

12 February 2026

Edward Mountain MSP, Convenor
Michael Matheson MSP, Deputy Convenor
Net Zero, Energy & Transport Committee
The Scottish Parliament

cc Committee Clerk

By email

Dear Edward, Dear Michael

Scottish Budget: Funding withdrawal – Wave Energy Scotland

Thank you for raising the issue of the termination of the Scottish Government's funding commitment for Wave Energy Scotland in the draft budget for 2026/27 at the committee's meeting on the 10 February 2026 with questions to the Cabinet Secretary for Climate Action and Energy.

It was clear from the Cabinet Secretary response that she found the decision to not fund WES to be both "difficult" and "regretful". What was also clear to me from her response was that she misunderstands the remit given to Wave Energy Scotland by the Scottish Government and that she is not fully aware of the consequences of her decision.

The question that I wish to pursue is

- What due diligence did officials undertake to assess the impact of the decision?

Below, I offer my understanding of WES's remit and of what I consider to be most serious of the consequences that follow from this decision.

Wave Energy Scotland's remit

Wave Energy Scotland (WES) was established at the request of the Scottish Government with a remit to facilitate R&D initiatives that would expedite the technological advancements necessary to enable Scotland's indigenous technologies to reach commercial readiness in the most efficient and effective manner.

The Cabinet Secretary responses on the 10 February gave the impression that she believes that it is WES itself that is expected to reach commercial readiness.

This is not the case. Success for WES has always been the return of private investment into the technology developers in a way that would allow public sector support to be ended.

WES recognises this is taking longer than anticipated but the development of offshore technology is not a trivial matter. However, WES is close to realising its goal with Mocean Energy (Mocean Energy's submission to your committee presents this argument clearly).

Now is the time for the Scottish Government to hold its nerve and to realise its ambition when establishing WES.

Consequences

There are several threads of consequences, but I will restrict attention to what I believe to be the most serious.

WES will default on approved contractual commitments associated with the EuropeWave project. This arises for the want of a funding request of 981,00 euros over the next two fiscal years.

This has international consequences involving the European Commission, the Basque Government, and three leading wave energy technology developers (one, Mocean Energy, headquartered in Scotland).

EuropeWave is a €19.6 million research and innovation programme in which WES and the Basque Energy Agency (EVE) have formed a "buyers group" to jointly procure the development and demonstration of three prototype wave energy devices. It leverages European Commission funding with national government funding from Scotland (through WES) and the Basque Country (through EVE). Broadly speaking, the project's funding is: Commission = 3/6ths, the Basque Government = 2/6ths; and the Scottish Government = 1/6th.

At its launch event in December 2020, the strategic relevance of the project to the Scottish and Basque government's energy and industrial policy objectives were emphasised with ministerial statements from both governments.

After five years of sustained public investment, collaborative effort, and hard-won technical progress, the project is in its end-game with three technology developers scheduled to deploy prototypes of their devices in 2026 and operate them for 12 months. The programme will conclude in January 2028.

Scotland's remaining funding contribution to the EuropeWave programme is approximately 981,000 euros over the next two fiscal years. Of course, there would need to be budget provision for WES's operational costs in that period, but a significant proportion of those costs would be recovered from the European Commission's grant at its conclusion.

The Scottish Government's unilateral decision to withdraw its funding with immediate effect will have a catastrophic effect on the EuropeWave project.

- WES will default on its contractual obligations to the EuropeWave buyers group.
- The European Commission will terminate the EuropeWave grant agreement. The Commission has confirmed that WES's withdrawal from the buyers group will result in this.
- The EuropeWave project will collapse at the very moment of realising the long-anticipated outcomes.
- The buyers group's contracts with the three wave energy technology developers will have to be terminated mid-term.

The consequences extend beyond project failure.

- It exposes both WES and EVE (and by association the Scottish and Basque Governments) to significant legal and reputational risks.
- It sows great uncertainty within the European marine energy community, bringing into doubt the commitment of Scotland and the Basque Country to both the wave and tidal stream sectors. Until now, both have been considered as the leading advocates and supporters of the marine energy community.

Surely, avoiding these consequences is reason enough for the Scottish Government to honour its commitment to the EuropeWave project and to WES.

EVE's Managing Director has written to Wave Energy Scotland's Directors seeking urgent reassurance that a resolution is found that will allow EuropeWave to continue.

The business plan and business case prepared by WES for the Cabinet Secretary's officials in support of WES's budget request stated these consequences clearly. I can only imagine that officials and the Cabinet Secretary have not grasped the impacts of their decision.

Hence, my question.

- What due diligence did officials undertake to determine the impact of the decision?

Request

I ask the committee to revisit this matter at its next meeting, to explore the effects of the draft budget decision and to encourage the Scottish Government to reconsider its position regarding WES.

I am writing in a personal capacity as a constituent of Na h-Eileanan an Iar, Highlands and Islands region, and a Project Manager with Wave Energy Scotland.

Yours sincerely,

Dr. Ruairi MacIver