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Convener  
**Net Zero, Energy and Transport Committee**  
(By email)

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18 May 2023

Dear Edward,

**Net Zero, Energy and Transport Committee Inquiry -  
*Scotland's Electricity Infrastructure: inhibitor or enable of our energy ambitions?***

Thank you again for the opportunity to give evidence to the Committee's inquiry on Scotland's future electricity infrastructure. I am grateful to Committee members for your work on this important topic and very much look forward to reading your report. As I said at Committee, the Scottish Government will carefully consider the Committee's findings and will use your report to help inform the final Energy Strategy and Just Transition Plan.

During my Committee appearance, I offered to provide additional information on a number of points. I hope the Committee will find the following helpful.

**Energy Strategy and Just Transition Plan**

As I noted at Committee, the consultation on our draft Energy Strategy and Just Transition Plan (ESJTP) closed on 9 May with a very high level of responses. The consultation was designed to ensure that we heard the views of a wide range of stakeholders and communities prior to shaping our final plan.

As well as the Committee's report, we will consider wider reports on electricity infrastructure as we shape the final ESJTP, including the UK Government's Business Energy and Industrial Strategy Committee report on decarbonisation of the power sector, Nick Winser's forthcoming report, and Tim Pick's report on accelerating deployment of offshore wind. Engagement with key stakeholders, including the Just Transition Commission, will continue as we work towards finalising the Strategy and Plan.

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## Carbon Capture and Storage

The Committee asked for further information regarding funding for Carbon Capture, Utilisation and Storage (CCUS). The Scottish Government supports the development of CCUS as a common whole-system decarbonisation infrastructure that will play a central role across the decarbonisation strategies of key sectors such as heat, industry and power.

On the matter of funding, the UK Government announced on 30 March that as part of the CCUS Cluster Sequencing Programme it will provide up to £20 billion funding for early deployment of CCUS. This comprises funding for infrastructure and business model support for eight CO<sub>2</sub> capture projects in England, with five from the North West Cluster and three from the East Coast Cluster. The UK Government has committed to a further two clusters by 2030 which will require comparable funding.

While the legislative and regulatory levers required to deliver the CCUS Cluster Sequencing process are reserved to the UK Government, we remain wholly committed to supporting the development and deployment of CCUS and stand firmly behind our commitment to make available £80 million of financial support. Due to the unfortunate delays from the UK Government in awarding the Scottish Cluster, it has not yet been possible to deploy this support and we continue to urge the UK Government to provide a timetabled solution for when the Scottish Cluster will be awarded.

## Hydrogen

We know that Scotland's developing hydrogen economy will require a strong domestic supply chain. To support this the Scottish Government hosted a large scale Hydrogen Supply Chain Event in September 2022. This event brought together over 200 national and international stakeholders from across the energy supply chain.

We published our 'Assessment of Electrolysers' report in October 2022. This report set out the global demand for electrolyser capacity, a breakdown of the component parts of the three main electrolyser technologies, and an assessment of the existing supply chains for these components in Scotland.

Using this evidence base we continue to engage with potential electrolyser manufacturers as part of our broader engagement.

The Scottish Government has also committed £100 million to support renewable hydrogen production through the Emerging Energy Technologies Fund (EETF). This capital fund will help projects become operational and produce renewable hydrogen by 2025/26 and kick start the hydrogen economy in Scotland. In 2022 we launched the first £10 million tranche of the EETF and following the first funding call we have offered grants totalling over £7 million to 32 projects that will drive innovation in renewable hydrogen production, storage and distribution. Several of the projects supported will explore electrolysis technologies.

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A full list of the projects supported can be found at this link:

<https://www.gov.scot/news/investing-in-green-hydrogen/>

The second tranche of the EETF hydrogen investment programme will launch in 2023 and will focus on supporting renewable hydrogen production from Scotland's abundant renewable energy resources, seeking to give Scotland first-mover advantage. This will support hydrogen production for domestic use in Scotland and help establish Scotland's place in Europe for the production and export of renewable hydrogen.

We work closely with the Enterprise Agencies to deliver funding programmes, support hydrogen supply chain development and the growth of a hydrogen economy in Scotland. A coordinated approach is being taken to drive activity across government and public sector delivery partners.

## Energy Transition Fund

The Scottish Government's £75m Energy Transition Fund (ETF) is designed to support our energy sector and the North East over the period 2020-2025, whilst progressing the energy transition as we move toward net zero by 2045. The fund protects existing jobs, skills and knowledge, and supports creation of new jobs in the North East, and across Scotland.

The investment will also benefit the wider Scottish energy sector and broader supply chain, working with local businesses to maximise the economic benefits, create and support sustainable jobs and contribute to inclusive economic growth across the country – this is central to our approach to net zero to ensure it is a just transition and no one is left behind.

