



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Net Zero, Energy and Transport Committee

**Tuesday 9 May 2023**

**Session 6**



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**NET ZERO, ENERGY AND TRANSPORT COMMITTEE**  
**16<sup>th</sup> Meeting 2023, Session 6**

**CONVENER**

\*Edward Mountain (Highlands and Islands) (Con)

**DEPUTY CONVENER**

\*Fiona Hyslop (Linlithgow) (SNP)

**COMMITTEE MEMBERS**

\*Jackie Dunbar (Aberdeen Donside) (SNP)

\*Liam Kerr (North East Scotland) (Con)

\*Monica Lennon (Central Scotland) (Lab)

\*Ash Regan (Edinburgh Eastern) (SNP)

\*Mark Ruskell (Mid Scotland and Fife) (Green)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Neil Gray (Cabinet Secretary for Wellbeing Economy, Fair Work and Energy)

Claire Jones (Scottish Government)

Ragne Low (Scottish Government)

Màiri McAllan (Cabinet Secretary for Net Zero and Just Transition)

**CLERK TO THE COMMITTEE**

Peter McGrath

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



## Scottish Parliament

### Net Zero, Energy and Transport Committee

Tuesday 9 May 2023

*[The Convener opened the meeting at 09:30]*

### Decision on Taking Business in Private

**The Convener (Edward Mountain):** Good morning, and welcome to the 16th meeting in 2023 of the Net Zero, Energy and Transport Committee. Under our first agenda item, we will decide whether to take items 5 and 6 in private. Item 5 is consideration of the evidence that we will hear under item 4, and item 6 is consideration of a draft report on the Scottish Government's air quality improvement plan. Do we agree to take those items in private?

**Members indicated agreement.**

## Subordinate Legislation

### Climate Change (Scotland) Act 2009 (Interim Target) Amendment Regulations 2023 [Draft]

09:31

**The Convener:** Under our second agenda item, we will consider a draft Scottish statutory instrument: the Climate Change (Scotland) Act 2009 (Interim Target) Amendment Regulations 2023. I am pleased to welcome Màiri McAllan, the Cabinet Secretary for Net Zero and Just Transition, and, from the Scottish Government, Norman Munro, a solicitor, and Philip Raines, deputy director for domestic climate change. Thank you for joining us.

The instrument was laid under the affirmative procedure, which means that the Parliament must approve it before it comes into force. Following the evidence session, the committee will be invited, under the next agenda item, to consider a motion to approve the instrument. I remind everyone that officials can speak under this item, but not in the debate that follows.

I believe that the cabinet secretary wants to make a brief opening statement.

**Màiri McAllan (Cabinet Secretary for Net Zero and Just Transition):** Good morning. I thank the committee for having me along to talk about the amendment regulations.

The instrument was drafted following advice from the Climate Change Committee—our statutory advisers—to modify our emissions targets through the 2020s. The modifications represent a technical adjustment to ensure that the targets in the 2020s remain consistent with the latest methodology for carbon accounting. The advice from the Climate Change Committee was received in December 2022, and it came after a request from the Scottish ministers to review our emissions reduction targets. That request was in line with section 2C of the 2009 act, which requires us to seek advice, at least every five years, from the Climate Change Committee to ensure that our targets are set at the right levels.

The CCC's advice highlighted the need to ensure that our targets for the 2020s remain aligned with the significant revisions to international carbon accounting because of the recognition of the role of peatland restoration in reducing emissions. Currently, our targets through the 2020s are based on a legislative target of a 56 per cent reduction. That is based on advice that we received in 2017, and that advice is now outdated and undervalues the role of peatland restoration.

The methodological updates impact all four United Kingdom countries, but they have more of an impact in Scotland for two reasons. First, we have annual targets, whereas our colleagues in England and Wales have targets over longer periods. The second reason relates to how central peatland restoration is to our emissions reduction targets.

Ultimately, the CCC recommended that our annual targets from 2021 to 2029, which are set by a straight line from 2020, should be adjusted to align with the new international carbon accounting. As I said, the instrument responds directly to that recommendation.

I will make a final point in reinforcing what the Climate Change Committee has said. This is not a lowering of ambition; the 2030 target remains unchanged. This is just about reflecting better carbon accounting and developments in our understanding of peatland restoration. Our 2045 target remains unchanged, too.

**The Convener:** Thank you very much, cabinet secretary. We move to questions from the committee.

**Mark Ruskell (Mid Scotland and Fife) (Green):** I suppose that the regulations have come about because of our greater understanding of what is happening in the natural world and how the greenhouse gas inventory is changing over time. Do you anticipate any other changes being made in later years? I know that our understanding of blue carbon, for example, is increasing, although that is currently outside of the inventory; we do not really account for it. Could this be a game changer in increasing our understanding of the science? Might there be an impact further down the line? Is there any sense of that in the international debate within the science community?

**Màiri McAllan:** In relation to all aspects of our journey to net zero, I expect there to be changes and developments in the way in which we account for emissions, particularly in the natural world. You are absolutely right to highlight blue carbon. It is often said to me that our understanding of blue carbon is now at the stage that our understanding of peatland emissions was at five years ago. I expect advances in that regard, as well as advances in technology, so everything that we do has to be iterative.

I will round off my answer by saying that we are statutorily bound to seek the Climate Change Committee's advice on such changes at least every five years. We will continue to follow the legislation in that regard, so I expect that there will be adjustments to be made as we move through our annual targets.

**Mark Ruskell:** The flip side is that, if blue carbon was brought into the inventory, that might affect the targets but it might also provide solutions, such as blue carbon marine protected areas and seagrass or kelp restoration. As well as having to account for an entirely new part of our biosphere in our thinking on the inventory, that might open up opportunities for progress.

**Màiri McAllan:** Absolutely. I want the science on blue carbon to develop. That is, in part, why we are funding research in our academic institutions and supporting projects such as Project Seagrass. That means that we will develop what I think we all agree will be a very important part of our carbon accounting and our journey to net zero, as the science is a little behind where it is in relation to the terrestrial space. I am very much behind that development, which will be a useful addition once we get to a settled position on blue carbon.

**Mark Ruskell:** Thanks very much.

**Liam Kerr (North East Scotland) (Con):** Good morning. As the cabinet secretary said, this is all about targets; it is not about lowering the ambition. However, the CCC stated:

"Key milestones are ambitious, but a clear delivery plan on how they will be achieved is still missing and there is no quantification of how policies combine to give the emissions reduction required to meet Scotland's targets."

What work has been done to address those concerns of the Climate Change Committee and to ensure that, even though previous targets have been missed, the new ones might be achieved?

**Màiri McAllan:** Obviously, I take the Climate Change Committee's advice very seriously. Its remarks in recent months and years have been constructively critical about the pathway. My view is that, overall, we are making good progress—we are more than halfway to net zero—but I am sure that the next phase of emissions reduction, particularly out to 2030, will include some of the most challenging parts of the journey that we have to go on.

