

Conclusion

The EU's Energy Policy for Europe presents Scotland with major opportunities. The commitments made by EU leaders and by the EU institutions have now set out concrete policy and funding commitments for renewable energy, carbon capture and storage, and the development of new grid infrastructures where Scotland has significant potential to play a leading role in delivery. When taken together, the commitments set out in the package on CCS, the development of offshore renewable energy, the construction of a North Sea Offshore Grid, and with the considerable remaining reserves of North Sea oil and gas, show that Scotland is ideally placed to play a central role in ensuring the security of Europe's energy supplies in future.

If the EU continues to show leadership to make sure that the right technologies are developed and deployed to allow Scotland to harness her huge natural resource base, then the benefits could be considerable. These would range from enhanced economic growth with the associated creation of new Green jobs, greater energy security and intellectual ownership, a cleaner environment and the enhancement of Scotland's status as an international centre of excellence in the field of renewables technology.

Contact:

Scottish Government EU Office

+32(0)2 2828 330

www.scotland.org

www.scotland.gov.uk

**Towards a Low
Carbon Economy
in Scotland**

September 2009



www.scotland.org



www.scotland.org

Introduction

This briefing note details the extent of Scottish Government European Engagement on Climate Change and Energy Policy against the background of the current European Regulatory Framework.

It also details The Scottish Government's future priorities and activity as it seeks to position Scotland as a leading player in international climate change and energy policy.

The EU Regulatory Framework

In Spring 2007, European leaders reached a historic agreement for the first time to create a common European energy policy. The resulting Energy Policy for Europe sets out the EU's vision for Energy in the period to 2020 and is based on three fundamental 'pillars':

- **Sustainability** – to ensure that the EU addresses climate change by reducing its emissions to a level that would limit global temperature increases to 2°C above pre-industrial levels. The EU will do this by committing to a 20% reduction in greenhouse gas emissions; a 20% improvement in energy efficiency; and deployment of 20% of energy generation from renewable sources, all by 2020. These are known as the 20:20:20 targets
- **Security of Supply** – to minimise the EU's vulnerability concerning imports, shortfalls in supply, possible energy crises and uncertainty on future supply. The EU will do this by introducing measures which ensure solidarity between member states, the diversification of supply sources and transportation routes, and improved security of oil stocks, gas supply and electricity generation.
- **Competitiveness** – to ensure the effective implementation of the internal energy market. The EU will do this by introducing reforms to ensure clearer separation of gas and electricity transmission from production and supply, thereby creating a more competitive market and by harmonising the competencies of national energy market regulators and ensuring their collaboration.

The EU has driven forward each of these 3 pillars by proposing separate packages of legislative and regulatory reform.

Scottish Government action on European Energy and Climate Change Policy

We have been working to secure Scotland's place as a leader in international energy and climate change policy. Given Scotland's expertise in low carbon technologies and our vast renewable energy potential, including around a quarter of Europe's tidal and offshore wind capacity, Scotland has an immense amount to offer in this field – both in terms of capacity and cutting-edge thinking in the fight against climate change. The Scottish Government is undertaking a number of initiatives which will help to maintain Scotland's position as a leader in the field:

Climate change

As a small nation of five million people, Scotland is determined to act as a model of best practice in tackling climate change to inspire the international community to agree an ambitious new climate change treaty at Copenhagen in December 2009.

The Scottish Government's Climate Change legislation (www.scotland.gov.uk/Topics/Environment/climatechange) and Climate Change Delivery Plan aim to deliver at least 42% emissions cuts by 2020 and 80% cuts by 2050. Scottish Ministers are committed to delivering the highest achievable emissions reductions based on expert advice. The legislation also imposes a climate change duty on Scottish public bodies.

The Scottish Government published its high-level Delivery Plan on 17 June 2009 www.scotland.gov.uk/Publications/2009/06/18103720/0. The Plan identifies the key sectors for abatement and four major transformational measures needed to deliver the targets: a massive increase in clean, green energy; wholesale adoption of electric vehicles powered by green energy; a major improvement in energy efficiency and reduction in demand for energy; and a significant increase in forest cover to absorb more carbon.

The Scottish Government has also made a commitment to carbon assessment of its spending from 2010-2011 and is taking a strategic approach to ensuring resilience to the impacts of climate change through its Climate Change Adaptation Framework.