The projects already supported under the ETF are:

- The Global Underwater Hub
- The Energy Transition Zone based in Aberdeen
- Aberdeen Hydrogen Hub
- Net Zero Transition Technology Project led by NZTC's Net Zero Solution Centre

Additionally, there is £10m in CCUS funding set aside for supporting the ACORN project.

## Delivery Plans

The Committee asked about supply chain delivery plans, and whether the final Energy Strategy and Just Transition Plan will contain further detail. We will carefully consider input provided through the consultation and by a range of stakeholders on this issue, in finalising the ESJTP. The National Strategy for Economic Transformation delivery plans<sup>1</sup>, published in October 2022, set out that the steps we will take to support energy supply chain development. Further detail is provided below on two key parts of the net zero electricity transition – offshore- and onshore wind.

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<sup>1</sup> <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation-delivery-plans-october-2022/>

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## *Offshore Wind*

We have recently established a new Offshore Wind Directorate which is leading the development of the Scottish Government's offshore renewables policy and supporting the continued growth of the offshore wind, wave and tidal sectors to maximise the benefits for Scotland's economy, citizens and environment as we transition to net zero.

With a collective ambition to generate almost 28 gigawatts of offshore wind power, ScotWind has the potential to bring billions of pounds of investment into Scotland's supply chain and wider economy. As part of the ScotWind bidding round, applicants were required to submit a Supply Chain Development Statement (SCDS) to Crown Estate Scotland (CES) outlining their supply chain spend in Scotland, the UK and overseas. Initial projections from the SCDS show an average spend of £1.4 billion across each of the 20 ScotWind projects. This equates to more than £28 billion of potential investment in Scotland's economy.

Crown Estate Scotland has put in place a programme of monitoring to assess any variances between developers' SCDS commitments and expenditure incurred, or contracted, in advance of stepping into lease. Failure by developers to deliver on their commitments can trigger remedies ranging from financial penalties to an inability to progress to a seabed lease.

We are supporting developers to meet their supply chain commitments through the work of the Scottish Offshore Wind Energy Council (SOWEC), and we are working closely with our enterprise agencies who are focusing their efforts on delivering the economic opportunities that offshore wind offers.

## *Onshore Wind*

As set out in our [Onshore Wind Policy Statement 2022](#) we are committed to delivering an additional 12GW of onshore wind (for a total of 20GW) by 2030. In order to ensure that this can be delivered we have established the onshore wind strategic leadership group, co-chaired by myself and Scottish Renewables.

This group of key industry experts is working with officials, leading developers and OEMs (original equipment manufacturers) to deliver a sector deal. The sector deal will set out how Government and industry can work together to remove the barriers to onshore wind as well as securing maximum benefit for Scotland and communities in Scotland, including in the wider supply chain.

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## Community Benefit

Following the Committee's questions in relation to community benefit, I would like to set out the Scottish Government's position in this area. While the Scottish Government does not have the powers to mandate community benefit, we led the way in developing Good Practice Principles for community benefit and shared ownership, and similar approaches have subsequently been adopted across other parts of the UK.

Local Energy Scotland administer a voluntary register of community benefits payments and a community benefits map. This indicates that, over the past twelve months alone, over £24 million has been paid out in community benefits from renewable projects in Scotland.

Recently, the UK Government has released a consultation which proposes the introduction of voluntary community benefits for electricity transmission network infrastructure projects. The Scottish Government welcomes the UK Government's intent to consider how to increase the benefits reaching communities, however there are a number of issues to work through – particularly in relation to how to ensure the fair distribution of costs and benefits – and we will be responding formally to the UK Government's proposals in due course.

## The UK Government's Energy Bill

There has been extensive official and Ministerial level engagement between the Scottish and UK Governments on the Energy Bill, including a recent meeting between the Minister for Energy and the UK Government Minister for Nuclear and Networks. Negotiations are ongoing, and a supplementary Legislative Consent Motion will be tabled to reflect any agreed amendments.

For such an important piece of legislation, impacting across the UK in devolved areas, the Scottish Government remains of the view that the consent of the Scottish Ministers and other devolved governments should be sought on those clauses that touch upon devolved competence.

## Nuclear and security of supply

As hopefully clear in my response to the Committee, the Scottish Government does not support the development of new nuclear under current technologies. Power from nuclear fission is expensive, comes with serious environmental concerns and takes a long time to deliver. In addition, large nuclear power plants are largely inflexible with little ability to adapt to supply conditions on the network.

Ensuring security of supply is reserved to the UK Government and carried out by the National Grid's Electricity System Operator (ESO). The ESO have confirmed that Scotland's demand can continue to be met even with the earlier than expected closure of Torness power station.

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I hope that the information above is helpful and my officials stand ready to provide any further information that might be needed as the Committee drafts its report. I look forward to seeing the report and to considering the Committee's findings.

**NEIL GRAY**

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