



scottish
renewables

SCOTTISH BUDGET 2024/25: PRIORITIES OF SCOTLAND'S RENEWABLE ENERGY INDUSTRY

Renewable energy is not only at the centre of our fight against climate change but also driving economic growth, with billions of pounds of investment being made in Scotland every year. Scotland's renewable energy industry already supports more than 27,000 jobs and is worth £5.6 billion to the Scottish economy.

However, with increasing international competition for the investments, supply chains and workforces needed to achieve net-zero, urgent action is required to secure the enormous socioeconomic benefits of our renewable energy potential. On behalf of the more than 330 organisations we represent, Scottish Renewables has outlined the following priorities for the Scottish Budget 2024/25:

INFRASTRUCTURE: BUILDING AN ENERGY SYSTEM FIT FOR NET-ZERO

PRIORITY ONE: New electricity transmission infrastructure is an economic priority for Scotland.

With electricity demand set to rise by 50% over the next decade, National Grid ESO estimates that five times more transmission lines need to be built by 2030 than have been built in the past 30 years. However, while the deployment of cheap renewable energy generation quadrupled over the past ten years, investments in the UK's transmission grid remained flat.

New power lines, pylons and substations will connect clean energy generation to our homes, communities and businesses while enabling the decarbonisation of heat, transport and many more key industries. Investment in our electricity networks will also be essential to unlocking skills and training opportunities and boosting local supply chains. Fundamentally, new transmission infrastructure will enable renewable projects to connect to the grid at the scale required to achieve net-zero.

The Scottish Government should:

- Provide targeted funding to support public information campaigns, designed in collaboration between industry and government, on the importance of electricity transmission infrastructure for our clean energy transition to net-zero.
- Work closely with the UK Government to deliver the recently published Connections Action Plan and Transmission Acceleration Action Plan, in response to the recommendations of the UK's Electricity Networks Commissioner, Nick Winser, and ensure strategic alignment across accelerated transmission and distribution infrastructure to deliver and incentivise critical private investment.
- Provide targeted funding to Local Energy Scotland to proactively administer and update the Community Benefits Register to ensure we have a fuller picture of community benefit payments across Scotland, displaying the enormous socioeconomic benefits of renewables.

PRIORITY TWO: Scotland's ports are the lynchpin to our offshore renewable energy and supply chain ambitions.

Scotland's ports are vital if we are to secure the enormous supply chain and export opportunities of our offshore wind sector. However, unlike their European competitors, Scottish ports are still not fully equipped to provide the supply chain requirements needed to meet our green energy ambitions.

Scottish Renewables welcomes the First Minister's recent commitment to invest up to £500 million over the next five years in Scotland's offshore wind supply chain. This investment should be spread across all strategic Scottish ports to attract inward investment, stimulate economic growth, foster export opportunities and expand green skills.

The Scottish Government should:

- Establish a £10 million Net-Zero Ports Consenting Seed Fund, as part of the £500 million commitment, to close existing investment gaps and enable potential port and manufacturing development projects across Scotland to progress through consenting at the pace required.
- Establish a Net-Zero Ports Guarantee Scheme, complementing the £500 million commitment and Strategic Investment Model, to secure crucial CapEx funding and unlock wider private investment into port infrastructure.

PRIORITY THREE: Scotland's planning and energy consenting system need proper resourcing to facilitate net-zero.

Creating an efficient planning and consenting system will bolster Scotland's competitiveness amidst increasing global competition, as well as benefit the expansion of community owned projects and repowering of our onshore wind fleet.

This is vital as the average offshore wind farm currently takes 12 years to deliver and major transmission network infrastructure such as Beaulay-Denny took 14 years to complete: timelines which are incompatible with the pace required by a climate emergency.

However, shortening planning and consenting timeframes will only be possible if our planning and consenting systems are properly resourced to handle the scale and complexity of renewable energy applications required to meet net-zero. This is felt acutely in our local authorities where Scottish Renewables research found that the number of planning department staff employed fell by 20% between 2011-2020.

The Scottish Government should:

- Deliver immediate funding to all local authorities to build additional capacity and capabilities for processing the growing volume of energy applications in the full spirit of the National Planning Framework 4. This should be complemented by an urgent drive to train and recruit more planners as well as encouraging cooperation between local authorities to share expertise and resource.
- Deliver the Scottish Onshore Wind Sector Deal commitment to provide additional resources, funded through an agreement between government and the onshore wind sector, to support statutory consultees when they are responding to onshore wind applications.

