ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 19 September 2007

Session 3

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CONTENTS

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ECONOMY, ENERGY AND TOURISM COMMITTEE
4th Meeting 2007, Session 3

CONVENER

*Tavish Scott (Shetland) (LD)

DEPUTY CONVENER

*Brian Adam (Aberdeen North) (SNP)

COMMITTEE MEMBERS

*Gavin Brown (Lothians) (Con)
*Iain Gray (East Lothian) (Lab)
*Christopher Harvie (Mid Scotland and Fife) (SNP)
*Marilyn Livingstone (Kirkcaldy) (Lab)
*Dave Thompson (Highlands and Islands) (SNP)
*David Whitton (Strathkelvin and Bearsden) (Lab)

SUBSTITUTE MEMBERS

Nigel Don (North East Scotland) (SNP)
Alex Johnstone (North East Scotland) (Con)
Liam McArthur (Orkney) (LD)
Irene Oldfather (Cunninghame South) (Lab)

*attended

THE FOLLOWING ALSO ATTENDED:

Lewis Macdonald (Aberdeen Central) (Lab)

THE FOLLOWING GAVE EVIDENCE:

Dr Jillian Anable (UK Energy Research Centre)
Robert Armour (British Energy)
Dr Dan Barlow (WWF Scotland)
David Gray (Office of Gas and Electricity Markets)
Stuart Haszeldine (University of Edinburgh)
Duncan McLaren (Friends of the Earth Scotland)
Professor Andrew Miller (Royal Society of Edinburgh)
Elaine Morrison (Solar Cities Scotland)
Alan Mortimer (Scottish Power)
Adam Scorer (Energywatch)
Dr Brian Smith (Scottish and Southern Energy)
John Stocks (Carbon Trust)
Grant Thoms (Scottish Renewables Forum)
Mike Thornton (Energy Saving Trust Scotland)
Malcolm Webb (Oil and Gas UK)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Douglas Thornton

LOCATION

Committee Room 6

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 19 September 2007

[THE DEPUTY CONVENER *opened the meeting at 09:31*]

Work Programme

The Deputy Convener (Brian Adam): Welcome to the fourth meeting of the Economy, Energy and Tourism Committee. I am in the chair today because our convener has a significant constituency interest in animal welfare and has therefore gone to hear the Cabinet Secretary for Rural Affairs and the Environment talk about foot-and-mouth disease at the Rural Affairs and Environment Committee. He will join us later, at which point I will vacate the chair.

Today for the second time we will hold round-table discussions as we try to work out our work programme for the coming year. We have already held a round-table discussion on tourism, and the format of that meeting was quite successful. It was relatively informal, so rather than have any desperate formality today, I invite participants simply to catch my eye if they wish to contribute.

Today's meeting will be in two parts, with a short break between them. I welcome all our visitors, including Lewis Macdonald MSP, who joins us today. I remind everyone to turn off their mobile phones.

We recently held an interesting away day at which we thrashed a number of issues around. Would any of our guests like to offer their views on how we might make best use of our time, on behalf of the Parliament and the country, on issues affecting energy? Your views will help to inform committee members on how to devote their time over the next few months.

Dr Dan Barlow (WWF Scotland): I will kick off. From WWF Scotland's perspective, it is fitting that the committee is looking for opportunities to consider energy issues over the next year and that you want to decide which issues should be priorities.

A Scottish climate change bill is proposed, and the target is to cut emissions by 80 per cent by 2050 through year-on-year cuts. The energy sector is the biggest sector in terms of emissions, so it is fitting that work on energy be carried out in the context of how that sector will deliver emissions cuts in line with the proposals in the proposed climate change bill.

As a starter, I urge the committee to consider what recommendations it can make on how to develop an energy policy that not only will be compatible with the climate change bill but will help to deliver it and ensure that we go further than we need to. That bill will set the major framework for climate policy and we cannot address climate policy without addressing energy issues, so there seems to be an ideal opportunity for the committee to ask what the bill means for energy issues in Scotland. That means considering consumption and generation.

The Deputy Convener: If we wanted to be a bit luddite about this, would it be fair to say that the environmental aspects would not necessarily be the first issue in which the committee might want to interest itself? Would they not be more for another committee to examine?

Dr Barlow: All committees should consider them. Climate change does not stop at one boundary and start somewhere else. It is now globally recognised that we have no option: if we are to avoid dangerous climate change—a rise of 2°C—everyone in society has to play a role in tackling climate change. Therefore, the committee has a role to play by ensuring that the issue is part of its work plan. There are many other issues that will involve environmental and social goals—for example, it is possible to achieve significant cuts in carbon emissions while also cutting the number of people who are affected by fuel poverty. However, the committee must consider climate change as part of the key driver for its shaping of energy policy.

Adam Scorer (Energywatch): That is right. Energy issues and the promotion of a battle against climate change are necessarily complex. From Energywatch's point of view, two things are crucial. The first is to recognise the centrality of consumption—the way in which consumers relate to and think about their energy consumption. We can get them to associate that with renewables projects and climate change action through better promotion, greater clarity about green tariffs and better access to information about the impacts of their own consumption through smarter metering and better communication.

The second point, which will also touch on other committees' remits but will be central for this committee, is the impact on consumers whose major problem is that they simply cannot afford to keep warm. That is not only an issue of fuel poverty for the Local Government and Communities Committee; it is about the structure of the energy market, pricing within that market and whether the market is delivering value to poorer consumers.

Unfortunately, the committee will have to grapple with the necessary complexity of an

industry that has not only economic and sustainability priorities but strong social ones as well.

Duncan McLaren (Friends of the Earth Scotland): It is incredibly important that we consider the consumption of energy as well as the production side. The single overarching task before the committee is to address the energy system and strategy for Scotland in an era of climate change. That has not been done, which is why we are floundering around a little and see lots of small things that need doing.

I would be so bold as to suggest that we need a strategy for a transition of the energy system to a renewables base. I say that because, in the very long term—whether that is over the next 40 years or the next 100 years—nothing else will be secure, sustainable or affordable. That may be because of the decline in the availability of oil and other fossil fuels, the decline in the availability of uranium or—more pressing, I believe—the impacts of climate change itself, which will mean that we will not even be able to use those resources fully. Therefore, we have to make a transition. It is not a question of whether, but of when and how. Those are the critical issues that are before the committee.

I recommend that the committee consider coming up with some sort of energy hierarchy for Scotland that says which ways of providing energy services are most and least sustainable, secure and affordable. I have my view—energy conservation and efficiency stand at the top of that hierarchy as the best ways of providing energy services, and nuclear power lies at the bottom—but I would not expect the committee to accept my hierarchy without debating it.

However, such a hierarchy will allow us to make the critical choices that must be made because of limited resources in the energy system—I include technically skilled graduates and capital, for example. We cannot just decide to support everything. The choices that we must make include whether to focus on meeting or managing demand through expanding supply; whether to centralise or keep centralised the system, or instead to go for more decentralised energy provision; and whether to rely on imports of gas and uranium or to retain an exporting position, which would probably be based on renewable sources of energy.

The Deputy Convener: That could involve either importing the technology or developing our own technology as part of a renewables economy.

Duncan McLaren: Indeed. We have two major opportunities to develop an export technology: marine renewables and, potentially, carbon capture and storage.

John Stocks (Carbon Trust): Before moving on to the points that I intended to make, I will pick up on what Duncan McLaren said about an energy hierarchy. I occasionally talk about an energy hierarchy and at the top of my tree is the idea that we should not use energy when we do not need to. That is by far the simplest thing. There are many examples of energy being used when it does not need to be. The second thing is that, when we need to use energy, we must convert gas and electricity into light and heat as efficiently as we possibly can. The third thing is to think about renewables. I completely support Duncan McLaren's comments on that.

I come now to the main point that I wanted to make. It is appropriate that the economy, energy and tourism are grouped together in this one committee. We have an aspiration that our economy should continue to grow. There is an intrinsic link between economic activity and energy use. Our biggest industry is probably tourism. Whenever I hear people talking at events about how to reduce energy demand, there is an assumption that business as usual means a flat level of demand. I do not think that that is the case, however. We want to grow our economy and to create and expand businesses, and that puts upward pressure on energy demand.

The growth in information technology and communications is creating a greater energy intensity in existing businesses. Business as usual means an upward slope, if anything. We need to turn that round and make it a downward slope. What business as usual means, and how that relates to the other issues that the committee covers—the economy and tourism—are relevant questions.

The Deputy Convener: I call Professor Miller—although I remind committee members that they should feel free to participate, too.

Professor Andrew Miller (Royal Society of Edinburgh): The Royal Society of Edinburgh has been considering this question for a couple of years. The difference between the public's idea of energy now in comparison with what it was two or three years ago is vast. There has been huge progress in public awareness—right down to school level—of the energy problem, climate change and so on. There are an enormous number of reports, with lots of detailed analysis. However, as we in the RSE noted, there is no central body to co-ordinate all that information. The energy question is certainly cross-departmental as far as the Government is concerned. It crosses nearly every industry, interest, type of life and culture. Energy is always essential.