The Scottish European Green Energy Centre

- Over the past year, we have been working to establish the Scottish European Green Energy Centre (SEGEC). The Centre's business plan was approved in November 2008 and the Centre was formally launched in August 2009 in Aberdeen. www.scotland.gov.uk/Topics/Business-Industry/Energy/Action/Leading/Energy-In-Europe/SEGEC-Business-plan
- The Centre will place Scotland at the forefront of research, development, demonstration and deployment of low carbon energy technologies across Europe. Scottish researchers in universities, research institutes and commercial sectors are already recognised as world leaders in low carbon energy research. Over the next three years, SEGEC will create constructive partnerships in areas of key European interest – marine energy, carbon capture and storage (CCS), offshore wind, energy efficiency, renewable heat and grids – to drive research, encourage adoption, act as a centre of expertise and influence policy.
- SEGEC aims to act as a catalyst for the deployment of green energy and research, encouraging and supporting industry to put research into practise so that Scotland, and Europe, can fully benefit from these advances.

North Sea Grid

- A key objective for The Scottish Government in this area is the creation of a North Sea Grid, to allow the export of renewable energy to continental Europe. We have effectively made the case for this within the EU, and in November 2008 it was included as a priority in the European Commission's energy security strategy.
- Building on links with the Commission, The Scottish Government was invited to become part of the European Grid Working Group in early 2009 and officials are taking full advantage of participating in meetings to influence and shape discussions.

ISLES

- We are also working in partnership with Ireland and Northern Ireland on a pioneering feasibility study into offshore renewables and grid potential. The Irish Scottish Links on Energy Study (ISLES) is a joint project between The Scottish Government, the Department of Enterprise, Trade and Investment (Northern Ireland) and the Department of Energy, Communications and Natural Resources (Ireland) and is supported by the EU Interreg IV funding.
- The project will examine the feasibility of the construction of an offshore electricity transmission network linking potential offshore sites for the generation of renewable energy in the coastal waters of Ireland, Northern Ireland and Western Scotland.
- The feasibility study will develop a business case for the construction of such a grid and will examine the following aspects; technology and infrastructure; environment and planning; regulatory and finance; and construction and deployment. The study will also involve close co-operation with the energy industry and other stakeholders involved in grid transmission systems and renewable energy.
- The feasibility study is due to start in November this year, following a competitive tendering process to appoint the consultancy team. It is anticipated it will take two years to complete the project.

Energy efficiency

- The Scottish Government is working with the UK Government on the implementation and enforcement of the Energy Using Products and Energy Labelling Framework Directives. We are also liaising with the Convention of Scottish Local Authorities and the UK Government over the Commission's forthcoming Energy Performance in Buildings Directive requirements to ensure that Scottish views are taken on board in the further development of both the policy and its implementation.
- This year we have been liaising with the EU Commission on our respective Energy Efficiency Action Plans and are exploring how EU structural fund money could be used to promote efficiency in Scotland.

Onshore renewable energy

- We are speeding up the decision making process surrounding Renewable Energy developments, introducing more certainty about turnaround times and more robust procedures, and it is already bearing results. Since May 2007, Scottish Ministers have determined 27 renewable energy project proposals, including approval for 22 renewables projects. By comparison, 19 projects were determined over the whole of the previous 4 years.
- Currently, the total capacity of renewables schemes either operating or with planning permission is around 6GW and approximately 2.5GW more is in the system to be determined in due course.

In Renewable Heat there is a statutory obligation in the world-leading Scottish Climate Change Bill for a Renewable Heat Action Plan to be produced, with a further commitment that it will be reviewed every two years.

- The Scottish Government also funds the Scottish Biomass Heat Scheme, worth £3m, for biomass heat installations in SMEs and for district heating. In May we announced that 26 projects have been allocated a share of £1.6m under the first round. The second round was launched on 20 May and is open until 4 September.

Offshore renewable energy

- The Scottish Government and the Scottish European Green Energy Centre have been working closely with the EU Ocean Energy Association (EU-OEA) to raise the profile and understanding of marine renewable technologies across Europe.
- The Scottish European Green Energy Centre will continue to work with EU-OEA as it takes forward its proposed European Road Mapping work.