What are we doing to respond to that? We will officially respond to the Climate Change Committee's most recent advice in due course. Later this year, we will also lay a draft of the next full statutory climate change plan, which will look across Scotland's economy and society and will demonstrate how emissions reductions will be achieved in sectors right across our economy. The plan will set the emissions pathway for each sector, and it will also include details of the costs and benefits of the policies that it contains. A draft of that full statutory plan will be laid in November.

**Liam Kerr:** The current climate change plan commits to a 20 per cent reduction in car kilometres by 2030, but the Climate Change Committee says:

“the current plans lack a full strategy with sufficient levers to deter car use.”

Given that we have known that for a while—the CCC has said that for a while—what measures has the Government been looking at to meet that specific target and reduce transport-related emissions?

**Màiri McAllan:** A lot of the work is still under development but, for the purposes of today, I point to the fact that we will respond precisely to that point in the Climate Change Committee’s advice very soon. That will be built into our climate change plan, a draft of which will be laid in November. Instead of, today, going into some of the detail of what my officials and I are developing, I would rather wait until we have published our response. At that point, I will be more than happy to discuss that with the committee.

**Liam Kerr:** I have a final question—

**The Convener:** I am being quite generous. The instrument is about amending the targets, but I know that you are interested in how the targets will be achieved. I will allow you to ask one more question and then, in fairness, I will allow other members to come in.

**Liam Kerr:** When will the response be published, cabinet secretary?

**Màiri McAllan:** It will be published in due course.

**Liam Kerr:** Will it be this year?

**Màiri McAllan:** Absolutely. It will be published in advance of the draft climate change plan, which will be laid in November.

**Liam Kerr:** Thank you.

**The Convener:** I will bring in the deputy convener.

**Fiona Hyslop (Linlithgow) (SNP):** A strength of our targets—this is also a challenge—is the fact that they were set by the Government following a cross-party commitment. The Government was pushed to set tougher targets and to set annual targets. As you translate the revised targets into the delivery plan for the climate change plan that will be laid, as you said, at the end of November, how will you keep cross-party support, which was important in setting the ambitious targets in the first place? You said that the 2030 and 2045 targets are being kept, even if the trajectory is changing somewhat.

**Màiri McAllan:** I reiterate that, even though I am here today to talk about the annual changes, my view on the challenge has not changed whatsoever, and neither has the view of my colleagues. We are still very much planning out to 2030 and 2045.

You are absolutely right that the commitments—which are very stretching, particularly the target of a 75 per cent reduction in emissions by 2030—were set on a cross-party basis in the Parliament. I am keen to foster cross-party working as we agree our response. One way in which we are doing that is through a cross-party and cross-civic society group that is looking at the development of the climate change plan. The group was formerly chaired by Michael Matheson, and I will now take over that role. The group brings together stakeholders and MSPs from across the chamber to discuss key responses to climate change. I will continue those discussions right up to the point at which we publish the draft plan, which the Parliament will then consider and scrutinise.

**Fiona Hyslop:** Thank you.

**The Convener:** As there are no more questions, we move on to agenda item 3, which is formal consideration of the motion calling for the committee to recommend approval of the regulations. I invite the cabinet secretary to speak to and move the motion.

**Màiri McAllan:** I commend the SSI to the committee as it is a necessary step in maintaining the credibility of Scotland’s emissions accounting framework.

I move,

That the Net Zero, Energy and Transport Committee recommends that the Climate Change (Scotland) Act 2009 (Interim Target) Amendment Regulations 2023 [draft] be approved.

**The Convener:** I see that committee members do not wish to make any further contributions.

Cabinet secretary, you are technically allowed to sum up. I am not sure that there is much more to say, but I am happy for you to do so if you want to.

**Màiri McAllan:** I will waive that right, convener. I have said all that I wanted to say.

**The Convener:** Thank you. The question is, that motion S6M-08482, in the name of Màiri McAllan, be agreed to.

*Motion agreed to,*

That the Net Zero, Energy and Transport Committee recommends that the Climate Change (Scotland) Act 2009 (Interim Target) Amendment Regulations 2023 [draft] be approved.

**The Convener:** The committee will report on the outcome of its consideration of the instrument in due course. I invite the committee to delegate authority to me as convener to finalise the report for publication. Are members happy to do that?

**Members indicated agreement.**

**The Convener:** I thank the cabinet secretary and her officials for attending. I suspend the meeting so that we can prepare for the next item.

09:44

*Meeting suspended.*

09:47

*On resuming—*

## Electricity Infrastructure Inquiry

**The Convener:** Our next item of business is an evidence-taking session as part of our inquiry into Scotland's electricity infrastructure: inhibitor or enabler of our energy ambitions.

Today, we will conclude the inquiry by hearing from the Scottish Government to understand its vision for our electricity infrastructure as set out in the draft energy strategy. We will also explore other themes that have emerged during our inquiry.

I am pleased to welcome Neil Gray, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy—thank you for accepting our invitation and congratulations on your new role. I also welcome from the Scottish Government: Claire Jones, head of onshore electricity policy; and Ragne Low, deputy director, onshore electricity policy. Thank you for joining us today.

Before we begin, cabinet secretary, I believe that you wish to make a brief opening statement.

**Neil Gray (Cabinet Secretary for Wellbeing Economy, Fair Work and Energy):** Thank you very much, convener. I appreciate the opportunity to come before the committee so early in my new role, and I also appreciate the work that the committee is doing to investigate what is a really important area of policy.

The Scottish Government's draft energy strategy and just transition plan sets out the actions needed to transform our energy system in order to reach net zero while delivering maximum benefit for Scotland. We must take the right decisions now to capitalise on the enormous opportunities that the transition offers our economy, our citizens and our climate.

We are fortunate to benefit from vast renewable energy resources, including significant offshore wind potential, substantial tidal energy resources and a well-developed onshore wind sector. Increasing levels of home-grown renewable supply will make energy more affordable and, in combination with technologies such as hydrogen, batteries and pumped storage hydro, we can ensure that power is available when we need it.

Scotland has the potential to be a powerhouse of renewable energy electricity and green hydrogen to meet both our domestic needs and those of Europe, with clean electricity being exported as part of an integrated system with the rest of Europe and support for the decarbonisation of industry across the continent. The significant increase in installed capacity of renewable generation over the coming decade could mean Scotland's annual electricity generation being more than double its electricity demand by 2030

and more than treble by 2045. That will enable Scotland to meet a large proportion of our demand through renewables alone while still creating an export opportunity for our surplus.

As the energy transition progresses, we will all see changes in the way in which we use our energy resources. For example, we will reduce heat demand by improving the energy efficiency of our homes and non-domestic buildings as well as decarbonise transport. That will come with significant co-benefits for people and society, including improvements in health and wellbeing, and it will contribute positively to a just transition.

Realising that positive vision for our future, however, rests on the delivery of more energy infrastructure. Significant investment in Scotland's and, indeed, the wider Great Britain electricity grid is needed to ensure clean and cheap renewable electricity can flow to where it is needed. Electricity transmission infrastructure in particular requires huge levels of investment to ensure that the grid does not become a barrier to net zero.