There has been so much analysis, but we feel that there definitely needs to be action now. I

totally agree with what Duncan McLaren said about having an energy strategy. Our proposal is to consider having an energy agency for Scotland, perhaps a non-departmental public body with expert advisers who could co-ordinate all the available information that is swimming about, which tends to be dealt with by little groups here and there—often special interest groups, but sometimes groups with a wider interest.

A year after we published our report, the RSE feels that although there has been quite a lot of action, it has mainly been in the form of reports rather than things being done. We think that such action needs to be co-ordinated better.

09:45

The Deputy Convener: How would that square with the Government's policy of decluttering the landscape—perhaps not quite a bonfire of the quangos, but something similar? If your solution is to have an overarching body—a non-departmental public body, for example—to co-ordinate action, how would you square the circle? Do you suggest that if we had such a body, we should get rid of all the other bodies because they already do different aspects of the work?

Professor Miller: That is absolutely right. There are some bodies—you can call them quangos if you like—

The Deputy Convener: Whatever it is called, it would be an at-arm's-length arrangement. The view expressed by the responsible minister is that he wishes to declutter the landscape. If you were to suggest an overarching energy body, and we were to go along with the idea, we would have to declutter in other areas before going ahead.

Professor Miller: I agree. Just to finish my point, I was on the board of the United Kingdom Food Standards Agency, which was very effective. I agree that many other organisations need to be thrown on the bonfire, but we should start again and look at areas where the nature of the problem demands it. If we do not do that, we will end up with silos, with many solutions all muddled up, and it will be difficult to make a proper strategy.

Marilyn Livingstone (Kirkcaldy) (Lab): I have some questions for our guests because we have invited you here today for your expertise. One of the biggest questions is: how do we achieve cuts in energy demand?

The speakers at our away day stressed our continued reliance on fossil fuels for electricity, and discussed the challenges, barriers and opportunities in driving forward new technologies, particularly offshore and marine. The speakers also emphasised that local planning issues were another barrier to developing some of the new technologies. How should we develop those ideas to inform our debate? How would the overarching agency proposed by Professor Miller help in that regard?

The Deputy Convener: I will let Professor Miller respond to that question, although others may respond too.

Professor Miller: I do not want to take up a lot of time on the issue. However, the idea worked effectively in the form of the Food Standards Agency—that is the model that I am thinking of. Such a body would be populated by two types of people—some would be experts in certain energy areas, but others would be laypeople with a much broader background. Through the chair, they would feed advice directly to the cabinet secretary.

The Deputy Convener: Is that the kind of response that Duncan McLaren and Adam Scorer would make, or would they respond differently?

Duncan McLaren: I offer a couple of examples to Marilyn Livingstone. We could talk at great length about her questions and how to achieve cuts in demand. The most important thing to remember is probably that energy is about transport, heat and electricity; we are not talking about electricity alone. Some of the biggest opportunities are in heat, particularly given the quality of our existing building stock.

I commend to the committee the example of what the Germans are doing to meet their target of getting all existing buildings up to modern standards by 2020. That will reduce dramatically the energy use of those buildings. To achieve that, they are ensuring that soft loans and green mortgages are available as part of a targeted programme that goes well beyond what we have achieved so far in this country.

There are other examples. The Organisation for Economic Co-operation and Development has done very good work not just on reducing demand but on how demand can be reduced in a hurry. We can achieve 20 per cent demand reduction in a couple of years if we put all the levers in place.

I agree with Marilyn Livingstone that there are some barriers in the planning system, although I understand that of the major renewables developments that are currently sitting in planning, at least as many are still with the new Scottish Government as are with the local authorities. While I am not saying that absolutely every one of those schemes is good and should be permitted to move from planning into development, a large majority of them probably should be. There are about 4GW of renewables developments; I think that Scotland's 2020 target is equivalent to only 6GW. A massive number of developments are stuck in planning. There are good signs at the other end of the scale. I am aware of proposals to

make microgeneration technologies general permitted developments. I commend that approach to removing some of the planning problems.

The Deputy Convener: A member's bill on that is on the way, and the Government might even be willing to pick up on the issue.

Adam Scorer: As someone in a non-departmental organisation that will be decluttered, or abolished, in September—although it is not quite so clear where we sit on the bonfire, as we will be recluttered into the new Scottish Consumer Council—I would say that an energy agency is a dynamic idea that should be considered. However, as well as bearing in mind the economic interests and welfare of consumers, it is important that we do not lose sight of how consumers can drive forward changes in markets towards making them more sustainable. We must not forget that we have a competitive retail market, rather than a centrally planned one. The impact of consumers demanding things from their suppliers, and choosing to go to different suppliers that offer different combinations of energy services, is key.

On how we can drive down demand from domestic households, we have to start from the position that most domestic households have no useable information on their level of energy consumption, or on the cost of that consumption in pounds or carbon. A third of our bills are estimated and give no guidance on how consumers can validate any behaviour changes in energy use. A key driver would be to provide smarter meters that tell consumers—in real time and in their own homes—about the impact of their consumption changes, the cost in carbon and the savings in carbon and money. Consumers are often seen as the problem: they leave the lights on and consume too much gas to heat their homes. We have to find some way of enabling and empowering consumers to be drivers for change and to be part of the solution rather than part of the problem. It is always easy to lose sight of the role of actual consumption by households when we are looking at problems that are so demanding that there needs to be a huge layer of strategic planning. Economic activity must be a driver for consumers and must be part of the solution.

The Deputy Convener: I will let Elaine Morrison in, and then the MSPs can make their points.

Elaine Morrison (Solar Cities Scotland): For the purposes of continuing the current theme that is being discussed, it may be more relevant to bring in Mike Thornton at this moment.

Mike Thornton (Energy Saving Trust Scotland): I think that that is what they call a hospital pass.

The Energy Saving Trust works with the consumer audience, so I totally agree that one of the necessary conditions—although it is perhaps not sufficient on its own—is consumer engagement. Much of total energy demand is drawn down by activities in people's homes or in the transport that they use to get to and from those homes. Without consumer engagement, which is a complicated and long-term process, we will not be able to make the progress that we need to make towards the proposed climate change target for carbon dioxide reductions.

I will flag up another point that picks up on some of the points that were made earlier. As regards the economy, the carbon targets imply massive investments. Addressing the issue of where those sources of investment will come from can too easily be postponed for the longer term, and it would be useful if we accepted Duncan McLaren's energy hierarchy. Saving energy is usually the most economic solution, but it requires investment. Where the investment will come from to meet the carbon targets, and which sectors of the economy will make those investments, are issues that need to be sorted out. I do not know whether that is what Elaine Morrison wanted me to say.

The Deputy Convener: We can return to that. Some members of the committee want to ask questions: first Gavin Brown, then Lewis Macdonald and Christopher Harvie. We will then give some of our guests the opportunity to respond.

Gavin Brown (Lothians) (Con): I will throw out two questions to all the guests and experts who are with us today. First, we have a new target of 80 per cent renewables by 2050. That is a great aspiration and it sounds good in theory, but I am genuinely concerned about whether we can achieve that target. Do our experts have any views on what might comprise that 80 per cent? How much of it might end up being onshore wind power, and how much will be offshore wind, tidal or wave, and how much will be biomass and carbon capture? Do they have any idea of how the percentage might break down? What do we do if that approach does not work? If we get rid of nuclear power, the coal runs out and the oil is running out, what is plan B?

I do not know whether there is an answer to my second question. A number of people have talked about how changing consumer behaviour—such as encouraging people to turn off the lights—can make a difference. I am a little obsessive about that in my house, to the extent that I turn off things at source, much to the annoyance of my wife. That can play a part in reducing energy use, but in percentage terms—and I know that it is not easy to put a figure on it—how big a part? If it is a big part, can we get that message across to

consumers? We hear statistics—for example, that turning off the lights for one night saves enough energy to power a car from Glasgow to Bathgate—but they do not really mean anything in the grand scheme of things. Is changing behaviour a serious part of the equation that we can perhaps push a bit more strongly?

The Deputy Convener: Should we also be taking the gas and electric meters out of their boxes and placing them somewhere prominent? I refer to the smart meters that Adam Scorer mentioned.

Lewis Macdonald will put the next question.

Lewis Macdonald (Aberdeen Central) (Lab): As my colleagues will be aware, I am not—or at least, not currently—a member of this committee, and I will have to leave shortly to attend the committee of which I am a member. I am grateful for the opportunity to ask a couple of quick questions.

