

SUPPORTING SCOTLAND'S RENEWABLE ENERGY SUPPLY CHAIN

Scotland's renewable energy project pipeline is stronger than ever.

With ambitious targets to deliver 11GW of offshore and 12GW of onshore wind by 2030 – alongside increasing activity in the marine, solar, low-carbon heat and green hydrogen sectors – the approaching economic opportunity for Scotland's green energy supply chain is vast.

Despite the exceptional work which is already underway by many dedicated and ambitious suppliers, Scotland does not yet have the capacity to fully deliver our upcoming projects or to grasp the expanding export opportunities presented by clean energy across the globe.

To develop the renewable energy supply chain in Scotland across all technologies, maximise the economic benefits of our sustainability pipeline and ensure a just transition for suppliers, Scottish Renewables recommends that The Scottish Government:

Establishes a Low-Carbon Industrial Strategy that includes a Supply Chain Plan to drive forward renewables-led investment and a just transition for Scottish clean energy suppliers and manufacturers

Whilst pockets of excellence exist, Scotland has no green industrial strategy or way of spotlighting and capturing learning, and our energy supply chain currently lacks the required capacity to deliver the skills and manufacturing to service all the renewable energy projects needed to meet net-zero across electricity, heat and transport. Projects, ports and suppliers are operating commercially in competition with each other, which can impede the growth of our industrial base and supply chain, meaning missed opportunities for investment and jobs growth as we rebuild our economy from the coronavirus pandemic.

To achieve a home-grown manufacturing and a supply chain base for renewable energy, government and industry can work together to deliver an Industrial Strategy and Supply Chain Growth Plan. The upcoming Energy Strategy refresh offers an opportune time to set this ambition. The Plan should harness the diverse capabilities of our existing supply chain and maximise support for collaboration across companies in line with our net-zero target. It must also assess The Scottish Government's ambitions for different renewable energy technologies and establish how to further develop the required supply chain to assist in achieving our clean energy aspirations. Special focus will be needed to ensure that businesses reliant on fossil fuel opportunities are supported to move into renewables.

The delivery of a Supply Chain Plan will create a true sense of direction for this critical Scottish industry, ensuring the delivery of our net-zero ambitions across heat, transport and electricity. A world-class renewable energy supply chain will achieve the economic opportunities essential for our green recovery and the delivery of new green jobs, whilst offering opportunities for green exports and fulfilling shared ambitions for a just transition.



Supports the immediate growth of Scottish renewable energy suppliers by working with near-term net-zero projects to assist in the success of local supply chain companies

With a short-term offshore wind pipeline of 6.9GW and a potential of more than 10GW of onshore wind as well as significant ambitions in other technologies, the existing pipeline of renewable energy projects to be delivered in Scotland is extensive. Some previous domestic renewable energy projects have fallen short of local content expectations, with contracts being awarded to European and international suppliers. There are also a limited number of technology manufacturers in Scotland, for example there are fewer than 10 heat pump manufacturers and no hydrogen electrolyser factories set up to deliver this essential net-zero equipment locally. This means there is a long journey ahead to prepare the local Scottish supplier network to deliver our energy transition goals.

Scottish Renewables welcomes industry supply chain initiatives such as Crown Estate Scotland's Supply Chain Development Statements, however many of these initiatives have a long-term view focusing on 2030 and beyond. It is essential that government and industry work now to avoid a missed opportunity to achieve a world-class renewable energy supply chain and The Scottish Government should develop a short-term action plan to foster immediate renewable energy supply chain growth between now and 2028.

A focus on current projects and growth opportunities will provide a stepping stone approach to supply chain development and allow existing and transitioning suppliers to increase their capacity and capabilities now, as well as prepare them for the future project pipeline. This will also increase the economic opportunities of existing planned projects and increase demand for low-carbon technologies, whilst boosting green jobs and skills.



Enhances the role that Scottish ports play in building a low-carbon economy through a net-zero ports and infrastructure programme

As outlined by the Scottish Offshore Wind Energy Council's Strategic Investment Assessment, with 24GW of potential offshore wind projects from Crown Estate Scotland's ScotWind Leasing round and increasing support for wave and tidal energy, our ports will be critical to unlocking the economic and environmental potential of our offshore resources. Unlike their European port competitors Scottish ports are still not fully equipped to provide the supply chain requirements that Scotland needs to meet our green energy ambitions.