In that context, it is important to acknowledge that we are part of the GB electricity system and the powers in respect of that system are reserved to the United Kingdom Government. As a result, we must work together to enable these critical investments, and we must use all regulatory and policy levers, both reserved and devolved, to ensure full grid decarbonisation, to drive down costs and to increase benefits for customers and communities.

The Scottish Government has been calling for a more agile approach to network regulation for many years now, and the energy regulator's recent approval of local network business plans for the next five years and the decision to accelerate the delivery of strategic transmission investment are positive steps in that direction. The ambitious programme of infrastructure investment required to meet our net zero and interim targets relies on a high degree of market confidence, so we are clear that the UK Government's plans to redesign our electricity market through its review of electricity market arrangements—or REMA—must be conducted with sufficient lead time to protect investor confidence and ensure that the critical infrastructure and investment needed today to protect consumers and keep us on the pathway to net zero are not delayed. That is why we are continuing to call for urgent reform to the grid connection, queue management and transmission charging regimes, all of which could lead to transformational change in much quicker time.

We agree that the time taken to consent grid infrastructure projects needs to be accelerated, while still ensuring robust and balanced decision making. However, while the national energy infrastructure planning system has been reformed

in England and Wales, which set out a modern consenting regime, the equivalent has not taken place in Scotland, as legislative competence for the energy consenting regime remains reserved to the UK Government, with the Scottish Parliament unable to legislate for the required reform, like elsewhere in the UK. The Scottish Government has proposed solutions to the UK Government that would enable the changes required, and we continue to call on the UK Government to urgently find a legislative solution.

Finally, convener, I thank the committee for its work on this important issue. I look forward to your report, which will provide crucial advice as we prepare our final energy strategy and just transition plan.

**The Convener:** Thank you very much, cabinet secretary. Before we get any further into the meeting, I remind members—and any members of the audience who might be listening—that, as a farmer and landowner, I have electricity transmission lines in the form of 11kV lines and 33kV ring main lines crossing my farm, and I am in negotiations with regard to a 132kV line. All of those will generate some income at some stage for the farm. I want there to be no doubt that I have some interests in these power lines, and I will continue to make that declaration as and when I believe it appropriate. However, having made that declaration, I do not believe that it prevents me from doing my job as convener of this committee. I just wanted everyone to know that.

I am also delighted, cabinet secretary, to hear you make at the outset the comment that I was going to make at the end of this session that you will be using the report from this inquiry to inform your decisions. The committee does feel that the inquiry is very important for the future of energy in Scotland.

I come first to the deputy convener, who has some questions.

**Fiona Hyslop:** Good morning, and thank you for joining us, cabinet secretary.

I want to focus on the contracts for difference auctions. Do you support the proposed use of multifactor contracts for difference auctions? What other means are available to promote a sustainable Scottish supply chain for wind energy?

**Neil Gray:** The contracts for difference scheme has indeed made a difference—and it is important to stress that—but we are looking for it to go further. For instance, we know that the marine energy sector was looking for £70 million-worth of investment and £20 million came forward. The scheme is making a difference, and we can see that in the projects that are coming through, but we also want it to go much further than it is at the moment.

**Fiona Hyslop:** Inward investment is clearly very welcome, but how do we ensure a Scottish supply chain for industrial manufacturing?

**Neil Gray:** We have good news on that front. Recently, I was in Japan to meet the board of Sumitomo Electric, which is coming forward with a large-scale inward investment project to build a factory for the production of high-voltage cables for Scotland's offshore renewables industry. It is the first in what I hope will be a long line of inward investment opportunities that will result in much better domestic production in the supply chain, particularly with regard to the offshore wind industry. We want to see not only jobs growth here in Scotland but a well-serviced supply chain that allows the opportunities that we have in renewables to come through.

**Fiona Hyslop:** Can I ask you to focus on my question, which was about a Scottish supply chain? Inward investment is certainly very welcome—and I welcome the announcement that you have just made about the Japanese company—but are you suggesting that the only opportunities for Scottish industry will be in servicing the chain, not in manufacturing?

**Neil Gray:** Absolutely not. The Sumitomo announcement itself relates to manufacturing, as it will be manufacturing the cable required for the offshore wind industry. Given the world-wide shortage of high-voltage cable, the fact that Sumitomo has chosen to put a factory here in Scotland will be very important in that respect.

I hope that the announcement also gives confidence to other investors, both domestic and international, to base their operations here. The fact that we are a world leader in offshore renewables was made very plain to me when I was in Japan, and there are huge opportunities in this respect, but we must ensure that we are giving domestic and international investors confidence. That will come through the work that the committee is doing today and the report that you will bring forward on ensuring that we have sufficient capacity to respond to the demand for generation arising from our offshore potential.

**Fiona Hyslop:** What are the potential impacts of the changes to the rules and operation of the CFD auction system with regard to, for example, price factors and the aim of achieving net zero? The previous cabinet secretaries for energy and for the environment were very keen to pursue net zero, but it might have been argued that the price factors should have been rolled out instead. What are your views on the changes to the CFD auction system?

**Neil Gray:** I will bring in Claire Jones to answer that question.

**Claire Jones (Scottish Government):** You might be aware that the UK Government is currently consulting on introducing non-price factors into the CFD regime and is looking at other things besides cost that the regime itself can value. The UK Government has stated that that is partly in recognition of the fact that using solely cost-based drivers runs the risk of losing any supply chain opportunities that could come out of this. As I have said, it is consulting on that at the moment.

A key thing that we would like to understand is how that might affect any supply chain plans that are currently part of projects of more than 300MW, particularly with regard to offshore wind, and we would like more detail from the UK Government on which non-price factors will be in play and how much credit will be given to each. Those details have still to come from the UK Government.

**Fiona Hyslop:** Finally, how should the market be designed? What market mechanisms should be used to encourage the deployment of, say, hydrogen electrolyzers? Again, I am thinking in terms of Scotland-based manufacturing of such equipment.

10:00

**Neil Gray:** We have vast opportunities to be first to market with and a world leader in green hydrogen and the use of hydrogen electrolyzers in particular. The important thing is that we will be generating significantly more offshore wind energy than we will be able to utilise, particularly if grid capacity is not up to speed, and we need to ensure that we respond with the opportunities that hydrogen presents.

As a result, our hydrogen action plan includes a target for 5GW of hydrogen capacity by 2030. I would imagine that there will be a mix in how the hydrogen will be used, with localised usage as well as its being fed into the grid and the potential for export, too. It will be important in ensuring that we utilise our offshore renewables potential and the significant overprovision of renewable electricity that we will have. Some of that generation will need to be used for hydrogen capacity, and we need to make sure that we continue to be a world leader in the opportunities that will come through in that respect.

**Fiona Hyslop:** You have talked about the opportunity for production. Given my particular interest in the manufacture of hydrogen electrolyzers in Scotland, I wonder whether you can tell us what the enterprise agencies or other public or publicly funded bodies are doing to support that.

**Neil Gray:** We are working with the enterprise agencies not only on ensuring that we have a

good supply chain for manufacturing the items and components that will be needed but on ensuring that they are supporting domestic and inward investment opportunities and that all of this potential is well serviced. I will make sure that we write to the committee with further information on the work that is being done with the agencies.