INVESTMENT: UNLOCKING THE FULL POTENTIAL OF PUBLIC AND PRIVATE INVESTMENT ON OUR CLEAN ENERGY TRANSITION

PRIORITY FOUR: Supporting the growth of clean energy SME suppliers will bolster Scotland's competitiveness.

A thriving domestic supply chain of renewable energy businesses, both small and medium enterprises (SME) and larger, will be the backbone of Scotland's net-zero ambitions. Scottish Renewables' Supply Chain Impact Statement 2022/23 found that, of the organisations featured, 89% believe renewable energy is Scotland's biggest economic opportunity, with 94% investing in upskilling and 83% recruiting new employees as a result.

Increasing the innovation, capabilities and capacity of Scottish suppliers will secure economic benefits, create new green jobs and maximise our export opportunities. However, many businesses are struggling to invest in the facilities, skills and equipment they need to scale-up at home and expand abroad.

The Scottish Government should:

- Establish a £2.5 million Net-Zero Scaling-Up Fund to support SME suppliers working on near-term clean energy projects to enhance their capabilities, competitiveness and capacity by investing in the facilities, skills and equipment needed to grow in the renewable energy industry.
- Establish a £10 million Offshore Wind Supply Chain Development Scheme to offer immediate tiered support for SMEs over the next five years to secure clean energy supply chain opportunities, such as ScotWind and INTOG. This should seek to build upon the success of the Offshore Wind Growth Partnership's Sharing In Growth Programme, which offers up to £200,000 per company, per year for a full holistic business improvement programme.
- Work with industry to establish a circular approach and national targets for replacing onshore and offshore wind components to cement Scotland's commitment to the circular economy, supporting home-grown job creation and easing supply chain pressures.



PRIORITY FIVE: Scotland must invest in skills to secure the home-grown workforce required to achieve net-zero.

It is imperative that Scotland prepares its workforce to capitalise on the enormous opportunities presented by the clean energy transition. From peatland restoration professionals, planners and landscape architects to a plethora of skilled professions including electricians, welders, fabricators, retrofit coordinators, plumbers, and engineers, achieving net-zero will rely on a huge range of skills and expertise.

Investing in skills-based training, embedding net-zero and climate resilience skills in our education and STEM curriculum and streamlining pathways into public and private sector careers will be critical for anchoring a home-grown workforce that will enable delivery of clean energy, nature restoration and climate resilience projects.

The Scottish Government should:

- Provide funding to support public information and marketing campaigns, designed in collaboration between industry and government, to promote the just transition and highlight available opportunities in the renewable energy industry.
- Establish a nationwide Just Transition Tuition Fund for individuals seeking to upskill or enter work in renewables, providing a grant to cover certification or tuition fees. We want to see a whole industry version of the MCS Certification Fund which supports the certification of heat pump installers to remove barriers for all workers looking to secure high-value, green jobs.
- Fully utilise the opportunity of private-public partnership models to enhance existing upskilling, trainee and apprenticeship initiatives. That should include extending funding available to employers, universities and colleges to target skills shortages, fostering collaboration and promoting opportunities to all ages to enter renewable energy professions.



