1. **Are the 2020 renewables targets (for electricity and heat) achievable? If not, why not?**

Technically speaking, the 2020 renewables targets are achievable. The technology, especially for onshore wind, and the political will is there. However, Burcote Wind believes that the complexities of the planning process and the high costs associated with connection to the electricity grid present significant barriers, especially for onshore wind projects which will form the vast majority of renewable energy installations needed to meet the targets. We believe that these barriers have the potential to jeopardise the achievement of the targets.

2. **What contribution will achievement of the 2020 renewables targets make to meeting Scotland’s CO2 emissions targets (a reduction of at least 42% by 2020 and an 80% reduction target for 2050) under the Climate Change (Scotland) Act 2009?**

Burcote Wind believes that progress towards meeting the 2020 target for the equivalent of 100% of Scotland’s electricity needs to come from renewable sources will make a significant contribution towards the achievement of CO2 reduction targets. Our pipeline of projects alone totals around 790MW, enough to displace approximately 1.1 million tonnes of CO2 per annum.

3. **Has the Scottish Government made any estimation of the overall costs of achieving the targets, and identified which parties will bear them?**

For onshore wind, the significant up-front costs prior to the construction and operation of a wind farm are borne entirely by the developers. In Burcote Wind’s case, we have raised all of our operating capital from private investors and have received no public grants or subsidies. Consumers only pay for renewable electricity via the Renewables Obligation after a wind farm starts to produce electricity.

**Challenges**

4. **Are electricity generating or heat producing technologies compatible with the need for security of energy supplies?**

Burcote Wind believes that the ability to generate our own electricity from renewable sources such as onshore wind will help to provide greater energy security for Scotland and the rest of the UK in the future.

Natural gas is now the largest single source of UK energy, accounting for around 40% of total consumption. Imports accounted for 13% of UK natural gas consumption in 2010 and this is projected to reach 32% by 2020, according to a report from the House of Commons Library published in 2010. Gas, including Liquified Natural Gas (LNG) will increasingly need to be imported from potentially unstable parts of the world, including Eastern Europe/Russia and the Middle East.
The development of a robust UK renewable energy sector can therefore help to offset the UK’s future dependence on imported fossil fuels including gas.

Although an intermittent power source (which therefore requires ‘backup’ generation), the intermittency of wind power reduces as the geographic distribution of turbines increases. Furthermore, seasonal variation in wind resource is partially predictable and can be accounted for in the electricity grid.

Advances in renewable energy storage capacity also mean that in the future a greater proportion of generated wind energy will be able to be stored for periods of smaller wind resource. Reinforcement and upgrading of the Transmission Network to support energy balancing with the rest of the UK and other EU countries is absolutely essential to secure the economic benefits of Scotland’s renewable electricity generation.

5. Is the supply chain in Scotland in place to meet the targets?

Although some elements of the supply chain infrastructure are in place, Burcote Wind does not believe that Scotland at present is creating the right environment for a sustainable renewable energy manufacturing industry, of the type envisaged by the Scottish Government.

Most of the components of onshore wind technology are still manufactured in countries (principally Germany and Scandinavia) that invested in their wind industries early. In addition, future growth of the manufacturing side of the supply chain is likely to occur principally in countries such as China which are now investing heavily in renewables.

Burcote Wind believes passionately in leaving a long-term legacy from renewables in the communities in which we operate. That is why in our discussions over community benefit funds we routinely suggest that local communities may wish to use some of the funds to support the acquisition of relevant skills in renewable energy or engineering by local young people. Where desirable, we initiate discussions with local colleges in order to develop appropriate mechanisms for supporting these aims. By doing this, we hope to contribute at a local level to the wider national objectives around the renewables supply chain.

However, it should be noted that the targets can, within the right planning and regulatory environment, still be met whether or not the manufacturing supply chain is based in Scotland. The growth of renewables manufacturing in Scotland is therefore desirable, but not essential to meeting the targets.

6. What further improvements are needed to the grid infrastructure or heat supply networks both at a national and a local level? Additionally, are we confident that the necessary infrastructure can be developed and financed so that Scotland can export any excess electricity generated to the rest of the UK and/or the EU? What is the role for the Scottish Government here?
Grid infrastructure and its associated charging regime currently represent one of the biggest barriers to achieving Scotland’s renewables targets.

With regard to connection charges, developers are currently mandated by National Grid to underwrite enormous costs to upgrade grid infrastructure in areas where it is inadequate. Given the location of many onshore wind farms in relatively remote or rural areas, these costs often run into millions of pounds, even for small projects.

Under the current system, developers are forced to pay a non-refundable deposit (based on a cost-per-kilowatt/hour of the total installed capacity) on the ‘trigger date’ the date on which work is commenced by the DNO (Distribution Network Operator) to provide the wind farm connection.

But this ‘trigger’ bears no relation to the planning process – so in effect developers must start paying these fees (running into the hundreds of thousands of pounds for a large project) without any guarantee of planning consent.