Carbon capture and storage

- We want to see Scotland playing a leading role in the development of carbon capture and storage (CCS) technology to allow us to continue to utilise fossil fuels while reducing the level of harmful emissions being released into the atmosphere.
- This year, The Scottish Government supported the Scottish Centre for Carbon Storage's study into the Opportunities for Carbon Capture and Storage around Scotland and officials have participated in the European Commission's Sustainable Fossil Fuels Working Group (the Berlin Forum). The Scottish Government has also been represented by officials at meetings of the North Sea Basin Task Force, one of which took place in Svalbard in Norway earlier this year.
- We are working on carbon capture and storage projects, and securing European funding under the Seventh Framework Programme (FP7) could be key to these.
- The Scottish European Green Energy Centre will play a key role in this in partnership with the Scottish Centre for Carbon Storage.

The European Energy Programme for Recovery (EERP)

This was formally adopted by the European Parliament on 6 May 2009 and presents Scotland with further opportunities to develop our position as a leader in clean and renewable energy.

- The programme sees €3.98b in EU funding allocated to EU Member States.
- Scottish projects bid for funding under 3 streams which has to be committed by the end of 2010:
 - Carbon capture and storage (€180m for 1 UK project out of 4 – Longannet power station in central Scotland is one of these eligible CCS projects).
 - North sea offshore grid (€165m for an unlimited number of projects).
 - Aberdeen offshore wind farm (€49m for this project).
- Projects to benefit will be selected via a call for proposals which was launched on 15 May 2009. The deadline for submission of projects was 15 July 2009.
- The Scottish European Green Energy Centre lead on coordination of Scottish bids for funding and Scottish Government officials worked with the Centre and relevant Scottish companies and developers to work up appropriate bids before the deadline for submission.
- The overall aim of the EERP bids is to place Scotland firmly at the forefront of offshore development and CCS, and to underline our potential as a major player on the EU energy stage.

Onshore and offshore wind – Intelligent Energy for Europe

- The Scottish Government led the submission of an application for funding for a project under Intelligent Energy for Europe 2009. The project will address barriers to the deployment of onshore and offshore wind generation, by developing good practice in reconciling objectives on renewable energy with wider environmental objectives and actively involving communities in planning and implementation.
- The project will be undertaken by a consortium of partners from across Europe, led by The Scottish Government. By bringing together these partners from different countries, which includes developers such as Scottish Power Renewables and Airtricity, regional and local government, environmental agencies and NGOs, experiences in the development and deployment of onshore and offshore wind energy will be shared and from this a guide to good practice and a 'how to' toolkit will be developed. This can be used to facilitate deployment of renewable energy in support of the 2020 targets.
- The application was submitted on 25 June 2009 and a decision on whether the project will receive funding is expected in December 2009.

The story so far and key events to come

10-13 October 2008 – Scottish Government Minister for Enterprise, Energy and Tourism led a study visit to Norway with a delegation representing the Scottish European Green Energy Centre.

25 November 2008 – Scottish European Green Energy Centre (SEGEC) launch event as part of the St Andrew's Week events in Brussels.

9 February 2009 – European Sustainable Energy Week, The Scottish Government hosted a series of workshops in Brussels to consider the role that the North Sea and Atlantic regions can play in the development of low carbon and renewable energy infrastructures.

26 March 2009 – Meeting of the European Energy Network in Glasgow.

20 May 2009 – All Energy Conference in Aberdeen – the Scottish European Green Energy Centre hosted a seminar on Scotland's Offshore Wind Story.

23-26 June 2009 – Green Week – The Scottish Government held an event in Brussels on 24 June focussing on the role of states and regions in Climate Change Mitigation and Adaptation.

17 August 2009 – First Minister of Scotland officially launches SEGEC in Aberdeen.

11 September 2009 – Meeting of the European Energy Network in Glasgow.

14-15 September 2009 – European Offshore Wind Conference in Stockholm – the Scottish European Green Energy Centre will present Scotland's offshore wind story.

15 September 2009 – MEP reception at the European Parliament in Strasbourg hosted by Wales, Northern Ireland and Scotland.

15 September 2009 – Sustainable Fossil Fuels Working Group in Brussels (Berlin Forum) – Scottish Government will attend.

End September 2009 – EU North Sea Renewables Grid Working Group (Scottish Government to attend).

12-13 October 2009 – Annual Berlin Forum Plenary Session (Scottish Government Officials will attend).

20 October 2009 – Plenary Session of the Zero Emissions Platform in Brussels (Scottish Government will be represented).

December 2009 – United Nations Framework Convention on Climate Change – The Scottish Government will ensure that Scotland's voice and energy story is fed into the UK's position.

March 2010 – European Sustainable Energy Week – The Scottish Government is planning its own event in Brussels to mark the week.