I was interested in what Andrew Miller said regarding the co-ordination of energy strategy. The Food Standards Agency is a good and interesting model, and I agree that it is an agency that works. One of its key characteristics is that it is a UK agency, with a Scottish arm that operates autonomously but is still part of the wider agency. I know from my previous engagement in that area that co-ordinating energy strategy and policy in Scotland and at a UK level—or making them coherent—is critical and sometimes challenging. I am interested to know whether Andrew Miller has any comments on that.

It would be interesting to hear comments on some of the planning issues that Marilyn Livingstone raised. The nature of the planning system makes it difficult for government to champion particular developments, for obvious—and good—reasons. Do those who are here to advise the committee think that there is a role for the Parliament in looking into what government, widely speaking, can do to champion the big infrastructure development that is required to make the renewables industry successful in the years to come?

The Deputy Convener: I invite Christopher Harvie to pose his question.

10:00

Christopher Harvie (Mid Scotland and Fife) (SNP): My question, which is for Professor Miller, concerns delayering, removing quangos and creating more centralised bodies. About a month ago, I was discussing the various financial service quangos with Bill Keegan from *The Observer*, who said that delayering can leave behind a lot of discontented retired people and give rise to an organisation that requires several years to run in. As a result, although the ideas might be good, administratively we get the worst of both worlds.

Might one be able to create, for example, an ad hoc authority that would not only take an overview but use the bods in the existing bodies to carry out the executive functions? Decluttering involves a lot of waste that, in our pensions-conscious society, can be very expensive.

Professor Miller: We should perhaps not push the Food Standards Agency analogy too far because, after all, it took over from the Ministry of Agriculture, Fisheries and Food, gave its expertise a new direction and livened up the whole place enormously. It is now a key agency.

I do not know how we run these things. I have come into this area only in the past two years, but I already feel that I have heard nearly every suggestion and comment before. We have to find a way of thinking out a strategy and calculating whether, for example, it is possible to meet the 80 per cent renewables target. Some reports have presented a lot of work on how we might meet the target and what it would cost. Costs, in particular, are an essential element of all this. We need a body that can co-ordinate all the activity and get things done, rather than simply hand reports around.

The Deputy Convener: I realise that Dr Anable has not yet had an opportunity to respond.

Dr Jillian Anable (UK Energy Research Centre): Although I want to respond mainly to Gavin Brown's questions, I should first say that, from my own perspective and given my expertise, I cannot stress enough the importance of including transport in any energy strategy for Scotland. Although that might sound obvious, the national energy white paper that was published this year was the first to include transport. The previous national energy strategy was not bold enough to take a strategic overview of the transport sector.

I stand to be corrected, but I believe that the 80 per cent renewables target that Gavin Brown mentioned applies only to the electricity sector. However, that is a case in point: the target does not apply to the transport sector, which is the largest user of energy. No scenarios or forecasting models that I have seen suggest that the use of alternative fuels in the transport sector will be anywhere near 80 per cent by 2050. Instead, the sector will still be dominated by fossil fuels.

How can we change such behaviour? According to the handy four-pronged model that I often use to illustrate the broad areas in which the transport sector's approach to energy can be changed, energy demand in the sector could be reduced by targeting the total amount of travel demand, the technologies and travel modes that are used to

service that demand, and the carbon content of the fuels used in those technologies.

There are many ways of reducing demand in the transport sector through changing behaviour. It is not simply a matter of encouraging people to travel less; we have to encourage them to purchase more energy-efficient vehicles, to drive them more efficiently and, indeed, to make less use of them and more use of other forms of transport.

Although it is difficult to put a figure on how much we can reduce demand either by targeting technologies or by changing behaviour, recent work for the Commission for Integrated Transport that was published last week tried to do just that. It concluded that behaviour-change policies could reduce demand for energy from transport by about one third by 2050. The report also detailed the various kinds of policies. There is quite a lot of scope.

The Deputy Convener: I will get round to some of the people who have indicated that they want to speak, but I invite some of our guests to address Lewis Macdonald's questions, because he has to go. In the question that particularly caught my attention, he suggested that perhaps we should not just confine ourselves to Scotland when addressing these issues; we should be co-operating with our compatriots in these islands, particularly when talking about a body such as the Food Standards Agency. Do any of our guests want to comment on that?

John Stocks: Mike Thornton and I might think about the targets. The EST is a UK-wide body, as is the Carbon Trust, but we tackle very different markets and, as individuals, we have different skill sets. The Carbon Trust works UK-wide on the specialist question of addressing and talking to business, and Scotland gets a lot of value out of my being part of a UK body that focuses on that market. I suspect that Mike Thornton would make the same comment for the consumer market. There is a lot of value in being able to rely on colleagues from a larger part of the UK, south of the border.

The Deputy Convener: Where does that stop? If something is affecting the environment, its effect does not stop within these islands, let alone at the border between Scotland and England.

Adam Scorer: The Office of Gas and Electricity Markets is still the national body that regulates the energy market throughout Great Britain. The issue might be about ensuring that the regulator's decisions or the processes that it puts in place reflect the priorities for an energy policy in Scotland.

When I opened *The Scotsman* this morning I was a bit surprised to see a campaign about the impact of one particular Ofgem decision on the promotion and development of the Scottish renewables industry. Energywatch opposed the decision in July, because it might have an impact on the wholesale electricity price, which is already detrimental to consumer interests.

There is dynamism behind the idea of the energy agency, but let us keep a view on the issues that we need to resolve with the current national cross-GB organisations that have responsibility for ensuring that a proper sustainability duty is applied to the regulation of energy markets throughout GB.

The Deputy Convener: There is no doubt that some of Ofgem's decisions have been particularly controversial and have worked against environmental improvements.

Duncan McLaren: I back that up, but I approach Lewis Macdonald's question from a slightly different perspective. How does the Government champion the big infrastructure that is needed for renewables? The answer probably lies in our relationships with the countries around us. You might have come across the supergrid idea for connections across the North Sea, and possibly going as far north as Iceland and through to Ireland. The supergrid would address Gavin Brown's question about how practical it is to have high levels of renewables in the system, because the wider the grid area the less intermittency is a problem.

Other technological issues are relevant, for example the development of more storage capacity in the system using pump storage or redox battery storage, which they are experimenting with in Ireland. There are a number of ways of meeting the 80 to 100 per cent target for electricity by 2050, which is very practical. However, it is not practical to aim to achieve that target throughout the energy system.

The Deputy Convener: The supergrid is attractive, but what do you say to those who say that the greater the supergrid the greater the transmission losses?

Duncan McLaren: The transmission losses are generally smaller than the gains from generating electricity in the most environmentally appropriate places where the wave power, wind power or tidal power are greatest. You gain much more efficiency. However, within the grid there has to be a lot of dispersed, decentralised generation—combined heat and power in particular brings heat in to the equation.

I will comment briefly on transport. I back up Jillian Anable's view that transport energy has to be considered as part of any energy strategy. Biofuels merit particularly close attention, because at the moment we are rushing ahead of the reality of sustainability in biofuels. We need to pause the

promotion of biofuels for transport, because they are having unforeseen environmental consequences and are not meeting carbon emissions benefits objectives.

The Deputy Convener: The words having been taken out of my mouth, I will give Elaine Morrison the opportunity to contribute.

Elaine Morrison: Thank you. I will keep my spot this time.

Getting embroiled in the nitty-gritty of the delivery of a strategy for Scotland is perhaps a distraction at this point. On the issue that Gavin Brown raised about the percentages of different types of generation, several years ago Garrad Hassan carried out a scoping study that looked at the potential for electricity generation in Scotland. It focused only on electricity generation: it did not look at the potential and demand for heat, it did not look at energy efficiency and it did not look at transport. We need an overarching commitment to a strategy that scopes out demand and supply potential in Scotland in all those sectors. It should take into account the energy efficiency of building stock, transport modes and so forth as a starting point and then consider how best demand can be met in the most environmentally and economically sustainable way.

My particular axe to grind is the need to look at urban energy. Even in Scotland, we are a largely urbanised population. If we want quick hits to reduce demand and generate energy that meets demand appropriately, we must look at how we can do it in our cities. Duncan McLaren has talked on and off about the idea of decentralising the energy systems. It is crucial and entirely feasible for us to do that in each of our main cities as part of an overarching strategy.

Lewis Macdonald mentioned championing big infrastructure projects. The strategy for Scotland could do that. It could earmark where it is appropriate to have large-scale generation capacity in the country and put that infrastructure in place, but it could tie that in with localised generation where it is appropriate and can be delivered. That would iron out some of the problems with wind farm locations in Scotland. There should be clear location guidance, backed by the Scottish Government, stating where we need to put the generation to meet long-term demand in Scotland and to provide for export, whether or not we are part of a supergrid. We could then consider more localised projects that have local and civic buy-in. Public support is extremely important.

