



scottish
renewables

SCOTTISH RENEWABLES' 2017 GENERAL ELECTION MANIFESTO

Delivering Affordable Energy and Clean Growth

INTRODUCTION

The growth of renewables has been one of the defining shifts in our energy system over the last decade, with renewables now generating a significant share of the UK's electricity needs.

Much of that growth has been powered by Scotland, which in turn accounts for a quarter of the UK's renewable electricity generation.¹

The sector now supports some 26,000 jobs north of the border,² displaced more than 13m tonnes of CO2 in 2015,³ and has delivered around £1bn of investment annually.⁴

Advances in technology and rapid cost reductions mean that our industry can generate further economic and environmental benefit to Scotland and the UK, providing affordable energy for households and business and driving clean growth across the country.

However, we will only realise those benefits with the right policy framework to unlock the investment, research and innovation required to deliver a secure, modern and low-carbon energy system.

We have set out our recommendations below and look forward to working with the next Government to deliver our shared ambitions for Scotland and the UK.

SUMMARY OF RECOMMENDATIONS

1. Maintain commitment to climate change targets
2. Unlock investment in lowest-cost forms of energy
3. Continue the growth of less-established technologies
4. Accelerate the decarbonisation of heat and transport within an integrated energy system
5. Enable local communities to benefit from clean growth
6. Support research and innovation to deliver a smarter energy system
7. Back our world-leading low-carbon energy sector

1 P.76 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/579542/ET_Dec_16.pdf

2 <https://www.ons.gov.uk/economy/environmentalaccounts/bulletins/finalestimates/2015results>

3 <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-09-05/45055/>

4 https://www.scottishrenewables.com/sectors/renewables-in-numbers/?edit_off#chart8

1. Maintain commitment to climate change targets

Political commitment to long-term carbon targets has given business a clear sense of direction, and - along with more specific policy measures - supported record levels of investment in clean energy infrastructure.

It is important that our new Government re-state the UK's commitment to its climate change targets and international agreements and sets out a clear plan to deliver them - starting with the fifth carbon budget, covering the period from 2028 to 2032.

Deliver long-term certainty by maintaining commitment to existing climate change targets and setting out a plan to meet them

2. Unlock investment in lowest-cost forms of energy

UK Government analysis shows that onshore wind and solar power are on track to be the cheapest forms of new large-scale power generation.⁵

Indeed, work by independent industry experts Baringa Partners has shown that the UK's most competitive onshore wind sites could now be delivered at no additional cost to consumers over and above the long-term wholesale price of power.⁶

However, that capacity will only be delivered if onshore wind and other mature renewables are allowed access to auctions for long-term contracts for clean power generation, which give certainty over long-term prices and enable developers to access finance at the lowest possible rates.

And with more than 2GW of consented onshore wind sites in Scotland⁷, established renewables are ready to deliver affordable energy for households and business now - if they can once again bid for Contracts for Difference.

Deliver lowest-cost power for households and business by allowing established renewable technologies to bid for Contracts for Difference

3. Continue the growth of less-established technologies

The UK is the world's leading offshore wind market, with the growth of the sector supporting a significant supply chain across the country and driving down costs.

The outgoing administration pledged to secure an additional 4GW of capacity by 2020⁸, which would allow the industry to continue to invest at scale, support existing and new investment in the supply chain and deliver further reductions in cost.

Given the uncertainty over future policy after the election it is important that Government restates its ambitions for our newer forms of renewable energy, and the means to deliver these.

Likewise, other 'less established' technologies, such as biomass combined heat and power, tidal energy and anaerobic digestion, have scope to grow in scale and reduce in cost if they continue to see a route to market through the Contracts for Difference framework.

Use the CfD framework to enable at least the 4GW of capacity of less established renewable technologies announced in the 2016 Budget

**APPROXIMATELY
24% OF TOTAL
UK RENEWABLE
POWER
GENERATION
IN 2016 CAME
FROM SCOTLAND**

⁵ BEIS [p24] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/566567/BEIS_Electricity_Generation_Cost_Report.pdf
⁶ <https://www.scottishrenewables.com/publications/baringa-sr-analysis-potential-outcome-pot-1-cfd-/>
⁷ REstats - <https://www.gov.uk/government/publications/renewable-energy-planning-database-monthly-extract>
⁸ P 64 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508193/HMT_Budget_2016_Web_Accessible.pdf

4. Accelerate the decarbonisation of heat and transport within an integrated energy system

While substantial progress has been made in cleaning up Britain's power sector, we have only begun to decarbonise our heat and transport systems, which together constitute by far the largest proportion of the UK's energy consumption and greenhouse gas emissions.⁹

The UK therefore needs a new focus on the way we produce, supply and use energy to heat our homes, businesses and industry and power our transport systems. This low-carbon transition requires a 'whole system' approach: integrating heat, transport and electricity while harnessing new, smart technologies.

