularly host developer-supply chain networking receptions and the Scottish offshore wind clusters, Deepwind and Forth and Tay Offshore, support local businesses looking to secure work in the sector.

To further support local businesses through a just transition, The Scottish Government should fund a support mechanism for small and medium-sized suppliers. This funding can be used to enhance the global competitiveness, skills, capabilities and facilities of Scottish suppliers, enabling them to grow. This fund will help deliver supply chain development in Scotland and ensure supply chain companies can meet the needs of domestic renewable energy projects, securing economic successes and creating new green jobs.

3. Is there currently a good understanding of what skills will be in demand in the North East and Moray to support the transition to a net zero economy? Is the skills development infrastructure in place to deliver this?

Our industry already supports 22,660 Scottish jobs and an economic output of £5.2 billion a year. The industry also has a large impact on other parts of Scotland's economy, supporting almost 3,000 jobs in construction and 2,200 jobs in manufacturing.

Despite these figures Scottish Renewables supply chain members have advised of labour shortages and difficulties in accessing skilled resources. Welders and those skilled in construction practices, in particular, are in short supply. The UK's withdrawal from the European Union has caused further challenges in accessing the trained European resource as well as a lack of UK training and qualification support in this area. The UK offers City and Guilds certificates and BTEC courses in fabrication and welding, but they are not attracting enough young welders.

Many individuals also consider these roles to be unattractive. They come with a reputation of being labour intensive, risky, demanding and can have negative effects on workers' health and wellbeing. They often require working away from home, unusual shift patterns and can be involve manual labour.

With increased government ambitions for net-zero, we anticipate an increased demand for skills such as:

- Mechanical engineers
- Electrical engineers
- Civil engineers
- Gas engineers
- Plumbers
- Heat pump installers
- Plant mechanics
- Steel platers
- Pipe fitters
- Painters and scaffolders
- Surveyors
- Control system specialists

- Project managers
- Quality controllers
- Project Managers
- Lawyers
- Environmental Specialists

Robert Gordon University's (RGU) UK Offshore Energy Workforce Transferability Review showed that approximately 130,000 people are likely to be required in 2023 to underpin development of the offshore wind, hydrogen, carbon capture and energy storage sectors. Approximately 100,000 of these jobs were projected to be filled by people transferring from existing oil and gas jobs to offshore renewables roles, new graduates and new recruitment from outside the existing UK offshore energy sector. The North East and Moray, as the largest energy skills cluster in the UK, are well-placed for the transition to a net-zero economy with around 28% of the UK's offshore energy workforce based in the area.

A study by Suration for Scottish Renewables showed 80% of Scottish oil and gas workers have considered their career's future – and that more than three-quarters (77%) are positive about retraining to join the renewable energy industry. The research also shows 86% of oil and gas professionals would welcome government support to assist their transition to employment within the renewable energy sector.

Skills development is an area of focus within in the industry and many businesses are investing in private sector skills development. For example, as a result of significant activity across the energy transition Gibb Group created an apprenticeship program and has undertaken significant engagement with local colleges, Stirling-based electrical contractor FES appointed more than 50 trainees and apprentices in 2021 and the Nigg Skills Academy, a “not for profit” training provider, was set up at the Port of Nigg to address energy skills shortages.

Scottish Renewables welcomes the steps taken to date to support skills development and a just transition including the Green Jobs Workforce Academy, Green Jobs Fund and National Transition Training Fund, all of which Scottish Renewables campaigned for.

The Scottish Government should continue to support energy skills development by encouraging the next generation of workers to consider careers in renewable energy and manufacturing. This can be done through the above training funds, facilitating the development of training facilities and aligning qualifications to the energy transition whilst increasing support for energy specific apprenticeships and encouraging new entrants into the sector. Targeted marketing should accompany these initiatives to attract those impacted by our energy transition to enter our industry.

4. Are stakeholders confident that new technologies will stimulate sufficient enough demand for labour to maintain levels of employment, given the current dominance of the oil and gas sector in the region?

A report by the Offshore Wind Industry Council (OWIC) shows a significant increase in projected jobs in the offshore wind sector by 2030 – with the job forecast for the first time exceeding 100,000. Numerous long-term jobs have already been created, including 60 roles in Fraserburgh

to support the 100 offshore wind turbines at Moray East. Another 60 posts will soon be available in Buckie as construction on an operations and maintenance base for the Moray West offshore wind farm is already underway.

To manage the expected offshore wind project pipeline, the industry needs to be able to attract and retain an average of 10,000 people per year. The UK Government has set the industry a target of reaching 50GW of offshore wind capacity by 2030, including 5GW of floating wind. To ensure there is a skilled workforce available to support the sector's expansion, the OWIC report calls for a strategy to tackle skills shortages in key areas such as planning and consenting, high voltage electrical technicians, engineers, turbine technicians, and those with a range of digital skills.