Marilyn Livingstone touched on how we reduce demand. We must engage with people. The Energy Saving Trust and various other organisations do that, but we need to think about how to engage with people properly. As Energywatch's representative said, the main drivers have been financial ones and security of supply. We should give local people in our urbanised country a stake in a decentralised energy system that delivers affordability and security of supply, but that also offers community benefits, such as the creation of jobs and local opportunities, which might be related to the biomass sector and the development of technologies and solutions. In that way, we could deliver a true strategy for the country that is sustainable and meets each and every requirement of this committee and probably every other committee in the Scottish Parliament.

The Deputy Convener: You are certainly issuing us with lots of challenges, but we are more than happy to accept them.

Adam Scorer: The challenges are right, but I have a couple of more basic, dirty points, if you like, relating to how we can achieve the appropriate levels of saving and identify the real levels of saving. The EST and the Carbon Trust have loads of ideas about the percentages that can be saved if people adopt certain behaviours. However, unless people are able to change everyday behaviour, validate the outcomes and see the benefits, there will not be sustained cultural change. That is why people need immediate feedback about how their consumption has changed. I am obsessive about smart meters.

10:15

The Deputy Convener: If we install smart meters that are prominently placed so that people know the implications of their behaviour on their personal finances as well as on carbon emissions, will we not create an industry that only measures the problem, rather than change behaviour?

Adam Scorer: I do not think so. Studies in Canada, Italy and Australia on the sustained value of changes in consumer consumption have revealed figures of between 5 and 20 per cent.

The Deputy Convener: What is the payback time for the capital investment?

Adam Scorer: The Government is now committed. For the first time, all the six major suppliers in GB are saying that we can achieve smart metering in 10 years. Some obstacles have to be removed: we have to address issues such as how the technology communicates back to the company, the structure of the market and who owns the meters. We have known about smart meters for 30 years, but we have only just got to the stage where there is a consensus that we have to introduce them quickly.

I agree completely with the point about the focus on cities and engaging with people. However, we have to start from where people are. We have to have different, segmented communication strategies if we are to have a hope in hell of getting the message through. We have to remember that 33 per cent of Scotland's homes are off the gas network and are using oil and huge amounts of electricity, and that about a third of houses are solid-wall houses, which require specific measures. We have to understand that not only the demographics but the housing stock in Scotland present different problems from those that are experienced in the south of England. We have to be able to address those problems.

David Whitton (Strathkelvin and Bearsden) (Lab): That brings me on to the point that I wanted to make. At the committee's away day, one of the people who gave a presentation raised the issue of energy efficiency in the Scottish building stock, which is the case in point. Duncan McLaren will correct me if I am wrong, but I think that they said that we could achieve a 20 per cent reduction in emissions just by improving the building stock. We were told that not enough is being done to police new building and that there are not enough building control inspectors to ensure that houses are being built to spec. A lot of new houses are being built near where I stay. When I look at the shell of those houses when they are going up, it always strikes me that one could shoot peas through the walls—it does not seem that energy conservation is being built into them.

We could achieve a quicker hit on energy conservation by making more effort to do things that we can already do, such as being tougher on the inspection regime. I was intrigued by Duncan McLaren's comments about what Germany is doing to improve the quality of its current building stock. Is it providing soft loans for double glazing and triple glazing? We should be talking about triple glazing now; we need to remember that we are a northern, not a southern, European country. Even our friends in Plymouth have markedly different demands from ours.

Some countries have simply stopped selling normal light bulbs and sell only energy efficient ones. Over a period of time, we could phase out one lot and phase in the other lot. Energy efficient light bulbs have changed in shape over time. People would not use them when they were those long, cylindrical shapes, but they will use them now. We should make more effort to maximise the things that we can do while we are working behind the scenes on other measures.

Dr Barlow: I agree absolutely with all your suggestions. Although we are making progress with the building standards for new builds, there are far too many cases where enforcement is weak. We have heard discussion about making all new houses zero-carbon buildings, and it is right that we should move in that direction fairly quickly. Westminster has committed to implementing that target by 2016. It would be excellent to hear this committee recommend that Scotland should do so sooner.

It is important that we tackle new build, because if we do not we will store up a problem for the future. However, we must also look at existing stock. We could start to do a couple of things right now. We could end up having a lengthy discussion about measures that are still 10 or 15 years away, but many of the steps that we have discussed could be taken in the next couple of years. We could say that, within a couple of years, all new build should be zero carbon. There are Scottish builders who are championing that right now, so we could just make a decision to do it. We could direct all funding in a more strategic way towards retrofitting existing properties.

Decentralised energy sounds technical, but in 2006 we carried out a study with the City of Edinburgh Council and Greenpeace that looked at what Edinburgh could achieve through a more decentralised approach, using existing technologies—not just renewables, but also combined heat and power based on gas. The study suggested that, even on conservative estimates, by 2025 Edinburgh could cut its carbon dioxide emissions by 28 per cent.

Decentralised energy can be implemented on a range of scales. Microgeneration is a key component of a more decentralised system. We have talked about energy use. Work that the Sustainable Development Commission did a few years ago showed that, when members of the public—all of us, as consumers—understand how and where their energy is generated, they are more likely to use it efficiently. At the moment, we have a centralised system, with a small number of huge energy production facilities that tend to be situated a long way from population centres, so it is all too easy for people to turn on a light and not think twice about where the electricity is being generated. If they saw it being generated in their house and knew that the more they turned their lights on the less electricity they would feed back to the grid—because we had designed an appropriate tariff that gave people real incentives—it is likely that they would start saving energy from the day that the system was introduced.

Microgeneration both acts as a huge incentive to individuals to use energy efficiently and avoids the wastage that is associated with the current centralised system, in which we lose two thirds of the energy that is generated up the chimney, in

the form of heat, before we even start. We do not capture that heat, but we could start to do so.

In the years ahead, we could take a number of opportunities in Scotland. Recently, huge development proposals for Leith were published. It could be a requirement that a decentralised system and combined heat and power be used in that development. We have an ideal opportunity to put Scotland ahead of the pack by making the Commonwealth games village an exemplary development that is committed to a decentralised system. The massive development at Ravenscraig also presents a number of opportunities.

We could start doing things now. We must not get too caught up in discussing measures that are 10, 15 or 20 years away. It would be great for the committee to recommend some steps that could be taken within a couple of years and that would make a big difference to Scotland's emissions. The committee could suggest that the proposed climate change bill signposts an energy strategy that includes both a consumption dimension and a production dimension and that delivers carbon savings. That would be an excellent way for the committee to say that it recognises that its role is partly to help to deliver the aspirations in the bill.

The Deputy Convener: You have made a number of suggestions that should probably more appropriately be directed at the Transport, Infrastructure and Climate Change Committee. It might not be the best use of our time for us to duplicate the work that the Government is doing on its proposed bill. I do not deny the importance of what you say, but our role is to inform future policy requirements. We must be careful not to duplicate work that someone else has done.

I will let Dave Thompson ask his question, as he has not yet had a chance to speak and his voice is probably in as bad a state as mine.

Dave Thompson (Highlands and Islands) (SNP): I have a bad cough, but I will do my best.

David Whitton covered a number of the issues that I wanted to raise. My question relates to existing buildings. It is much more expensive to deal with existing buildings than with new buildings. I wonder how they cope with that in Germany, which Duncan McLaren referred to earlier. New build is a small percentage of the total housing stock. To have a real impact, it is necessary to pull in existing housing stock, but the issue is how that can be done. Removing VAT from house improvements, for example, would make it cheaper for people to make them.

Professor Miller: First, smart metering is an extremely interesting technique. We talk about the difficulty of communicating with the consumer and so on—smart metering is how to do it. If the right smart meters are put in, they can be fed information. For example, a house with a smart meter can be inspected and a target can be set. The householder can be shown that, by inspecting the meter, they can assess whether they are meeting the target or are over or under it. Smart metering has many aspects, but using it for communicating with the public is important, because it allows them to buy in to the process. It is good if householders feel that they understand the target and can perhaps influence it.

Secondly, there is a detail that nobody has mentioned. Lord Oxburgh spoke at the Royal Society of Edinburgh at our final meeting on energy and said that we should exploit solid waste in Scotland much more than we do. Our committee went up to Lerwick and we were extremely impressed by the system there, which heats not only hundreds of homes but schools, a hospital and so on. To repeat my original point, it is easy to talk about such examples, but we must try to ensure that they happen more generally.

The Deputy Convener: Thank you for dropping us into the incineration difficulty—that is just a throwaway line.

Dr Anable: I apologise for not dealing with the question directly, but I want to bring up two small points. First, there has been much discussion of smart metering, and I endorse everything that has been said about it. However, using feedback on energy consumption to alter consumers' behaviour is not confined just to the domestic sector. For example, there has been a lot of work on in-car meters, such as fuel economy meters and gear shift indicators, which shows that feedback can have an immediate and long-lasting effect on driver behaviour that can reduce fuel consumption by between 5 and 20 per cent. Quick hits could therefore be gained in that area.