Recent announcements for our ports have given a glimpse of the economic revitalisation offshore renewables offer, yet to reach their full potential enhanced government support is needed. Whilst the Green Freeport program is welcomed by industry, further development measures will be required for the ports who are not successful in this process. All strategic Scottish ports must be supported by The Scottish Government in order to build the essential supply chain and manufacturing base for offshore renewables. A program should be created offering financial incentives and support for infrastructure development. It should also promote ports as a hub for green skills development, working with colleges, to support the growth of a diverse and skilled green workforce.

Enhancing port infrastructure and promoting ports as green skills hubs will ensure island and coastal communities across the nation benefit from the fresh economic investment and regeneration opportunities which a home-grown clean energy supply brings. The program will help to stimulate growth for supply chain companies and foster export opportunities





Orbital Marine Power

Achieves growth for small and medium low-carbon suppliers by introducing a supply chain SME support mechanism

With the wind industry alone set to increase in capacity by more than 230% by 2030, the pipeline of opportunity for suppliers has never been stronger. There is already a diverse supply chain profile in Scotland available to undertake renewable energy work, as evidenced by Scottish Renewables' Supply Chain Impact Statement 2021. SME suppliers are the backbone of renewable energy's manufacturing and supply chain base. If they are to play their full role in driving forward our green recovery and achieving our net-zero ambition, more support is needed.

To establish a world-leading supply chain in Scotland servicing our local projects and tapping into export opportunities 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. Government should leverage the Scottish National Investment Bank to establish this green supply chain support.

This fund will help deliver supply chain development in Scotland and ensure supply chain companies can meet the needs of domestic renewable energy projects - such as the 17 ScotWind offshore wind developments - as well as competing in the global market. Increasing the innovation, capabilities and capacity of Scottish suppliers will secure economic successes, create new green jobs and maximise our export opportunities, supporting a global Scotland. Investing in SMEs also ensures that other supply chain investment programs aimed at areas such as our ports are maximised.



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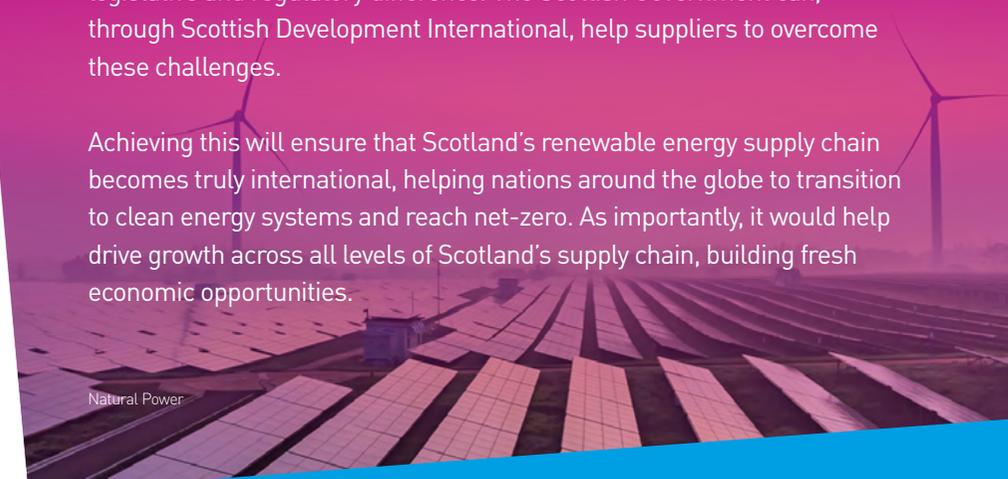
Enhances export opportunities for Scottish suppliers by promoting and supporting companies moving into international markets

Scotland's renewable energy expertise is already being put to work in 72 countries and is employing staff on six of the planet's seven continents. More than half (57%) of the companies which took part in a survey on Scotland's green energy export impact in 2019 said they are moving into new markets. As more nations around the world are embarking on their net-zero journeys, there is huge opportunity for exporting Scottish supply chain expertise.

Scottish suppliers are well placed to support international markets and many companies are already thriving in key offshore wind markets such as Europe, South-East Asia and the USA. There is also huge potential for growth. To cultivate this success and tap into further opportunities a number of challenges identified by Scottish Renewables must be overcome, including resourcing, a lack of market information, cultural differences, the impact of the UK's withdrawal from the European Union, legislative and regulatory difference. The Scottish Government can, through Scottish Development International, help suppliers to overcome these challenges.

Achieving this will ensure that Scotland's renewable energy supply chain becomes truly international, helping nations around the globe to transition to clean energy systems and reach net-zero. As importantly, it would help drive growth across all levels of Scotland's supply chain, building fresh economic opportunities.

Natural Power



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