The next Government's plan for meeting the fourth and fifth carbon budgets and delivering a modern, flexible energy system should set clear goals and a timetable for rolling out low-carbon heating and transport, and the regulatory framework required to support this shift.

Develop a whole system energy strategy designed to accelerate the shift towards low-carbon heat and transport

Build a policy and regulatory framework to incentivise the long-term transition to low-carbon heat and transport technologies and infrastructure beyond 2020

5. Enable local communities to benefit from clean growth

Communities across Scotland are benefitting from investment in renewables, with Scottish targets for locally and community owned projects being met five years early.¹⁰

That growth has been in large part due to the success of the Feed-in Tariff, meaning that there are fundamental questions for small-scale renewables development after the current budget for the scheme finishes in March 2019.

There are also questions for communities backing developments in the Western Isles and the Orkney and Shetland islands which have significant but, as yet, under-utilised renewable energy potential. These places benefit from some of the strongest wind speeds in Europe and shovel-ready, community-backed renewable energy projects which are capable of providing £725 million of benefit across some of the UK's most remote communities.¹¹

Renewable energy projects on the Scottish islands have so far been unable to access the market due to the prohibitively high costs of connecting to the mainland transmission grid. A solution to allow these island projects to be able to access the marketplace through a Remote Island CfD was proposed by the UK Government in 2013¹² but is now subject to further consultation.¹³

Without access to a Remote Island CfD, not only will these projects no longer proceed, but the islands will remain disconnected from the GB transmission system, therefore potentially stifling any future development of their abundant wave and tidal resources.

Ensure long-term policy framework to support small-scale renewable generation

Take forward the Remote Island CfD to ensure Scotland's main islands groups can contribute to the growth of renewables and benefit from investment and employment in low-carbon energy

**RENEWABLE
ENERGY IN
SCOTLAND
SUPPORTS
26,000 JOBS**

⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604040/Total_Energy.pdf

<https://www.gov.uk/government/statistics/final-uk-greenhouse-gas-emissions-national-statistics-1990-2015>

¹⁰ <https://news.gov.scot/news/community-renewables-meets-target-early> ¹¹ <https://www.scottishrenewables.com/publications/consultation-response-treatment-non-mainland-gb-on/>

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/244028/Scottish_Islands_IA_signed.pdf

¹³ <https://www.gov.uk/government/consultations/consultation-on-treatment-of-non-mainland-gb-onshore-wind-projects>

6. Support research and innovation to deliver a smarter energy system

Whilst we have many of the answers to tomorrow's energy challenges today it is clear that further research, development and innovation is required to deliver a truly low-cost, low-carbon and high-value energy sector.

New forms of low-carbon energy, such as tidal, wave, heat pumps, floating offshore wind and geothermal, have huge potential but need support to move towards commercial-scale deployment and a competitive cost base.

Likewise, new solutions to make the energy system more efficient and flexible - like storage, heat networks, hydrogen and demand-response - could transform our whole energy system, but only if Government, regulators, industry and research bodies work together to advance and implement these innovations.

Such changes could boost energy security by maximising the use of our domestic resources and by more efficiently managing energy demand, with The National Infrastructure Commission estimating that a smart system built around low-carbon generation, energy storage, ultra-low emission vehicles and interconnectors could cut £8bn per year from UK energy bills by 2030.

Target research and innovation funding on new forms of energy production and storage

Ensure that regulatory frameworks anticipate and support the roll-out of a smart, sustainable energy system

7. Back our world-leading low-carbon energy sector

Energy is an international business, and the global transition to a low-carbon economy presents a huge opportunity for Scottish and UK companies to export their goods and services around the world. The new Government should build a strategy to ensure that our businesses are able to build on their presence in every single continent on the planet.

Likewise, we need to ensure that changes to our relationship with Europe do not impact on the UK's attractiveness for inward investment, and that our universities and businesses continue to benefit from access to funds to support research, innovation and infrastructure.

Finally, it is important that the businesses and research bodies that will build our low-carbon economy are able to recruit and retain the talent they need to succeed.

Build an industrial strategy that allows the UK to capture the economic opportunities created by the global low-carbon transition

Ensure that our future relationship with Europe supports investment and access to European funding

Enable businesses and research bodies to recruit talent from overseas to ensure their future success

**THE RENEWABLE
AND LOW-CARBON
SECTORS IN SCOTLAND
GENERATED £5.5BN IN
TURNOVER IN 2015**