My second point, on which others have touched, is on cost effectiveness. Perhaps the committee's work programme could concentrate on policies that try to affect energy consumption, as distinct from those that aim at the technical and production side, and compare their cost effectiveness and make cross-sector comparisons. My understanding is that there is a dearth of information on those softer policies, if you like. It would be worth examining that area.

The Deputy Convener: Is in-car feedback work done to highlight, for example, the difference between a car's published miles per gallon and the miles per gallon that are actually achieved, which reflects how people really drive?

Dr Anable: Much work needs to be done in that area.

The Deputy Convener: I understand that Duncan McLaren can answer Mr Thompson's question. We will end this session after that.

Duncan McLaren: I offer some brief thoughts on what happens in Germany. The Germans are making a considerable financial investment, but they mobilise it from the financial sector through enabling legislation that allows the offer of green mortgages. The consumer borrows more in order to improve their home, but pays less in energy bills. They pay the difference to the mortgage lender to pay back the mortgage. That means that, rather than pay for improvements up front, the consumer pays for them over 20 to 25 years. That allows investment in microgeneration technologies in German homes—Germany leads in that area. The Germans have also sorted out the tariff regime to provide a financial incentive for consumers to use such technologies. For example, the German consumer who buys solar panels for their roof gets paid the feed-in tariff at a guaranteed rate.

Those sorts of things are part of the transition to which I referred earlier. It is apposite for this committee to consider the transition for the energy industries in Scotland and how it can be made just and socially fair, given that, over the next decade, we will see substantial changes in the ways in which we supply and use our energy.

10:30

The Deputy Convener: On that note, I thank our witnesses for their contributions to the discussion. Perhaps you would consider dropping us a note about the key issues that you want us to consider in any inquiry that we might hold in the coming year. You have issued a range of challenges to us. We will have to consider how well we can address them, or whether it is appropriate for us to address them. If there is anything that you wanted to say but did not get the opportunity to say today, you may put it in writing and we will consider it. Thank you very much.

10:31

Meeting suspended.

10:37

On resuming—

Item in Private

The Deputy Convener: I reconvene the meeting. Some members may have noticed the deliberate error at the beginning of the meeting. Item 1 on the agenda is to decide whether we want to take item 4 in private. We ought to have agreed that before we started the previous discussion. Can we agree that we will take item 4 in private?

Members *indicated agreement*.

Work Programme

10:38

The Deputy Convener: Some of our witnesses attended the earlier discussion. This is a reasonably informal opportunity to engage with the committee on the subjects into which we will conduct inquiries over the next year. I am happy to hear from members or witnesses who catch my eye. If you want to engage with some of the issues that were brought to our attention by the people who were here earlier, by all means do so.

Malcolm Webb (Oil and Gas UK): Do you want me to start?

The Deputy Convener: I will let an MSP have the first go this time. I will come to you after that.

David Whitton: In order to get the discussion going, will Dr Smith repeat some of the stuff that he said to us at our away day? It was thought provoking and probably fits in with what we are discussing.

The Deputy Convener: I am sure that he will be happy to do that. We will give him a couple of moments to gather his thoughts.

However, I notice that one of our guest witnesses is volunteering to contribute. Malcolm Webb is here on behalf of Oil and G—

Malcolm Webb: Gas UK.

The Deputy Convener: Oil and Gas UK. I almost got there.

Malcolm Webb: Yes—it is not the other name any more.

You invited comments, deputy convener, on the previous discussion. I was very encouraged by it because I found myself agreeing with so much. I am encouraged that the discussion focused on total energy demand rather than just on electricity generation. A great deal of the energy debate has focused just on electricity generation and not on total energy demand.

Discussion of the need for efficiency and demand management is a progressive way to think about the issues, as is discussing the deployment of smarter technology across the piece. I was impressed that speaker after speaker talked about the long-term gain: I agree that the gain will be in the long term and that there are no quick fixes. We have to keep our feet firmly on the ground when we discuss these issues.

We have to remind ourselves that today we are, in essence, a petroleum economy. In the UK, 74 per cent of primary energy demand is met by petroleum. The Government's projection is that that will increase—not decrease—to 79 per cent by 2020.

The Deputy Convener: Is that because of increasing use of gas for electricity generation?

Malcolm Webb: It is to do with decreasing use of coal and nuclear power and increasing use of gas. Demand for oil is predicted to be more or less flat; it is on the gas side that demand is going up.

Petroleum production is hugely important—you would expect me to say that—and we must not forget the UK's extremely important global position as the 12th largest oil and gas producer in the world and, interestingly, the fifth largest gas producer. However, we are also a mature oil and gas province. We know that, which is why a number of the issues to do with efficiency, for example, are important for the nation.

We must maximise the ultimate recovery of the UK's offshore reserves. We have produced the equivalent of 36 billion barrels of oil and gas to date, and we believe that there could be upwards of 25 billion barrels yet to be got. We have to maximise that recovery because we are going to be importing petroleum, oil and gas. We will have to import every barrel that we do not produce. Maximised recovery is a national imperative.

While I have the microphone, I would like to say another thing about my industry. This is not simply a UK domestic production story: the UK oil and gas industry is a huge engineering success story, the UK supply chain is a world beater, and the UK is a centre of global excellence in offshore engineering and a global leader in subsea engineering. We know that the industry turns over about £11 billion a year in the UK, because that is what is spent by the oil companies in the UK and the UK continental shelf. Exports also account for £4 billion; we have a significant industry that exports oilfield goods and services around the world. The industry, of course, has a significant presence in Scotland; for example, the global subsea fleet is controlled out of Aberdeen. The north-east of Scotland is an important hub for the industry.

As to what the committee should be considering, you should reflect on the importance of the production side of the industry and on the importance of the industry's engineering and export potential for the UK economy and the Scottish economy.

The Deputy Convener: How could existing energy businesses successfully diversify into other areas? I am thinking in particular of the engineering side and of the use of facilities at which production might be finished.

Malcolm Webb: Some of the technology is definitely transferable into marine offshore and the like—I think that that is happening.

Marilyn Livingstone: I want to ask questions similar to those that I asked earlier but with a different slant. What are the people round the table doing to support sustainable cuts in demand? How are you engaging with consumers? Today, we have heard a lot about the competitive market that you are in. How does that affect your decision making in respect of renewables and achieving cuts in demand?

10:45

The Deputy Convener: I presume you are throwing that question out to all of our guests.

Marilyn Livingstone: That question is the crux of the matter, for me.

The Deputy Convener: Do you want to pick up on that issue, Mr Armour?

Robert Armour (British Energy): The question is probably best addressed by those who supply direct to the customer.

The Deputy Convener: In that case, perhaps Mr Thoms would like to pick up the challenge.

Grant Thoms (Scottish Renewables Forum): I will not pass the buck any more than others already have.

I am not 100 per cent sure where Ms Livingstone is coming from but, essentially—as Malcolm Webb said earlier—there are a number of transferable skills that can come over to the renewable side, particularly in relation to offshore marine energy. However, we are talking about a market that is quite expensive at this early stage. Already, we are reaping benefits from some of the first stages of demonstration projects in terms of answering questions about the feasibility of deepwater offshore wind and in terms of demonstrating the fact that those projects will be world beating. We have an infrastructure base that will enable us to take marine energy further.

Of more interest, however, is what is happening in our energy networks with regard to power, heating and transport, which was covered more broadly in the first session today. There are challenges there that the committee might want to consider in more detail. For example, in relation to the development of alternative fuels, how will we move from the gas grid to an off-gas grid? How should we link the fuel poverty strategy to a change in the energy sources that people are used to? Earlier today, the committee discussed an elaborate district heating system using waste to reduce the need to use other fossil fuels to heat homes. That idea has been around for decades—many communities that used to live on mines were well used to using that form of heating as a way of generating heat for their homes. Maybe we need to go back to the future, as it were, and to consider previous solutions to the questions of how we create affordable heating for homes and ensure that we help lower-income communities as we do it.

The debate is wider than that, but I do not want to hog too much time just now. I am sure that I will be able to come back in later. Perhaps Scottish and Southern Energy or Scottish Power would like to contribute.

The Deputy Convener: Dr Smith, are you ready to respond to David Whitton's challenge?

Dr Brian Smith (Scottish and Southern Energy): Things should all point in the same direction. In that regard, I would ask whether climate change is the number 1 issue that is facing us and, if it is, whether all of the things that are concerned with climate change point the same way. That issue impacts on wider policy areas, including directives from Europe such as the birds and habitats directives. Are they out of date? Are they consistent with the challenges of climate change? Is friction being created between policies that have been around for a while and do those policies need to be updated in the light of this new challenge?