**Mark Ruskell:** On the supply chain, I have heard feedback from parts of the renewable energy industry that, although there are strong targets and a strong ambition in the energy strategy and just transition plan, there is perhaps not a clear pathway towards development of the supply chain or a clear focus on which bits of the supply chain that we want to develop. Might that come on the back of the energy strategy and just transition plan, or are you looking at changing that as a result of the consultation and feedback? I am trying to work out where the issue of supply chain development sits. The Japanese announcement is incredibly welcome, but where does that sit within a wider plan for a supply chain for the offshore industry?

**Neil Gray:** We have established a new offshore wind directorate in the Scottish Government to look directly at that, partly to learn from the process with the onshore wind sector and to ensure that we have a supply chain that, as much as possible—to go back to the deputy convener's questions—has a domestic supply chain as part of that. The Sumitomo announcement is important, because it gives confidence to other potential investors. It also gives confidence around the potential that Scotland has as a renewable energy generator. Obviously, the energy strategy and just transition plan will be important in ensuring that we continue to put in place the policy levers that allow for the domestic supply chain to be put in place and ensure that we can service the demands of the offshore sector.

**Claire Jones:** We published our final onshore wind policy statement at the tail end of last year, committing to a new ambition of an additional 12GW of onshore wind by 2030. As part of that process, we understand that we need to talk to industry about the things that we need to get us there. We have therefore set up the onshore wind strategic leadership group, which is looking to work with industry experts across the piece to develop a sector deal, which will be later this year. That sector deal will involve things such as the supply chain and other things that could be barriers to the deployment of onshore wind. Key to that is having an in-depth conversation with industry to understand the barriers and how the Scottish Government can help to remove them so that we can achieve that deployment ambition.

**Ragne Low (Scottish Government):** On the finalisation of the energy strategy and just

transition plan, the consultation closes today, so we will be taking stock of the many hundreds of responses that we have received. A lot of the engagement that we have been doing with stakeholders, as you suggest, has been around the delivery side and what a delivery plan looks like for the strategy, and on the supply chain side. You can expect that the final strategy will set out a stronger pathway through those supply chain and delivery issues.

**The Convener:** I have one question before we leave this issue. There has been some discussion that the auctions for ScotWind did not produce as much income as they might have done, on the basis that more emphasis was put on the supply chain benefits. Can you try to quantify that or dispel that rumour before we move on?

**Neil Gray:** The negotiations on the leasing round were conducted by Crown Estate Scotland. However, the Scottish public purse is set to receive a significant amount of revenue over the course of ScotWind, with £750 million through the initial leasing options. The supply chain is important—there is the potential to raise £28 billion-worth of revenue through supply chain work. There will also be on-going rental costs, which could factor in multiple billions of pounds coming back into the Scottish public purse. A significant opportunity has been realised through ScotWind, but I am sure that both Crown Estate Scotland and Government colleagues will learn from that initial process in further leasing rounds.

**The Convener:** I look forward to the opportunity to discuss whether it is income or capital for Crown Estate and whether the money should remain within the Crown Estate or come into the Scottish purse, which is a conversation that I had with your predecessor.

**Ash Regan (Edinburgh Eastern) (SNP):** Good morning to the panel. The committee has heard that the use of targets sends a signal to the regulator and allows for forward planning, particularly for infrastructure. Can you explain why targets have not been set for either solar or tidal?

**Neil Gray:** As part of the discussions that we are having on the energy strategy and just transition plan, we are looking at whether we should have targets for solar and tidal and considering, with the sector, what the targets would look like if we were to have them. As we continue to consider that, we will keep the committee updated on our decisions in that regard.

**Ash Regan:** What do you see as the main benefits or downsides of using targets to drive progress on that?

**Neil Gray:** Clearly, targets drive investment and progress. On solar, we have a very strong industry

in place already—there is a large amount of domestic solar production. Tidal is moving forward at pace. One of the first visits that I had in my current role was with the First Minister to Nova Innovation in Leith, which is involved in the domestic production of tidal generators that are currently being deployed in Shetland. The company is looking at the opportunity of deployment elsewhere around the world.

We have a huge opportunity for tidal and other marine production. As I said, we will continue to consider whether targets for those two sectors would be appropriate and whether that would help to continue to drive the growth of those sectors.

**Ash Regan:** As you rightly say, tidal seems promising, and we have high levels of innovation on that particular technology in Scotland, which is exciting. Solar seems to be quite complementary to wind. I understand that solar schemes can often be co-located with wind turbines and that solar can often generate power when it is not windy. It therefore seems that solar and tidal have a place in the future but, in the strategy, neither of those technologies seems to receive as much attention as other technologies. Do you think that they will play a significant role in Scotland's electricity system, or is it too early to say?

**Neil Gray:** Absolutely, I think that they will have a central role. To go back to Nova Innovation, it is looking at the potential for innovation in the technology of floating solar, which it sees as potentially providing a landmark breakthrough moment for Scotland's generation capacity. Ms Regan rightly speaks of the potential complementarity, but there are also other markets where the technology can be exported—the company is looking particularly at the Middle East. There are huge opportunities. Those technologies absolutely will be part of our energy mix. As somebody who hails from Orkney, where some of the technologies are being tested, it is exciting to see them coming through so strongly.

**Liam Kerr:** On solar energy, the committee heard from Solar Energy UK that it wants, I believe, a 6GW target for solar energy, which it says would be important and game changing. I hear what you say about the energy strategy, but you are the cabinet secretary. What is your view? Should that target be put in place?

**Neil Gray:** I read the submission from Solar Energy UK and I am sympathetic to that—we are actively considering the matter. I do not want to pre-empt the on-going process and say whether a target would be appropriate, but suffice to say that we have heard the submission from the industry and we will certainly consider that.

**Jackie Dunbar (Aberdeen Donside) (SNP):** Good morning, and welcome. I have questions on

hydro power. What are the appropriate market mechanisms for hydro? How could those mechanisms support small-scale run of river schemes and large-scale pumped storage schemes?

**Neil Gray:** Hydro power has huge potential to ensure a consistent supply of renewable energy into the system. There is more work to be done to ensure that the grid capacity can cope with that and that the consenting regime is appropriate to ensure that projects get off the ground quickly enough. We have a large potential, particularly for pumped hydro storage, and we hope that the UK Government will listen to the requests that have been made around ensuring that the process is as smooth as possible.

**Jackie Dunbar:** What discussions have you had with the UK Government regarding hydro? You talked about grid capacity. I have spoken to folk who are involved in small-scale projects who say that it is difficult for them to get on to the grid, because they do not produce enough. However, there are lots of little schemes that we could be benefiting from.

**Neil Gray:** The energy minister, Gillian Martin, met Andrew Bowie on the day that Mr Bowie gave evidence to this committee on the UK Government's Energy Bill. Some of the discussions featured the issue of capacity in the grid and ensuring that appropriate support is in place to allow such projects to come on board.

I will bring in Claire Jones to provide supplementary information.

