Introduction and context

Brookfield Renewable UK Limited welcomes the opportunity to respond to the Economy, Jobs and Fair Work Committee Call for Evidence on the recently published Draft Climate Change Plan. We would further welcome the opportunity to brief the Committee in person on the issues we raise in this submission should the Committee consider it helpful.

As stipulated in the Call for Evidence specification, we will focus our remarks specifically around electricity generation from renewable sources, with a particular emphasis on onshore wind, and the grid issues that impact the effective supply of power to consumers.

We welcome the progress that has been made in terms of decarbonising Scotland’s electricity supply and the commitment to meeting Scotland’s electricity needs wholly from renewable sources by 2030. As one of the largest developers of onshore wind in Scotland, we remain committed to sourcing sustainable, economically viable and efficient sites to support the Scottish Government in its emission reduction targets, working in partnership with local communities to ensure the benefits derived from each development have a material effect on the local economy.

As both the Draft Climate Change Plan and the Energy Strategy make clear, the continued success of onshore wind in Scotland will be crucial for meeting the target of full decarbonisation of electricity supply by 2030 and for continuing to act a major Scottish export, wealth creator and employer.¹

About Brookfield Renewable UK Limited

Brookfield Renewable UK Limited is a subsidiary of Brookfield Renewable Partners, one of the largest publicly-traded, pure-play renewable power platforms globally. Brookfield Renewable’s power portfolio includes over 260 facilities totalling 10,700 MW of hydroelectric and wind capacity, and is diversified across 15 power markets in seven countries. The global operating platform employs over 2,000 people.

¹ ONS figures on the low carbon and renewable energy economy in the UK for 2014 show onshore wind accounted for £3.2 billion in turnover, with Scotland having 46% of UK employment.
Brookfield Renewable is building a European platform to provide fully-integrated development, operating, construction and power marketing capabilities. Today, the platform has 600 MW of operating wind capacity across the UK, Ireland and Portugal, and a development pipeline of approximately 1,400 MW.

In Scotland, Brookfield Renewable has an office in Edinburgh with a growing team of specialist staff focused on the acquisition and development of suitable onshore wind energy sites throughout the UK. It currently has 150 MW of permitted capacity with a further 75 MW in planning.

**Electricity Generation from onshore wind – challenges facing the industry**

As the Committee will be aware, the specific sections of the Draft Climate Change Plan which refer to electricity generation from renewable sources, with specific reference to onshore wind, are highlighted in Section 7.3 (Policy Outcome 1) and 7.5. Ahead of commenting on the contents of these sections specifically, it is worth reflecting on some of the more general challenges facing the onshore wind industry in Scotland.

As the Committee will be aware, the exclusion of onshore wind from the second UK Contracts for Difference (CfD) auction and the low wholesale price of electricity has made the economics of wind farm development much more challenging. In addition, the remaining budget within the UK Levy Control Framework has changed markedly to respond to overspends, and visibility over the post 2020 budget has not been announced as highlighted in the UK Energy and Climate Change Select Committee inquiry, Investor Confidence in the UK Energy Sector. In addition, the inquiry into the Scottish renewables sector prepared by the Scottish Affairs Select Committee in 2016 highlighted that these cuts would have a disproportionate impact in Scotland given that the majority of onshore wind capacity is deployed here. Furthermore, difficulties in finding new and alternative routes to market remain a barrier to deployment.

These factors together present real challenges to the economic viability of future onshore wind development in Scotland. We welcome and share the Scottish Government’s ambitions, as outlined in the Draft Climate Change Plan and Energy Strategy, to make Scotland the first country in the UK to host commercial wind farm development without subsidy. However, we believe there is a need for a supportive transitionary policy such as centrally auctioned subsidy-free revenue equalization contracts that offer value to consumers. Although renewable energy

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3 [https://www.publications.parliament.uk/pa/cm201617/cmselect/cmscotaf/741/74102.htm](https://www.publications.parliament.uk/pa/cm201617/cmselect/cmscotaf/741/74102.htm)
policy is delivered by the UK Government, it is our view that there is scope for the Scottish Government, planning authorities and both public and private sectors to work together to identify solutions.