At the centre of the matter is the eternal triangle—I mentioned it at Pitlochry—which touches on a number of things that have been talked about today, including energy efficiency. That eternal triangle is the link between prices, security of supply and the environment. Security of supply concerns the need to ensure that there is enough capacity and fuel to feed the power stations. That costs money, as assets need to be replaced.

Environmental aspects cost money because they require clean-up equipment to be fitted onto existing assets or, in the case of carbon capture and storage, they require transport infrastructure to be developed to move gas to a storage site, and the acquisition of that storage site in the first place. On prices, one of the focuses of the UK Government has been affordable energy, but I would say that the challenge is to do with the fact that energy is too cheap to be efficient. How can we deal with that?

In the middle of that eternal triangle is demand reduction. If it was possible to reduce demand, people could afford to pay a bit more for their energy and still end up with the same annual bill. They would still be relatively happy with the price but would get all the other benefits. However, if you are going to address demand reduction, you will get into the territory of social engineering, as you will have to convince people to change the habits of a lifetime. Price is one of the ways in which that can be done. I drive myself mad trying to convince my teenage daughters to turn the

lights off, so I give up—energy is too cheap and my bill is not big. That issue relates to combined heat and power systems and so on.

The Deputy Convener: Could a generating company saying that we should not reduce demand be seen as speaking from self-interest?

Dr Smith: I am saying that we should reduce demand and that the way to do so is to increase the price—people will use less if it is more expensive. There is a difficult balance to be struck and I agree that my suggestion might look like self interest on the part of a generator, but the fact is that, if something costs more, one is more careful about how one uses it. Under those circumstances, if people use less, we will supply less but our income will remain the same, so we should be indifferent to that because such a move would bring about benefits arising from the need to supply less energy, build fewer power stations and consume less fuel.

Social engineering is difficult territory to get into. However, I must point out that the Government's affordable energy policy is not consistent with climate change and energy efficiency. That needs some careful thought. You might arrive at a conclusion that is different from mine, but that is the challenge that you need to think about.

Robert Armour: I agree, in part, with Brian Smith. I will come at the issue from an electricity viewpoint, although that will slightly rankle Malcolm Webb.

I think that people will look back at the period from 2006 to 2008 as the tipping point at which business had to focus on climate change, the environment and low carbon emissions as factors in decision making that it did not previously have to take into account in the same way. More and more businesses are looking towards carbon neutrality and so on. That leads me to question whether, if we are 74 per cent dependent on hydrocarbons, we should be moving further down that road of dependency. Another dash for gas is starting in the UK. Is that the right way to go? The tipping point and the fact that businesses have to consider a much wider range of issues than they did previously—they are being forced to do so by the provisions of the Companies Act 2006—leads us to question whether the regulations that we must deal with fit with that model.

We are good at micro questions, such as whether a particular wind farm affects a particular group of birds, but we are poor at addressing the question of whether climate change will affect that whole species and how we can factor that consideration into our decision making about onshore wind infrastructure, about the grid and about other aspects of the situation that have to be addressed if we are to meet the challenges that face us and tap into the renewable resource that exists, particularly in the north-west.

Yesterday, I was up at the Arnish yard in Stornoway. It is producing wind turbine towers for Turkey and Canada and has 13 bids out for work for countries across Europe, but it has not one bid out for work in Scotland. That is partly because of the rate at which we are managing to get consents and development through. If we are to achieve our aims, the committee has to consider the constraints that are slowing down that development.

The other issue that the committee should consider is whether we are going to be able to achieve the desired balance. Are we, perhaps, heading down a route that places a great deal of faith in untested solutions that might well be high-cost solutions? Brian Smith pointed out that high costs might well have impacts in relation to energy efficiency because they might affect consumer behaviour. There is no silver bullet that will deal with affordability, security, climate change and so on, but we have to consider the balance that we are able to strike and the affordability of the solutions, whether they involve renewables, CCS or nuclear power. We have to think about what solutions will put us in a competitive position at the end of the day.

The Deputy Convener: If we go down the route of rationing by price and there are issues of affordability, will the regulator have a role in helping with that policy shift through price regulation and direction to generators? What influence does the regulator have in relation to a shift in the mix? Some recent decisions have been controversial because they appeared to be in consumers' interests but not in the interests of the environment and the long-term future. Am I being unfair, Mr Gray?

David Gray (Office of Gas and Electricity Markets): Indeed. [*Laughter.*]

The Deputy Convener: Okay.

David Gray: I will answer your two questions briefly and come back to you with further information, if that is okay. You asked whether we have a role to play in price regulation. The answer is that we do not—we do not regulate prices. The only aspect of the industry in which we directly regulate charges or prices is the use of transmission and distribution networks. We have no role in manipulating or influencing the final price to consumers.

The Deputy Convener: Although regulation of the transmission and distribution networks does not have a direct effect on prices, it certainly has an indirect effect. You do not tell British Energy what prices it can charge, but you regulate access to the networks, which has an effect on the price to consumers.

David Gray: To put transmission charges in context, in Great Britain they account for about 3 per cent of the total energy bill, so our regulation of transmission charges will not, on average, have a significant impact on the price to consumers. We have no duty and no tools to influence end-user prices.

Secondly, you asked whether we have a role in the shift in the mix of generation. Again, the answer is that we do not. The UK Government's policy on generation and supply is that we have a competitive market in which the best solution will come to the fore. We do not have a role in directing attention to any particular type of regulation and I do not believe that we should have such a role. However, we do have a role, to which you alluded, in protecting consumers' interests.

I return to what Brian Smith said, because he encapsulated our dilemma and the policy dilemma pretty effectively. The Government has objectives—and has therefore given us duties—in relation to security of supply, sustainable development, fuel poverty and so on. The implications of what it wants to be done in those areas are mutually inconsistent. Measures to protect the environment cost more money and have a direct impact on the price to consumers; in particular, they have an effect on fuel-poor consumers because of the proportionate impact on their bills.

At the heart of energy policy is a series of difficult dilemmas. Our role is simply to make decisions within the context of a set of duties that pretty accurately reflect those dilemmas, and to make decisions that are in the best interests of consumers in both the short term and the long term. Before anybody accuses me, that does not mean that we focus only on price; I accept that environmental benefits are also benefits to consumers.

Our approach to our duty is, first, to ensure that we do not inadvertently get in the way of Government measures. For example, in recent years we have taken considerable steps to ensure that funding for transmission development for renewables is not a problem. It is not a problem and neither is availability of money for companies to build assets. We dealt with that in the past few price controls and through the transmission investment for renewable generation mechanism, which we introduced three years ago to ensure that there is no unnecessary delay.

Secondly, within our framework of duties, we do what we can to ensure that environmental measures are delivered at the lowest cost to the consumer. That seems to be a way of squaring the circle of discharging our duties and protecting consumers' interests while also having sustainable development duties. It seems to me that our duties mean that we should support measures to protect the environment and try to ensure that they are achieved at the lowest overall cost.

11:00

Tavish Scott (Shetland) (LD): I would like to follow up on Mr Gray's points. I suspect that some would dispute the contention that Ofgem's role has no impact on projects in some parts of the country, not least the part of the country that we are now in.

David Gray: I said that in relation to prices.

Tavish Scott: Okay—but I think that there could be a lively debate on the issue. I do not expect this today, but perhaps you could provide the committee with a little more analysis, which would help us to reach a full understanding. I can think of people, including some round the table, who might dispute your claim.

Today in Parliament, there will be a debate on the proposed Beauly to Denny line, of which you and others have intimate knowledge. I suspect that the member who lodged the motion does not really want the development to go ahead at all. Is he right?

David Gray: Ofgem does not have a view on that. Our role in respect of the Beauly to Denny proposal is specifically to assess whether it is sensible and in the interest of consumers to fund it. We last considered the proposal in 2004, when we were doing the transmission investment in renewable generation project that I mentioned. We did that because we were under pressure from generators in Scotland to ensure that funding was available so that renewable projects could go ahead. We considered whether it made sense to build the line, given the cost relative to the amount of potentially available generation. Our view was that it made sense. The project has now gone to a public inquiry. Depending on the outcome of the inquiry, I imagine that a somewhat different project will come back to us, which we will then consider on the same basis. However, it is not my role to express a view on whether the project should go ahead, per se.

The Deputy Convener: I suspect that some of the points that you have made might not find a lot of favour with members round the table or with some of our other colleagues. I ask Grant Thoms to give a view from the perspective of the renewables industry on what our colleague from Ofgem has said.

Grant Thoms: On the points that David Gray made in answer to Tavish Scott, the Beauly to Denny line is a key infrastructure development that would release renewable electricity development, primarily in the north of Scotland, but also

offshore. There are marine and tidal energy devices that are at an early stage and that are being tested to try to get them up to commercial scale. Those projects are dependent on a strong power line that goes to where the consumers are. The Government's watchdog—the Sustainable Development Commission—has today released a report that backs our industry's view that the grid infrastructure for electricity is based on our current and older generation systems and that we need to consider it strategically, taking account of where future sources of generation will be. Those sources will not necessarily be where the current large-scale generation plants are.