**Claire Jones:** The first part of Ms Dunbar's question was about talking to the UK Government on hydro support mechanisms. We are in regular contact with UK Government officials to discuss what we think long duration energy storage, including hydro, needs for it to be deployable. The UK Government launched a consultation in 2021, and we understand that a response to it will be forthcoming shortly. However, the Scottish Government has been clear that, for hydro to be able to play the vital role that we think that it will play in the energy system, it needs a proper support mechanism. We are waiting for that and calling for the UK Government to take that role.

On grid capacity, it is difficult to talk about that without understanding exactly where you are talking about. The amount of headroom there is in the grid can vary within a very short distance or small geographical area. I will try to remain not too technical about this. In building the network, you do not want to have huge amounts of headroom everywhere, because the cost of paying for that can fall back on to consumers. The network is therefore run quite tightly and, as more and more renewable energy projects come on board, the

headroom is being eaten up. You get to a point where, in a particular area, there is no available headroom without significant investment in the network. The regulator, the Office of Gas and Electricity Markets, has to be careful about how much investment to enable, because of the primary duty to protect consumers and ensure that they do not pay for massive bits of network that no one is using.

10:15

**Jackie Dunbar:** A couple of months ago, I spoke to someone about a small-scale scheme, and they said that they were finding it difficult to get on the grid. Because they do not produce the capacity that is required, they are being overlooked. That is why I asked whether there is any way to get those guys on board. I am sorry, but the name escapes me just now, although I can pass it on to you later, if that is helpful.

**Claire Jones:** I think that that would be useful—thank you.

**Ragne Low:** We have regular conversations with the transmission operators and the distribution network operators, and we have a group that is looking at connection for customers—demand-side customers, or people needing electricity, as well as people who produce electricity. If we could take some details, that would be great. We can feed that into that process.

**Jackie Dunbar:** I will have a look back in my diary to see whether the name pops up and maybe come back in later.

**The Convener:** I will leave it to you to inform the cabinet secretary's office and, if you think that it is relevant as a committee issue, to keep the committee informed. If it is more relevant as a constituency issue, you can do that—the balance is for you to decide.

Before we leave hydro, I have a question for the cabinet secretary. There are some great examples of water being used more than once to generate electricity. The Tummel scheme, where water goes through five dams to generate electricity, is a good example. A bad example might be the water going down to Lochaber, which goes through one generation scheme but comes from three different catchments, including the one that I live in, which is the Spey catchment. How will the Scottish Government encourage a more holistic approach and more use of water that is being stored to generate as much electricity as possible?

**Neil Gray:** The pumped storage capacity will be important for giving the consistent energy supply from renewables that we are looking for, particularly as we look to replace the fossil fuel

baseload that is provided. We will look to ensure that that is done in a holistic way that is the most efficient way and that takes communities with us on the journey. We will make sure that we keep those matters under consideration.

**The Convener:** I will watch carefully, cabinet secretary.

**Mark Ruskell:** I want to go back to hydrogen to explore the Government's vision for that. We have targets in the energy strategy, for 5GW of hydrogen by 2030 and 25GW by 2045. I want to get a sense of where you see that generation coming from and the mix of blue hydrogen versus green hydrogen, or the transition to green hydrogen. Where do you see the 5GW of capacity coming from and how can that shift over time?

**Neil Gray:** Carbon capture and storage will be incredibly important for any blue hydrogen schemes that come forward. Again, I encourage the UK Government to move as fast as possible in confirming the Acorn project's track 2 status to ensure that it can proceed.

However, the aspiration has to be to maximise the opportunity from green hydrogen, which is where ScotWind gives us a huge opportunity. If we can ensure that some of the overprovision that we are likely to have from ScotWind projects is linked to green hydrogen projects, we have a huge opportunity—as with pumped storage—to ensure on-going energy security when there are dips in supply from other areas.

**Mark Ruskell:** I guess that the blue hydrogen would come from Grangemouth and maybe on-site generation at Mossmorran. Beyond that and the Acorn project cluster, are we looking at green hydrogen going forward?

**Neil Gray:** That has to be the overall aspiration. Beyond Grangemouth, I do not see where there would be complementarity that allows for blue hydrogen, but it depends on the potential projects coming forward. However, green hydrogen is where the maximum opportunity is and where the big wins will come, in my view.

**Mark Ruskell:** What about the infrastructure that we need to develop that? There are some big figures in there, but it is a nascent technology and we do not have much in the way of infrastructure at the moment. What infrastructure do we need to put in place between now and 2030?

**Neil Gray:** We will need infrastructure near to where the offshore renewable energy is coming from. We have provided a £100 million fund for that transition to go forward and, we hope, to encourage further investment to ensure that the technology is commercialised, resulting in further infrastructure off the back of that. We want to work with potential producers to ensure that their plans

align with where we are looking to go. I am hopeful that that will come forward.

**Mark Ruskell:** I am interested to know where the work with stakeholders on developing a vision for hydrogen and the hydrogen industry is now. It is quite clear to me that there is a prioritisation of the use of hydrogen in the energy strategy. There is a hydrogen ladder. My reading of the strategy is that the future will be less about using hydrogen to heat showers in the morning and much more about decarbonising hard-to-abate sectors in industry. On the back of the energy strategy, how are you developing a stakeholder vision for what the hydrogen economy will look like in 2030 and 2045?

**Neil Gray:** We will continue to work with stakeholders to develop that. I think that you are right: the use of hydrogen will be in a mix, and it will be about decarbonising hard-to-abate sectors—for example, transport. Hydrogen also has the potential to supplement the gas grid. There is the potential for some hydrogen to go into the gas grid and to be exported. I think that there will be a combination of all of that.

The technology required for all those areas is nascent, as you have said. We are looking to support its production and commercialisation through the £100 million fund that is coming forward, and we hope that there will be some announcements very shortly so that we can see a real path for the future of hydrogen and how we can meet our targets for 2030 and 2045.

**Mark Ruskell:** Okay. I will move on to the Acorn project and the CCS cluster. I think that there is recognition in the energy strategy and just transition plan that that is needed, particularly for hard-to-abate sectors. It is not clear that there is any other pathway to decarbonise those sectors. However, there are still risks and uncertainties around the deployment of the technology, and not least the track 2 process. What would we do if we did not have Acorn? Is there an alternative pathway in respect of energy? Are there other technologies or avenues that could be explored, or are all the eggs in one basket?

**Neil Gray:** It is very challenging to see an alternative. Carbon capture is critical, and the Acorn project is the most advanced and the most secure project. It can get up and running incredibly quickly, and we will see a massive decarbonisation of our largest carbon emitter at Grangemouth.

I again encourage the UK Government to act as quickly as possible. I heard the committee do that when Mr Bowie was before it a couple of weeks ago. It is really important for Scotland's net zero ambitions and if the UK is serious about its net zero ambitions that carbon capture in the Acorn

project continues to be progressed and is progressed quickly.

**Mark Ruskell:** Okay. On funding, there has been discussion in the chamber about the Scottish Government's contribution, particularly with the emerging energy technologies fund. Can you provide some clarity about what the funding for carbon capture, utilisation and storage might look like and how that relates to the UK Government's commitment?

