



5 February 2026

Net Zero, Energy & Transport Committee
The Scottish Parliament

Dear Committee Members,

Funding withdrawal – Wave Energy Scotland

I wish to draw your attention to the Scottish Government's decision in the draft budget for 2026/27 to terminate crucial funding for the organisation Wave Energy Scotland (WES), a matter that I believe is relevant to your committee.

The decision not to fund WES beyond March 2026 is unexpected; WES has been in discussion with Scottish Government officials throughout 2025 to agree a budget arrangement of £3.08 million over the next two fiscal years to meet its approved contractual commitments and allow it to transition to an alternative funding model.

Scotland has a substantial wave energy resource. Developing the technology to exploit that resource represents a significant opportunity for our country's ambitions for net zero, energy security and climate change targets.

The decision to terminate WES's funding will have profound consequences for WES and for Scotland's marine energy sector, including its associated supply chain, the immediate effects of which are:

- A failure to capitalise on earlier Scottish Government investment just at the time when the sector is attracting commercial interest and securing the private investment that until now has been absent.
- Threaten the viability as a going concern of Mocean Energy, Scotland's leading wave energy technology developer.
- WES defaults on its approved contractual commitments, notably those associated with the final phase of the EuropeWave programme, a project co-funded by the Scottish Government (through WES), the Basque Government (through EVE, the Basque Energy Agency) and the European Commission, where a Scottish Government contribution of €2.6 million will result in at least €5.5 million investment in the Scottish economy by the programmes contractors.
- Scotland's international reputation as a credible and dependable partner suffers acute damage.
- An ignominious end to a decade of hard work by the WES team.

The briefing attached presents the origins of WES and the current situation in more detail.

Request

I urge the committee to recognise the serious implications of the draft budget decision and to make representations to the Scottish Government to reconsider its position and fund and guide WES appropriately as it supports Scotland's energy and net zero ambitions.

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

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The origins of Wave Energy Scotland

Wave Energy Scotland (WES) was created by the Scottish Government in 2014 with the remit to facilitate research and development activity that would accelerate the development of wave energy technologies.

WES was established as a wholly owned subsidiary of Highlands and Islands Enterprise (HIE) however its activities were to be and have been funded by the Scottish Government directly through a dedicated budget.

The situation

On the 13 January 2026, the Cabinet Secretary for Climate Action and Energy notified WES's Managing Director that the draft budget for 2026/27 does not include a provision for Wave Energy Scotland.

Discussions with Scottish Government officials throughout 2025 had led to WES requesting a budget to meet its approved contractual commitments in the fiscal years 2026/27 (£1.725 million) and 2027/28 (£1.354 million) and allow it to transition to an alternative funding model that sought contributions from UK Government and European Commission.

As it stands, WES's funding will stop entirely at the end of March 2026.

Organisational impacts

The draft budget decision will have immediate practical consequences that will damage Scotland's reputation as a credible and dependable partner in European programmes and lead to the loss of opportunities in the near-term.

Also, it threatens the viability as a going concern of Scotland's leading wave energy technology developer, Mocean Energy, headquartered in Edinburgh with operational bases in Orkney and Aberdeen

1. The EuropeWave programme (<https://www.europewave.eu/>)

WES leads the EuropeWave programme, a Horizon Europe project co-funded by the Scottish Government (through WES), the Basque Government (through EVE, the Basque Energy Agency) and the European Commission

Its final phase, which began in September 2023 and is due to conclude in January 2028, awarded three contracts valued at approximately €4.5 million each (€13.4 million in total) to build and operate three prototype wave energy converters.

One of these contracts is with Scotland's Mocean Energy. Mocean Energy is preparing to deploy its prototype in Orkney later this year.

The two other contracts were awarded to an Irish and a Spanish developer to deploy their prototypes in the Basque Country, deployments that are also expected to commence in 2026.

The Scottish Government's contribution of €2.6 million for EuropeWave's final phase results in at least €5.5 million investment in the Scottish economy by contractors.

The draft budget decision will force WES to terminate its participation in the programme which in turn is likely to lead to the termination of the EuropeWave programme in its entirety.

Defaulting on its EuropeWave commitments exposes WES (and the Scottish Government) to claims for losses incurred by the three EuropeWave contractors, from the EuropeWave consortium partners, and for the potential claw-back of Commission's grant (€5.7 million in the final phase alone).

The draft budget decision will seriously damage the Scottish Government's reputation with the European Commission and with potential partners in future applications to European programmes. This effect is unlikely to be confined to marine energy programmes.

The draft budget decision presents a significant risk that Mocean Energy will cease trading, with the loss of 12 FTEs, just at the point when it is attracting interest from potential customers for its technology.

Mocean Energy has previously secured private equity investment as a result of successful at-sea testing in WES's programmes. Its EuropeWave deployment is critical to unlocking sales and further investment. The termination of the EuropeWave programme is certain to have a chilling effect on this.

2. *Lost opportunities*

WES's record in delivering innovation programmes has firmly established its reputation as a reliable and trusted partner in the UK, Europe and beyond. This ability to positively influence the UK Government and European Commission's support for marine energy will be lost to Scotland without WES.

For example,

- WES chairs the European Commission's Strategic Energy Technology (SET) Plan Implementation Working Group for Ocean Energy, the forum for coordinating European innovation investment strategies in the marine energy sector.
- WES is currently guiding the creation of the Commission's new €43 million Horizon Europe flagship marine energy innovation programme. WES is an excellent candidate for leading the delivery of this programme and be able to ensure Scotland benefits from it.
- WES is a member of the UK Government-led Marine Energy Taskforce, and co-chairs its innovation workstream. The Taskforce is the route through which UK Government funding for the marine energy sector could be secured and the loss of WES from that process will impact confidence in the sector and Scotland's commitment to it.

The failure to provide a budget in 2026/27 removes WES's ability to create a transitional path to securing UK and European funding for future wave and tidal innovation activities.

It is impossible to deliver strategic outcomes with a cliff edge commitment.

Personal impacts

The failure to provide a transitional budget will result in the loss of WES's ten (10) FTEs, based at different locations around Scotland.

The draft budget decision has been delivered less than three (3) months before WES's existing funding settlement ends. This is less than contractual notice periods for myself and most of my colleagues at WES, a situation that is inconsistent with the principles of the Scottish Government's Fair Work First policy.