Ofgem has failed to think more strategically and has tended to react to what the market suggests the developments will be. As has been proven by the Beauly to Denny proposal, Ofgem takes case-by-case examples of how certain parts of the grid need to be upgraded, but it lacks a longer-term strategic view of Scotland and the UK's energy needs and how our infrastructure will fit into European structures. The renewable energy industry is completely frustrated with that situation, which is one of the three major blocks to developing our industry in Scotland and therefore to giving Scotland not just the economic and social benefits, but the environmental benefits from reduced carbon emissions: 600,000 tonnes of carbon could be saved every year if the Beauly to Denny line was built, because it would release new sources of electricity generation in the north of Scotland.

Stuart Haszeldine (University of Edinburgh): I come at the problem from a climate and energy supply point of view, because in my day job I am a geologist and environmental scientist. We need a strategic view about the direction in which we will point in the long term. Even for Scotland, the climate change imperative will become much more apparent as a result of flooding, rise in sea level or storms. We are seeing only the start of the process. We need a strategic view of how we will develop low-carbon forms of energy, whether that happens through renewables, continuing with nuclear, or my speciality, which is carbon capture and storage—decarbonising the fossil-fuel power stations.

I am concerned that we seem to have no strategic view or signposts that show which way we want to go. Commercial companies and organisations come to me to ask advice on the Scottish perspective, what will be done and how the skills in our offshore industry will be bolstered or used for carbon capture and storage. There are several key options in Scotland that we could deploy, but as far as I know, there is no strategic view. The train is standing at the station, the passengers are on it, the engine is about to start, but Scotland is still buying its tickets.

The First Minister and others have made public announcements but, as far as I know, we have no delivery mechanism. Some of the big power companies are interested in timescales. A third of Scottish carbon dioxide emissions could be decarbonised as a result of two or three big decisions. That is one of the biggest hits that we could have. We should, by all means, continue to reduce demand, invest in renewables and promote efficiency through reorganising transport, but big quick hits could be made. My pitch is that we need an overall plan to evaluate how we can put Scotland into the piece as part of the UK. Otherwise, Scotland will be totally bypassed by UK developments.

The Deputy Convener: You are suggesting that we ought not to leave things to the market. Rather, we ought to direct matters centrally.

Stuart Haszeldine: I am suggesting that we must enable the market to invest in Scotland, because Scotland has huge access to storage resources. Carbon dioxide can be put in the rocks deep beneath the North Sea. We could bring in money if we play our cards correctly by disposing of not only Scottish or English carbon dioxide but European carbon dioxide from France and Germany, which have much greater storage problems. We can show the way if we make it possible to build a pipeline grid and fossil-fuel power stations with the appropriate technology fitted on to them. We have been rebuffed for one economic reason or another, but I have talked to people in the Executive and I think that there are regional levers that Scotland can pull to encourage investment here.

David Gray: I may be being unduly defensive, but I get a sense from two or three things that have been said that there is a desire for somebody to take charge and do things, and that that somebody should be Ofgem. The desire may be entirely understandable, but there is no mechanism for Ofgem to do that. We do not have a duty to run the industry. Our list of duties is set out in legislation. Once proposals come to us from the industry, we have clear duties to perform, but we work within a framework. In essence, the UK Government has said that there is a market system. The renewables obligation and renewables obligation certificates are its strategic measure for promoting renewables. We work within that strategy. Nothing in that strategy requires us or gives us the ability to say, "Here's our plan for designing transmission" or "Here's our plan for designing where generation should be" or whatever.

I turn to the role of the Economy, Energy and Tourism Committee. An important question is, if such strategic planning is needed, how can it be made to happen within the market structure? If

everybody simply looks at Ofgem and complains because we are not planning in such a way, I am afraid that nothing much will improve, because we do not have any plans to do that.

The Deputy Convener: And we do not have any power to make you do that, unfortunately.

Stuart Haszeldine raised CO_2 storage issues and the potential for a major new market for Scotland. I invite Malcolm Webb to respond to what he said.

Malcolm Webb: If we can crack carbon storage, it has the potential to benefit hugely our society's sustainability. However, the problem is that the economics of carbon capture and storage do not quite work. Therefore, the market needs help. However, carbon storage has great potential in general and for Scottish industry, because Scotland has the technology and the holes in the ground.

To Robert Armour, I say that I was not trying to say that 79 per cent petroleum dependency in 2020 was a good or a bad thing. I am saying that that is more or less a fact: nothing will turn it around. I am sure that, in the long term, the figure will decline—personally, I hope that it will decline—but it is a fact that that is what is coming at us. I am making a plea for a sense of proportion in deciding what we need to do in the next couple of decades, at least. In 2020, we will not be able to produce all the UK's oil, as we are doing at the moment; we will be down to about 65 per cent self-sufficient. So, there will be a big importation of oil, which will grow. That is why it is important that we maximise indigenous production.

Christopher Harvie: It is important to bear in mind the history of carbon capture and the point that it has reached. When I wrote "Fool's Gold: Story of North Sea Oil" in 1993, Alex Salmond handed me a memo from Donald Bain in which he pointed out the practicability of carbon capture. That memo was written in 1992. We may be late for the train, but the train has been somewhere down at the bottom of Africa since then. The Norwegians have experimented with carbon capture technology. Would it not be much easier to get in on their development, rather than reinvent the technology for ourselves?

Stuart Haszeldine: I agree that the concept has been recognised for a long time. However, realising it requires a change in economic mood, the tipping point to which Mr Armour alluded and the slight price increase to which Brian Smith alluded. If the extra cost was passed straight on to the consumer without any extra profit for generators, it would add on only a few tens of pounds per household per year to the wholesale cost. It would not be a big cost, and a lot of people would be willing to pay it if it was badged as their helping to prevent climate change.

As you said, the Norwegians have been developing carbon capture technology. That is because they have had a carbon tax, which has encouraged them to do that. The UK has a rather different mechanism and the first carbon capture plants will need some sort of state aid. The competition for that state aid is being run by the Westminster Government and Scotland can play into that, although it is unclear how many projects there will be in the first competition. If there is even one project, I still think that Scotland can reconfigure some of its assets to make a sound bid for that project. Luckily, we have section 36 consent for one of ours, so we can develop it straight away, which could be a key point in rapid delivery.

The Norwegian example is not fully joined up. Here, we are trying to link power stations to transport and to storage facilities where the carbon can be kept safe and secure for very long periods. The Norwegians are, in effect, just saving pollution from their offshore oil rigs.

As has been said, we have a giant opportunity. Viewed with hindsight in 20 years' time, it will be inconceivable for coal or gas power stations to emit carbon dioxide. It will also be inconceivable that we sat around wondering what to do at this stage of the game.

Alan Mortimer (Scottish Power): I agree that Scotland is uniquely placed to gain economically from carbon capture and storage because of its technical conditions and its oil and gas industries. There should be a fairly strong strategic interest in ensuring that Scotland gets the train moving. It is not too late; there is time, but it will be important to get the early demonstration projects going here.

I agree with much of what David Gray said about transmission, but as far as funding for upgrades is concerned, the chicken-and-egg effect is being ignored. Grid upgrades can take 10 years to deliver and that frightens away development; therefore, there is no development to justify the grid upgrade and we cannot move forward. That is what is happening just now, and the situation needs to change. A transmission access review is under way, which is welcome, but our message is that the change must be radical if it is to take effect. What is required is a reforming of the rules by which Ofgem and National Grid plc are governed.

The Deputy Convener: Given that Mr Gray has told us that transmission costs account for only 3 per cent of the total energy bill, is it worth Ofgem's while interfering in the market at the margins when it might not provide any consumer benefit, which I understand is the main reason for Ofgem's existence? Would it not be better to allow the producers to make their own decisions on how best to hook up to the grid?

11:15

Alan Mortimer: Transmission is not just left to the market at the moment—as David Gray pointed out—but is regulated. The issue is how it is regulated. As we can see from other European countries and as a report earlier this week highlighted, regulation can be carried out in a different way that allows a more strategic view to be taken and allows upgrades to move ahead earlier. That would give people in the renewables sector the confidence to follow.

Robert Armour: As David Gray said, Ofgem has a remit. Its remit is defined, and it is not to run the industry. I think that, just as the remit of companies and others is changing, in due course the remit of the regulator will change. Expectations on the regulator will change because it will need to factor in a variety of things that create incongruities between one policy and another. A greater role may well be given to sustainability, development or energy security, for example. The committee might want to think about recommending how the role of the regulator might be changed to achieve some of the policies and developments that the committee would like to see.