**Ragne Low:** As you know, we have provided funding through the transition fund, funding for Global Underwater Hub, and funding through the just transition fund for a number of projects, including the skills passport. A range of different funding streams have gone in for support. There is also a commitment on CCS that remains in play in seeking the UK Government to take action on track 2 so that we can accelerate the funding investment.

**Mark Ruskell:** Can you give a picture of who will fund that, how it will be funded, and the relative contributions of industry and Government? Is there clarity on that?

**Neil Gray:** I will need to come back to the committee with more detail on that.

**Mark Ruskell:** That will be useful. Thank you.

**Liam Kerr:** I will stick with the energy strategy. Cabinet secretary, you have inherited a draft energy strategy that sets a presumption against North Sea oil and gas. Earlier on, Ragne Low conceded that there is no plan underlying that at the moment for how to deliver that or to mitigate the consequences of that decision.

The context of my question is a report that is out today that shows that an overwhelming majority of people think that the UK should meet its oil and gas demand from domestic production rather than import it. What is your view, cabinet secretary? Do you think that there should be no new exploration and production in the North Sea?

**Neil Gray:** First of all, the energy strategy and just transition plan is out for consultation. We are currently consulting on the language that Mr Kerr has outlined, and the finalised plan will reflect the consultation responses that we have received. I am not sure whether Mr Kerr has responded to that consultation with his views on the language around "presumption against", but I am sure that others will have responded. We will continue to consider whether that is appropriate.

Obviously, consenting for oil and gas is reserved to the UK Government. That is not a decision for the Scottish Government to take. We believe that maximum extraction of oil and gas is not compatible with our net zero objectives, but we are also cognisant of the fact that we are not able

to turn off our requirement for the use of oil and gas overnight. Therefore, we need to take a pragmatic approach that meets our demand. That will require the UK Government to have a much stronger climate compatibility measure and to ensure that any decisions that it takes are within the climate compatibility measures.

**Liam Kerr:** I will press you, cabinet secretary. What is your view? You are the cabinet secretary. Should there be—

**Neil Gray:** I have set out my view.

**Liam Kerr:** You have not, cabinet secretary. I asked for your view on whether there should be no new exploration and production in the North Sea. As the new cabinet secretary, the committee is interested in where you intend to take the portfolio.

**Neil Gray:** I have set out my view. I do not have responsibility for the area. Mr Kerr will be aware that decisions on consents for new oil and gas exploration rest with the UK Government. I will check the record, but I am pretty sure that Mr Kerr did not ask Mr Bowie, who has direct responsibility for that, about that a couple of weeks ago.

As I have set out, my view is that maximum extraction of oil and gas will not be compatible with our net zero objectives. We need to take a pragmatic approach and recognise the fact that there will still be demand for oil and gas to meet our on-going energy security, but we need a much faster just transition that includes the UK Government investing in areas such as carbon capture and storage and grid capacity to allow us to take advantage of our massive renewables potential. I hope that the UK Government will come forward with a much stronger climate compatibility test to ensure that any new oil and gas coming forward meets net zero objectives.

10:30

**Liam Kerr:** I understand that energy is part of your portfolio, cabinet secretary. That is why I will ask you this question. You have inherited a strategy that will refuse to countenance new nuclear energy, as the Scottish Government has said that it will use the planning system, which it has power over, to ensure that there is no new nuclear energy. Again, cabinet secretary, what is your view? If the Scottish Government intends to continue with a presumption against new nuclear generation, why is that the case?

**Neil Gray:** Because we believe that that is expensive technology with the safety and environmental impacts that come off the back of it. We think that huge opportunities are coming forward for us in our renewables capability. That will give us electricity that is cheaper than what is coming forward from the new nuclear power

stations that are being funded to a very costly extent by the UK Government, and our future energy security will come from renewables.

**Liam Kerr:** On that exact point, oil and gas and nuclear energy currently provide a constant base-load and a significant amount of it. Where will that base-load come from once Torness closes and you have wound down North Sea production? When will your renewables be in a position to take up that base-load?

**Neil Gray:** As Mr Kerr will be aware, the base-load requirements and ensuring that there is energy security to supply the grid are the responsibility of the electricity system operator. However, we are confident about the potential of the renewables that we have discussed—onshore and offshore wind, our pumped hydro storage capabilities, our green hydrogen capabilities, and the tidal renewable opportunities that are coming forward. The tide goes in and out twice a day, and it gives very clear and certain energy capacity. We have a huge opportunity to meet the demand that will come from Scotland's consumers.

**Liam Kerr:** You have talked about potential. I ask you again, cabinet secretary: when will that potential be realised such that the renewables that you have discussed take over the production of base-load?

**Neil Gray:** I have already set out in my introductory remarks the opportunity that renewables production will give us by 2030 and 2045, in generation potentially being double and treble the demand from Scottish consumers.

**Monica Lennon (Central Scotland) (Lab):** Good morning. Cabinet secretary, the Scottish Government has been asked by many campaigners to use its soft power and its platform to challenge the Rosebank proposal for new oil and gas fields. Given that a decision by the UK Government is imminent, have you or Scottish ministers raised that directly with it in recent weeks?

**Neil Gray:** As I said in response to Mr Kerr, decisions on new offshore oil and gas exploration are for the UK Government. We have made very clear our desire for the UK Government to have much stronger climate compatibility checks as part of that process. We await its decision in that regard.

**Monica Lennon:** For clarity, is the Scottish Government for or against the Rosebank proposal?

**Neil Gray:** I have already said that it is not our decision to take. It is for the UK Government to take decisions on new oil and gas exploration. We need to be pragmatic. We cannot switch off oil and gas overnight. That is not going to be possible.

However, we want the UK Government to come forward with stronger climate compatibility checks to ensure that any new oil and gas exploration meets our net zero ambitions. We will continue to discuss that with UK ministers, as I am sure the committee will.

**The Convener:** Monica, I think that we have pushed that as far as we can. The cabinet secretary has given the answer that he is prepared to give, so I will move on to the next question.

What engagement has the Scottish Government had in REMA, which is the snappy title for the review of electricity market arrangements?

**Neil Gray:** We are continuing to discuss that with UK ministers. The Scottish Government judges that both suggestions—a nodal pricing system and a zonal pricing system—have potential to disadvantage generators in Scotland because Scottish supply often outstrips demand in each area. We are concerned about the risks for generators. At the same time, it is important to acknowledge that, if the systems are designed well, they may have corresponding benefits for consumers, including business consumers.

We continue to engage with the Department for Energy Security and Net Zero to understand the implications for Scotland and to do what we can to inform its decision-making process.

**The Convener:** If the gas price remains high, it encourages investment in renewables—if the prices are linked—but it disadvantages the consumer. We pay more for our electricity if it is generated from renewable resources. Are you happy with that?