Furthermore, if you are refused planning permission and cancel the connection agreement you pay cancellation fees usually running in to sums above £1 million. If you proceed with the connection the costs are recovered from you through the annual connection and use charges you pay to the DNO.

While Burcote Wind appreciates the need to deter purely speculative applications, these fees represent a significant deterrent to smaller onshore wind developers, reducing competition and diversity by effectively skewing the market in favour of a small number of established companies (principally UK and foreign-based utilities) which have the necessary operating capital to absorb such fees.

Regarding transmission charges, Burcote Wind is aware of the proposals under Project Transmit which could see transmission charges for energy generators in mainland Scotland reduce significantly, to approximately 10% of their current level. This, combined with the improved transmission infrastructure represented by such projects as the Beauly-Denny transmission line, are welcome developments which should hopefully enable Scotland and the wider UK to take fuller advantage of the tremendous wind resource of Scotland.

Nevertheless, a major barrier to the Scottish Government achieving the 100% target by 2020 is grid availability. The current commercial regime means that most applications for grid connection will be made on planning consent for the project, with the DNOs and NGET regularly quoting up to five years to provide a connection. The DNOs and NGET are not building in enough future capacity to the grid to accommodate likely expansion of renewable generation in certain areas of Scotland.

Planning and consents

7. Is the planning system adequately resourced and fit for purpose?

Resourcing is stretched in many areas of the system that is integral to the planning process. We have experienced significant delays in our dealings with local planning authorities and statutory consultees, such as Scottish Natural Heritage.
We are aware that funding the planning system in Scotland is currently the subject of a Scottish Government review which is seeking to strike a balance between the cost of funding the system and the need to ensure fees do not increase to a level that deters development activity.

The planning system around onshore wind energy developments is complex. In part, this is an unavoidable product of the technical studies which need to be conducted in advance of a planning application being made. Statutory consultees, including Scottish Natural Heritage and RSPB, can stipulate a preference for ornithological surveys to be conducted over two and sometimes even three years to monitor the behaviour of certain bird species over a site. This inevitably extends the total duration of the ‘planning’ or, more correctly, the pre-planning process.

In terms of time to get to Planning Application, there is usually approximately six months of landowner negotiation; 12 months of legal agreements; and 24 months bird surveys, during which time public consultation is also done. This means there is on average a 3.5 year pre-planning period.

**8. How can national priorities be reconciled with local interests?**

Burcote Wind believes that consultation with local communities is vital to ensure those communities understand the need for wind farms and how this contributes to overarching national aims and targets.

We firmly believe that onshore wind farms can bring significant benefits to local communities which correlate with national priorities. For example, the Scottish Government has ambitions to ‘reindustrialise’ Scotland, partly through developing a sustainable renewables supply chain including manufacturing. This requires the development of engineering skills and training young people to build up the necessary skills base. Community benefit funds associated with wind farms can be used to support training places/apprenticeships for local young people and this is something Burcote Wind explores in each of the communities we work in.

Community benefit funds can be used to support a wide range of community initiatives and Burcote Wind is very much of the view that these priorities are best decided by local people through their representative organisations such as Community Councils. These initiatives, for example refurbishing a village hall or improving local sports facilities, frequently contribute to national priorities around making stronger, more resilient communities that give residents opportunities to socialise together and participate in cultural or sporting activities, and strengthen community spirit.

**Access to finance**

**9. What will the impacts be on consumers and their bills?**

In December 2011, the House of Commons Committee on Climate Change published a report which clearly demonstrated that green energy policies are not the main driver of rising energy bills.
The committee found that fossil fuel price rises had been responsible for 80% of bill increases in the last six years, with the cost of gas adding nearly £300 to the average bill.

According to DECC’s report, ‘Estimated impacts of energy and climate change policies on energy prices and bills’, published in July 2010, the impact of climate change policies on the average dual fuel bill of £1,239 in 2020 is projected to be just £13, or 1% of the total bill.

The report also showed that sustained higher prices for fossil fuels would reduce the cost of some energy and climate change policies, lowering the cost passed onto consumer bills. For example, at an oil price of around $150 per barrel in 2020 and gas price of around 120 pence per therm, climate change and energy policies would have the effect of reducing bills in 2020 by around 5% compared to a bill excluding these policies.

Many of the policies (for example the Renewables Obligation) that are reflected in prices and bills are designed to help bring forward the levels of low-carbon energy investment which are required if the UK is to meet its energy needs and make the transition to a low-carbon economy.

Skills and workforce development

10. Are the reforms of the energy markets and subsidy regimes at both UK and EU level sufficient to meet the challenge of the Scottish Government’s renewable targets?

For investors, the key factor is not necessarily the level of subsidy (although clearly this must incentivise the development of new renewables infrastructure), but that a degree of certainty exists around the subsidy and regulatory regime, to give investors confidence and an ability to forecast accurately.

Burcote Wind
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