Robert Gordon University's Powering Up the Workforce report shows that the number of employed offshore workers would rise from more than 150,000 in 2023 to 225,000 by 2030, with new renewables jobs outnumbering oil and gas roles if a successful transition is achieved. However, the report warns that if the rate of investment and activity in renewables in the UK does not increase significantly, at a time when oil and gas activities are in rapid decline, then up to 95,000 potential offshore energy jobs will be at risk.

People are at the heart of the energy transition and fostering a just transition is the best way to achieve global climate goals. At present a key barrier to this is the lack of cross-sector training recognition. This means many offshore oil and gas workers are expected to duplicate existing training to access roles in wind and they often also have to pay out of their own pocket. This is a significant obstacle for workers moving between industries. To streamline this process Scottish Renewables urges The Scottish Government to support the urgent progress of the creation of the Offshore Energy Skills Passport.

5. What support has there been for innovation and demonstrator projects, and what are the other opportunities which the North East and Moray are well placed to take advantage of?

The Beatrice Demonstrator project – Scotland's first offshore wind farm – was originally developed to gain experience with larger turbines and to trial the installation and operation of offshore wind in deeper water, providing power to the Beatrice oil installation instead of exporting electricity into the National Grid. Developments and learnings from this project led to innovations which were used when its successor, the 84-turbine offshore Beatrice Offshore Wind Farm, was constructed.

Hywind offshore wind farm, another key demonstrator, is now the world's largest floating wind farm. Hywind wind farm committed to created lasting value for local communities through direct and indirect local employment, social investments and utilising and supporting its local supply chain. With floating offshore wind technology in its infancy, this required significant support during innovation and development.

Floating offshore wind is an innovative technology which offers a significant opportunity for the North East and Moray. However, industry has repeatedly warned of the cost pressures and increased challenges facing developers. This was made starkly clear in the AR5 Contracts for Difference results, in which The UK Government secured zero offshore wind projects. This could

undermine Scotland's ambition for worldwide leadership in the floating offshore wind sector and will also have a major impact on supply chain businesses.

To ensure Scotland can harness the economic opportunity arising from the Crown Estate Scotland's ScotWind and INTOG leasing rounds The Scottish Government should commit to coordinating agreements with the UK Government over the unprecedented scale of net-zero infrastructure and in the full spirit required to tackle the climate emergency.

6. Did the ScotWind leasing round and the commitments to the supply chain give industry the certainty it needs to plan for the transition, and how well placed are Scottish businesses to take advantage of these opportunities?

The ScotWind leasing round and commitments to the supply chain through the Supply Chain Development Statements (SCDS) has provided opportunities for local suppliers to grow or diversify into the offshore wind sector. There are opportunities for businesses at all stages of the offshore wind project lifecycle which means benefit to a diverse range of suppliers from legal services to fabricators and testing and inspection companies.

However, the leasing round and supply chain commitments have not provided the certainty needed to plan for the transition as there are many significant barriers which offshore wind projects still need to overcome, including grid capacity, speed of consenting, infrastructure investment and skills development, if the commitments are to be delivered upon.

The supply chain also faces capacity challenges in response to the scale of development. There are significant gaps that slows the Scottish supplier network's ability to deliver energy transition and just transition goals.

If we are to realise the vast opportunities arising from ScotWind, as well as ensure a just transition for our clean energy suppliers, it is essential that a delivery plan for Scotland's Energy Strategy and Just Transition Plan is made clear immediately. Scottish Renewables urges The Scottish Government to publish the Energy Strategy and Just Transition Plan alongside a clear delivery plan with targets and milestones to ensure Scotland reaps the maximum possible benefit from the transition to a net-zero energy system and to provide the supply chain with greater certainty for the road ahead.

7. How can we measure whether the transition in the North East and Moray is achieved in a 'just' fashion – what data will need to be collected so progress can be measured?

There is currently no clear way to measure the just transition to renewable energy. Strathclyde University's Fraser of Allander Institute have made a start in releasing figures in 2020 stating Scotland's renewable energy industry supported more than 27,000 jobs, with onshore wind supporting the most employment across the economy with 10,120 fully time equivalent roles, followed by offshore wind (6,735) and hydropower (4,395). Including spill-over impacts, economic activity stimulated across the wider Scottish economy, onshore wind had the largest output, generating nearly £2.5 billion, with offshore wind and hydropower both supporting more than £1.1 billion output.

Though these statistics provide an excellent starting point, the renewable energy sector is not currently defined in national statistics published by either The UK or Scottish Governments, so the size of the sector has been estimated using data published by the Office for National Statistics.

As an industry we want to demonstrate how we are adding to the UK and Scottish economy, and we want to be able to track how well we are progressing with the transition to a cleaner, cheaper and more resilient energy system in the UK. We urgently need much more robust data collection to understand how the renewable energy industry is performing and evolving across the UK.

Whilst industry welcomes the UK Government's Net-Zero Strategy in refining the understanding and measurement of the green jobs as the UK transitions to net-zero, Scottish Renewables urges the UK and Scottish Governments to develop stronger data on the renewable energy sector. This will support transparency and accountability for government and industry economic and environmental targets.