With reference to specific policy initiatives outlined in the Draft Climate Change Plan to address some of these issues in Section 7.5 (Tables 7.1-7.3), there are a number of issues we wish to raise with the Committee.

1. UK Levy Control Framework (Table 7.2)

We support the Scottish Government in its efforts to continue to push the UK Government to review its policy on onshore wind subsidy. We agree with the Scottish Affairs Select Committee’s recommendation that the UK Government should confirm that onshore wind will be eligible for the next round of Contracts for Difference, as an important route to market. In addition, we also fully support and highlight the need for exploring a market stabilizing Contract for Difference model. As outlined in its response to the Scottish Affairs Select Committee, the UK Government is currently considering this and we would urge the Economy, Jobs and Fair Work Committee consider formally supporting this measure.

2. Considering new and creative routes to market (Table 7.3)

In our view, there are business models that have been used elsewhere around the world using a public sector/corporate Power Purchasing Agreement (PPA) model to guarantee a sustainable route to market for existing and potential capacity that have proven to be successful. The Scottish Government has referenced this option in its Energy Strategy, and Onshore Wind Policy Statement in addition to this Plan.

Although the private sector ultimately drives these models, there are significant opportunities for the Scottish Government to use its networks and infrastructure to play an enabling and convening role by bringing the key stakeholders together, and creating a conducive regulatory environment. In addition, the public sector and national and local governments have significant energy requirements for the delivery of their functions across Scotland (government buildings, hospitals etc.). There is an opportunity for the Scottish Government to lead by example by considering a type of PPA arrangement to source its energy wholly from renewable sources.

In our view, the role that government can play as an enabler for these types of models to emerge should be more explicit in the Draft Climate Change Plan.
3. Improving the consistency and reducing the resource burden of the planning system

In order to realise the ambition of subsidy-free onshore wind development in Scotland, it is important that the regulatory environment is correct. For developers, the planning system is an important component of this environment. We have made a separate submission to the Local Government and Communities Committee on this issue specifically, however it is worth summarising the issue in the context of outlining barriers to the future success of the industry.

In our experience, there can sometimes be inconsistency and incoherency in the application of local and national planning policy. Whilst we fully appreciate and respect the need for local decision making and the importance of environmental and landscape matters in the siting of development, it is important that there is consistency in the application of national priorities and due weight applied to sustainable development.

In addition, it is especially important the planning system takes account of the Scottish Government’s ambition for subsidy-free development, which necessitates taking steps to reduce project costs if corporate solutions are to be viable and successful. In our view, a more consistent and accepting approach on matters such as increased wind turbine tip heights would allow the benefits of modern technologies, and therefore more efficient, viable developments, to be realised.

Grid Issues

Improving the confidence in grid connection dates and the timing of Scotland’s transmission upgrades and reinforcements is vital to the successful development and construction of wind farm projects, particularly for smaller independent power producers who face high levels of competition and hurdles in gaining planning consent.

Wind farm development is a long-term process and a collaborative approach is needed from developers. There are, in places, a large number of contracted generators who have yet to secure planning consent but have connection dates in the short-term. We feel that, given the competing nature of project development, priority should be granted to generation projects that have secured planning consent and are closer to construction.
Conclusion and recommendations

In conclusion, we are grateful for the opportunity to provide the Committee with evidence, and would welcome the opportunity to discuss these issues in more detail. We welcome the Scottish Government’s strong ambition for subsidy-free onshore wind in Scotland, and the progress that has been made to date in decarbonising the electricity supply.

In order to realise this ambition, a collaborative approach between both public and private sectors, including Government and developers, is required to address the systemic challenges facing the sector. We would be grateful if the Committee would consider the issues we have raised as part of its assessment of the Draft Climate Change Plan.

In addition, such is the importance of onshore wind to Scotland’s emissions targets, and the wider Scottish economy, we would urge the Committee to consider a specific call for evidence and evidence session on the recently published Onshore Wind Policy Statement.

Brookfield Renewable UK Limited