**Neil Gray:** No. We clearly want to see a redesign of the electricity market. The situation over the past year and a half has demonstrated the absolute need for that. What I am saying is that it is important that the decisions that are taken by the UK Government do not impact negatively on the generation capacity here in Scotland and—this is central to your inquiry—that they do not inhibit our ability to provide cheap, low-cost renewable electricity into the network. We will continue to liaise with the Department for Energy Security and Net Zero to ensure as best as possible, although it is its decision, that that does not happen.

**The Convener:** I am not sure that the two go hand in hand, but I will ask my next question.

The CCC recommended the establishment of a GB-wide electricity infrastructure delivery group. Do you support that? What should its immediate priorities be?

**Neil Gray:** It is important that we have a resilient network that reflects the demand that is placed on it from generation capacity that is often

at the extremities and not as close to consumers, and that it does not discourage generation that happens away from consumers. It is important that any model for redesigning the grid network acknowledges that to ensure that we do not disadvantage or discourage generation here in Scotland.

**The Convener:** I have a final question on this area. An electricity networks commissioner has been established recently. Has the Scottish Government made contact with them? If so, what has been discussed?

**Neil Gray:** I have not made contact, but I will ensure that we check to see what correspondence has been had thus far.

**The Convener:** You may want to look to your right, cabinet secretary, as there was some nodding. I am sorry. I am trying to help you, but if you do not want to take it, that is fine.

**Neil Gray:** No, absolutely. I invite Ragne Low to comment.

**Ragne Low:** We have had a number of meetings at official level. We sit on the steering group that supports the work of Nick Winsor, the champion. We have been engaged through a number of user groups that he is convening and we have strongly expressed the need for grid reform to deliver on Scotland's generating and consumer ambitions.

**The Convener:** Okay. Thank you. The next set of questions will come from Fiona Hyslop.

**Fiona Hyslop:** I want to move on to planning, which is quite clearly the responsibility of the Scottish Government. The national planning framework 4 has been warmly welcomed by the renewables sector but, beyond that, what work is the Scottish Government doing to aid the deployment of strategic developments? We constantly hear that there is frustration about the length of time that consenting takes. How can the consenting regime in Scotland be improved? What are you doing to make sure that that happens?

**Neil Gray:** The deputy convener is right. The planning legislation is ours, and NPF4 is an important part of that. However, the Electricity Act 1989 also comes into play here and we do not have full control over all elements of the consenting regime for infrastructure. The interaction with the 1989 act means that there can be much slower decision-making processes. For instance, if a local planning authority refuses or objects to a consent, it has to go to a public inquiry.

NPF4 ensures that we have a very clear pathway, and we are continuing to discuss with Mr Bowie and other UK Government colleagues how transfer of powers around the 1989 act would

allow us to have a much fuller package to ensure a smoother but balanced consenting regime.

**Fiona Hyslop:** If you had those powers, what would you do with them?

**Neil Gray:** We would do exactly what I have just said. We would look to have a much smoother and more balanced consenting regime to ensure that we have, interacting with NPF4, a strategic look at where we are going to need that infrastructure. We need to prioritise that infrastructure while also, obviously, taking communities with us. That is the balance that needs to be struck.

**Fiona Hyslop:** And speed of decisions?

**Neil Gray:** Absolutely.

**Fiona Hyslop:** Absolutely what?

**Neil Gray:** There absolutely need to be speedier decisions. That is the point that I was making about having a smoother process to give better certainty to those who are looking to come forward with the applications that we are talking about.

**Fiona Hyslop:** So, smoother means quicker.

**Neil Gray:** Yes.

**Fiona Hyslop:** Okay. You made a point about the need for strategic infrastructure. Developers want to see faster construction and commissioning of infrastructure and approvals, whereas others want to see greater care and consideration being taken with new transmission lines, perhaps with more undergrounding, as Denmark has.

Do you see the Scottish Government's role as being just to streamline and speed up consenting? Will you expand on the point, which I think you alluded to, that there needs to be engagement with communities so that we take them with us on this journey? Are communities really aware of the sheer scale of what will be required to maximise our electricity infrastructure to reap the benefits of both onshore and offshore wind?

**Neil Gray:** Probably not, deputy convener. You are probably right in your assessment that communities are possibly not aware of the full infrastructure requirements that there will be.

There are a couple of points here. First, we need to understand that undergrounding is, in itself, not necessarily the full answer. To underground high-voltage cabling requires a significant amount of concrete over a long period of time and over a long distance, which has a huge environmental impact of its own. It is also really important that we come forward with a clearer sense of what we are looking to do, for instance with the likes of hydrogen, and how we can utilise energy in the locality rather than transmitting it all.

Taking communities with us is obviously going to be really important, and understanding the scale of the infrastructure will be part of that process. I am more than happy to take that away and look at how we can do more to provide that information.

**Fiona Hyslop:** Thank you.

**The Convener:** I was taken by an answer that you gave there, cabinet secretary. I do not want to put words into your mouth, but I think that you said that you are not sure that people across Scotland know how much extra transmission we will need across Scotland to meet the demands and the needs of reaching net zero. I think that Scottish and Southern Electricity Networks is talking seven years in advance. I am not sure what the duration is for Scottish Power Energy Networks, but it is a relatively short-term thing.

Would it be useful if we came up with a plan to show what transmission will be needed in order to reach net zero? My mailbox is overloaded at the moment, perhaps like the national grid, and I do not think that anyone knows what is coming down the track towards them. Do you think that we ought to be honest with people and tell them that now?

10:45

**Neil Gray:** I do not think that it is necessarily about honesty, because I do not think that it is necessarily a bad thing and we should not view it as such. It is about ensuring that people have as much information as possible about the scale of the infrastructure that is going to be required and the demonstrable benefit that will come off the back of that to us all through our having a decarbonised network and meeting our net zero obligations. I am more than happy to take that away and look at it in more detail.

**The Convener:** At present, we have one 400kV line running from Beaully to Denny. Are we going to need three more in five years' time? Who knows? No one seems to know what is coming down the track. Clarity about that would be helpful.

**Neil Gray:** You would not expect me to comment on a particular proposal coming forward, but it is fair to say that we are going to have significant need for greater infrastructure to ensure that we meet the demands of generation and transmission. Claire Jones can provide some further information.

**Claire Jones:** There are a number of different publications that set out what the strategic need in the GB network is going to be, given that Scotland's network is physically and economically integrated with the rest of Great Britain. Northern Ireland is not part of the GB system. It is the responsibility of the electricity system operators to

set out a lot of these things, and they do so through their network options assessment. That sets out where transmission infrastructure is needed and what particular projects there are.

We then have what is called the holistic network design, which was published last July. It sets out what we think an integrated grid offshore would look like. We are awaiting a follow-up exercise to that, which will bring in the rest of Scotland. The initial design accounted for only about 10GW in Scotland, so we have a follow-up exercise to cover the rest of it. Those documents set out what ESO thinks the network requirement will be and when it needs to be brought on board and live. Those publications are out there. They are quite technical documents, but they do exist.

**The Convener:** I know. They are interesting reading. I think that the fear of communities is that they see one 400kV line and they want to know whether two or three more are coming down the line. Mark Ruskell has a question about that.