INNOVATION: ACCELERATING DELIVERY ACROSS ALL RENEWABLE TECHNOLOGIES

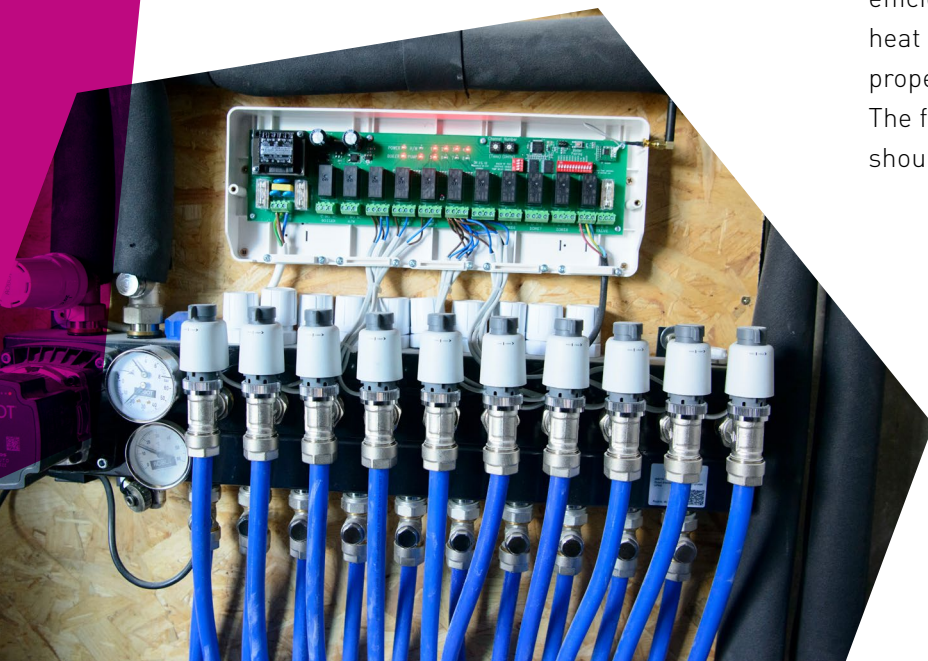
PRIORITY SIX: Decarbonisation of heat demands a redoubled drive to tackle fuel poverty and climate change.

With homes accounting for 30% of all energy used in Scotland, and with 90% of that heat still coming from fossil fuels, the switch to renewable heat is critical for reaching net-zero. However, last December the Climate Change Committee said progress on cutting greenhouse gas emissions in Scotland has “largely stalled” in recent years and that its targets, some of the most challenging in the world, were “increasingly at risk”.

Our reliance on oil and gas boilers, and indeed coal, is not only worsening the climate crisis but also driving up energy bills. Volatile gas prices were the main cause of the unprecedented energy bills increases which rocked our economy in 2022 and we remain one of “the most gas-dependent economies in Europe” according to the Office for Budget Responsibility. Rolling out heat pumps, low-carbon district heating and energy efficiency is the best way to minimise fuel poverty and tackle the climate crisis.

The Scottish Government should:

- Increase the funding available for renewable energy systems in the Home Energy Scotland Grant and Loan Scheme to £20 million.
- Make a firm commitment to establishing city and town-wide district heat networks across Scotland which includes providing £2.5 million additional funding across all Scottish local authorities for the recruitment and resourcing required to support Local Heat and Energy Efficiency Strategies. This will help accelerate the rollout of energy efficiency measures and the critical low-carbon technologies of heat pumps and heat networks across public and private buildings.
- Provide grants, not loans, for heat network connection costs shortfalls (where demand is not secured prior to investment), equivalent to the £7,500 already available per household, for all tenures. A funding mechanism should also be developed, in collaboration with industry, to help developers with heat network connection costs for larger-scale connections.
- Continue to expand the size and scale of interest-free loan and grant programmes for energy efficiency measures (including solar energy) and heat pump installations, particularly for smaller properties, rural and island fuel-poor households. The facilitation of new private lending mechanisms should also be investigated.



PRIORITY SEVEN: Scotland must grasp the export and storage opportunities of green hydrogen.

Scottish Renewables supports the Scottish Government's ambition for hydrogen production of 5GW by 2030 and 25GW by 2045. National Grid's Future Energy Scenarios forecasts that the UK will need at least 190TWh of electricity for hydrogen production in all net-zero scenarios. The Scottish Government's most ambitious export scenario, detailed in the Hydrogen Assessment, estimates that a £25 billion annual gross contribution to Scotland's Gross Value Added could be expected by 2045, with more than 300,000 jobs supported.

To seize this opportunity for technologies such as marine and wind energy, as well as the co benefit of using hydrogen to boost Scotland's energy storage capacity, we believe enhanced policy support is required to facilitate a route to market for commercial projects and to create a more consistent investment environment, ensuring a smooth, cross-sector transition.

The Scottish Government should:

- Provide a firm commitment to transitioning directly to green hydrogen (without the interim step of blue hydrogen) by setting a specific green hydrogen target of 3GW by 2030 and tripling green hydrogen funding to £300 million to send a powerful, unequivocal signal for investors and a stimulus for green hydrogen market creation.
- Deliver a Hydrogen Strategic Infrastructure Plan outlining the development and delivery pathways needed to fully unlock Scotland's enormous green hydrogen production and export potential.
- Ensure the planning system is equipped to deal with hydrogen projects in a way that reflects the importance of hydrogen infrastructure as nationally significant developments and allows decisionmakers to expedite project planning submissions.



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