**Mark Ruskell:** Were particular lessons learned from the Beaully to Denny project, which took forever to get through? Landscape-scale mitigations were put in place, communities came forward to seek reductions in the wirescape in their surrounding areas and substations were moved, so some benefits flew from the project as well. Is that feeding into the current thinking? We have been here before with the Beaully to Denny project, where there were debates about undergrounding and everything else.

**Neil Gray:** Yes. The lessons from previous applications and infrastructure interventions will feed into what comes down the track. I am confident that those who are proposing any future infrastructure investments—I have to speak in generalities—will be cognisant of what has gone before.

**The Convener:** Just for clarity, I note that I worked on the Beaully to Denny line and I never heard the need to use concrete being given as a reason for not undergrounding it. The only reason that I heard for not undergrounding it was the cost to the constructor. Anyway, we will move on. The next set of questions will be from Monica Lennon.

**Monica Lennon:** I want to turn to community energy. We know that the Scottish Government is aiming to more than double community-owned energy in Scotland to 2GW by 2030 and to encourage shared ownership models. Cabinet secretary, is it enough to encourage shared ownership models or should a more formal mechanism be implemented?

**Neil Gray:** We want to continue to encourage better community benefit and community shared ownership models, and that is where community wealth building policies come into play. On the

area that we have just discussed, you can really see demonstrable benefit to local communities from particular infrastructure being put in place. We will all have examples of communities that are neighbouring areas where renewable or other energy projects are taking place aiming to get discernible benefits from those projects.

I will happily bring in Ragne Low at this stage, as she has been closer to the issue over a longer period.

**Ragne Low:** The onshore wind strategic leadership group that Claire Jones mentioned involves a number of partners not just from the industry itself but more broadly, including a representative for community energy. It is working up a sector deal that will contain further action on the part of Government and on the part of industry to encourage greater amounts of community benefit and shared ownership. We are looking at some of the ways in which we can address some of the barriers to shared ownership, which include the mechanisms, the rules and regulations of the electricity markets and the ways in which communities could potentially better access capital to be able to invest. That work is on-going and we will produce the sector deal by the end of the year.

**Monica Lennon:** I am grateful to Ragne Low for that update.

Cabinet secretary, you seem to be keen on progressing community wealth building through encouragement, which is fine, but we know that other countries have legislation in place. For example, Denmark's promotion of energy act requires all new wind energy projects to be at least 20 per cent owned by local people. Would you be open to considering similar legislation for Scotland to mandate locally owned stakes in renewable projects?

**Neil Gray:** I would absolutely be open to considering that. It is important that we continue to learn from international best practice. You will be aware that, during the Scottish National Party leadership contest, the now First Minister was in favour of greater community or state ownership in energy production, which is something that he and I share an interest in. I would be happy to consider what more might be possible going forward along the lines of Monica Lennon's suggestion.

**Monica Lennon:** Will that include co-operative models of energy schemes?

**Neil Gray:** Absolutely. I do not see why not.

**Monica Lennon:** One of the things that I have been wondering about is how we can increase capacity building and training for local community energy projects, including at an early stage. Do you have any proposals to increase the funding for the community and renewable energy scheme—

CARES—or other work to support innovation and improve capacity?

**Neil Gray:** We will look to take any suggestion that anybody has about allocating additional funding. Obviously, we are in a particularly stretched public finance situation. The budget is currently fully allocated, but I would be more than happy to take a suggestion from either Monica Lennon or, indeed, the committee if there was a need or desire for a different intervention going forward.

**Monica Lennon:** As my final question, I again want to ask about Rosebank, as it is one of the biggest issues affecting energy and just transition at the moment. The issue is live and a decision is imminent. Is the Scottish Government in favour or opposed to the Rosebank proposal?

**Neil Gray:** To be fair, I have set out my position and that of the Government quite clearly, and I will rest at the response that I gave earlier.

**Monica Lennon:** I will pass back to you, convener. Perhaps because I am remote today that position was not as clear to me as it is to others in the room, but I will listen back to the session carefully. Thank you.

**The Convener:** Thank you, Monica Lennon. Nice try on that one. The next question is from Fiona Hyslop, followed by Mark Ruskell.

**Fiona Hyslop:** Clearly, the UK Energy Bill will be incredibly important for everybody in this area and we want to see progress on it. We have dealt with a number of legislative consent memorandums and the committee has produced a report in which it called for progress to be made. We welcomed the attendance of Andrew Bowie, the UK minister, at a previous evidence session. He indicated that there had been on-going discussions with the UK Government about some of the key amendments that are needed.

Can you give us any indication of how that is progressing? Is there active engagement that would enable the consent of this Parliament to help move along the Energy Bill? Obviously, that legislation is needed for everybody. We set out quite clear concerns about the bill in our report.

**Neil Gray:** I agree with the deputy convener that that is an incredibly important piece of legislation, which we support. We are continuing to encourage the UK Government to go further along the lines that I have set out on consenting and other areas, and on the areas that the committee has suggested as well. We await further feedback on what Mr Bowie set out to this committee a couple of weeks ago. We hope that the UK Government's ambition would go further than what it is currently stating, particularly on consenting, which is a missed opportunity.

**Fiona Hyslop:** The requirement for consent from the Scottish Parliament as opposed to consultation was a key point in our LCM report. I just want to have reassurance that there is active dialogue with the UK Government on the Energy Bill.

**Neil Gray:** Yes, there is.

**The Convener:** I think that Mark Ruskell has a follow-up question.

**Mark Ruskell:** I want to go back to the issue of community benefit for windfarms. When a lot of the windfarms were being developed in the early noughties, the community benefit payment levels were set quite low. Sometimes, the level is set at around £1,000 a megawatt. Some of those windfarms are seeking to expand or they are repowering. Is that an opportunity to dramatically increase the amount of money that communities are getting per megawatt from those projects as they seek to expand and become more efficient?

**Neil Gray:** Yes, I think that we need to have those discussions. We also need to see greater consistency in where the community benefit money goes. In some areas, it goes to community development trusts; in other areas, it goes direct to local authorities to be distributed. I would like there to be greater consistency in where those payments are distributed. I also want the benefit that a local community derives from a neighbouring project to be more demonstrable. I say that as both a Government minister and a MSP who has quite a substantial onshore wind footprint around my constituency.

**Mark Ruskell:** The ambition of an extra 12GW is huge, so the potential benefit to communities is huge as well, regardless of whether that is through ownership or, indeed, through a smaller amount of money coming through a community benefit payment.

**Neil Gray:** Yes, I agree with Mr Ruskell.

**The Convener:** Those are all the questions that we have. I thank the cabinet secretary and his officials.

The next step will be for this committee to produce a report to Parliament on our inquiry in the coming weeks. I would like to reiterate what I said at the beginning: the inquiry will produce interesting evidence that I believe the Government and the Parliament should consider carefully in relation to our targets to reach net zero. I think that our report will be crucial in enabling us to achieve that, so I can but encourage you, cabinet secretary, to give it credence when it comes out.

On that note, I will conclude the public part of our meeting.

10:59

*Meeting continued in private until 12:01.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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