The Deputy Convener: As far as the Scottish Parliament is concerned, the committee has responsibilities for the economy, energy and tourism. Although not all those functions are devolved, that does not prevent the committee from making recommendations to the Scottish Government to engage with Westminster on those issues. We will need to balance out what we will do relative to our remit, but we will not be absolutely constrained by that. We will certainly need to consider issues such as Ofgem's role; we cannot discuss energy without discussing that issue.

Are there any views on how we might address the balance that is needed in electricity generation? Should we leave that issue to the market or should we be more actively engaged through things such as renewables obligations? There is a debate on that, so our committee perhaps has an opportunity to consider the issue.

David Whitton: I want to add to the deputy convener's question. We have heard a lot about transmission, although no one who is here today deals specifically with transmission. For example, Elaine Morrison talked about the need for city transmission systems instead of feeding stuff down the national grid and Tavish Scott asked whether the Beauly to Denny transmission line is really necessary. Such issues have implications for transmission. It would be a huge shift to move away from a national grid and transmission lines towards locally produced energy and electricity. That is a fascinating issue for discussion, so I would be interested to know more about transmission costs and that kind of stuff.

Mr Haszeldine suggested that we should flag up the fact that now is the time for action on carbon capture and other big projects. Part of our role might be to consider such issues.

The Deputy Convener: Correct me if I am wrong, but I rather think that Scottish and Southern Energy and Scottish Power still have an interest in transmission. From what I remember, they are still integrated companies. It would certainly be open to us to engage with National Grid plc, which also has a role. Am I correct in saying that both SSE and Scottish Power still deal with transmission?

Dr Smith: Under the terms of our regulation, there is business separation. I am on the generation side of the business rather than on the wires side—

David Whitton: That is what I meant.

The Deputy Convener: I wanted to encourage folk to address Malcolm Webb's point that we have gone from 74 per cent dependency on hydrocarbons to 79 per cent dependency. Everybody is shouting about renewables, and there is a debate about nuclear power. We have an opportunity to make our pitch as we decide what to do over the coming year.

Stuart Haszeldine: I want to ask a slightly strange question to the other participants. I am interested in the extent to which the power companies can guarantee a supply of electricity after 2011. By my calculation, it all depends on Mr Armour's power station at Hunterston. If that power station is shut off in that year, unless we very quickly develop a big renewable resource that we can switch on, we will be quite close to not having enough electricity at peak load, by my arithmetic. That would be compounded if Scottish Power decided to repower or renovate its equipment at Cockenzie or Longannet, because some of that capacity might not be available for a year or two at a time. Has anybody taken an overview of the whole Scottish situation—and not just from their own company's view? What is the level of guarantee of peak-load electricity delivery from 2011 to 2015 and onwards?

Robert Armour: Hunterston A is scheduled to finish its life in 2011, and Torness in 2023, unless we life extend. We have said that we will make a decision on life extension by the end of this calendar year, and we will see where we are then. At the moment, we are continuing with our studies. We do not see a technical issue that would stop us taking forward Hunterston for perhaps another five years.

Any generation asset is finite. We must factor in the fact that the major assets—Cockenzie,

Hunterston, Peterhead, Longannet and Torness—will come off the system, and we must consider how to replace them. That takes us back to the question that I posed earlier. If we continue down the current route, we will be relying heavily on renewables. The bulk of renewable energy production at this point is still from hydroelectricity and there are issues of cost with that level of reliance.

The amount of energy that we produce from marine and tidal sources and offshore wind, which are seen by some as the key future options, must be questioned. Do we go down that route, which is essentially untested in terms of the competitive electricity mix, or do we need to assume a robust mix that inevitably includes some gas and which inevitably requires us to make progress on CCS while also relying on some of the present stalwarts? If we decide to rule out some of those sources, for whatever reason, we should evaluate the costs of that, which we must bear as an economy, as well as dealing with the impact on our energy security.

Dr Smith: To respond to Stuart Haszeldine, it is inconceivable that either of the two energy companies in Scotland would do anything that caused the lights to go out. That would have significant political repercussions, as well as customer repercussions. We value our customers, so we would do nothing to cause an impact in that respect. That is a high-level answer. The more technical answer is that we have an integrated network in the UK, with an interconnector. Power flows in both directions. We even have an interconnector over to Ireland, although most of the energy goes towards Ireland. It is inconceivable that either of our companies would do anything to put the lights out.

Reflecting on the flavour that I have picked up from this morning's discussion, I return to my first point, which was on the need for the committee to identify the main challenge. I assume that you will come up with climate change. Logically, we must then ask what we must do to tackle the problem. That will involve either doing things directly on planning consent for renewable energy projects or flagging up any policy issues that are hampering progress—such as regulatory aspects or directives from Europe—even though you may not be able to influence them. The committee could usefully address those two matters.

Grant Thoms: It is clear that things are shifting on the electricity mix. When Sarah Boyack set the renewable electricity targets for 2010 back in the early part of the millennium, many people in the Parliament laughed at the possibility of going anywhere near generating 18 per cent of electricity through renewables by 2010. We surpassed that in 2005 and, as of last year, generate 20 per cent of our electricity renewably. In three years' time, a third of our electricity will be produced renewably.

That is not toytown economics for the electricity industry: it has been proven in other countries in Europe. Scotland is progressing well but can go further. The Scottish renewables forum released a study last year that considered the possibility of being able to generate roughly 60 per cent from renewable sources by 2020.

Political will has developed much of the renewables sector of the electricity industry and can help it to go further if it wishes to. That requires action on planning, infrastructure and finances for some of the other developing technologies that are not yet near commercial viability. If the committee takes a longer-term, strategic view of our power supply in Scotland, it might want to examine those matters.

However, heat and transport are big issues in energy—far more so than electricity. Mr Armour mentioned that in his introductory remarks. Parliament and the Government need to get to grips with that fact. We keep talking about power, but heat and transport produce far more carbon emissions so, if climate change is the number 1 issue, we should be talking about what we can do differently on heat and transport fuels.

We keep looking for big projects to solve all our problems but many of the solutions, as Elaine Morrison tried to indicate, are about localising generation as much as we possibly can. However, in some areas, it will never be possible to fulfil all our energy needs locally, so we need the national grid as well. For example, it will never be possible to generate all of Edinburgh's energy from within the city. That is just not going to happen, but the City of Edinburgh Council carried out an excellent decentralised energy study. Every local authority in Scotland should do something like that and should have an understanding of how it can minimise its energy use. In England and Wales, 86 local authorities are doing that, but not one in Scotland is doing it. That is a huge gap, and Scotland needs to play catch-up. We have led in many other areas, but that is one area in which we could do a lot to help reduce demand.

The Deputy Convener: Is that one of the mechanisms that your industry would suggest the Government ought to adopt?

Grant Thoms: Absolutely. It was in our manifesto for the elections that councillors and parliamentarians should consider what can be done locally. Most of our utilities started off as municipal companies, so perhaps local government ought to consider how energy is generated and supplied in local authorities, working in partnership with the structures that we have in the marketplace.

The Deputy Convener: As nobody has anything further to contribute, I draw the discussion to a close. I invite you all to think about what has been said and to tell us the main thing that you would like us to consider and into which we should hold an inquiry in the time that we have available over the coming year. Some interesting and challenging ideas have been advanced. It is a moot point how realistic it is for us to cross the boundaries of our remit, and it would not be a good use of our time to duplicate what the Government will do, but I assure you that we will have uppermost in our minds what we will do about energy. We might couple that with what we do on the economy. If you care to write to us, it will help to inform our decision in the next few weeks and, if there is something that you wish you had said, by all means put it in writing and send it to the clerks. Thank you for attending; it is much appreciated.

11:30

Meeting suspended.

11:35

On resuming—

Skills Strategy

The Convener (Tavish Scott): There are two more items on our agenda this morning. I thank Brian Adam for convening the meeting and apologise that I had to take part in the deliberations of the Rural Affairs and Environment Committee on foot-and-mouth. The Cabinet Secretary for Rural Affairs and the Environment was in attendance, so it was important, for obvious reasons, for me to be there.

Item 3 is consideration of the Scottish Government's skills strategy, which was published and debated in the Parliament the other week. In addition, we know that next week the Minister for Enterprise, Energy and Tourism is due to make a statement on enterprise and related issues. I seek the committee's guidance on how it wishes to scrutinise those issues, which are of significant interest and are very much part of our remit.

In the discussions that we have had so far, both informally and formally, we have been clear that skills are a component of our deliberations and that we may seek to inquire into the issue over the next year or so. Perhaps we should deal separately with skills and the role of the enterprise agencies. Do colleagues think that we should take evidence on skills from ministers? When the First Minister announced his Government, he made a point of saying that both Mr Swinney and Ms Hyslop would be responsible for the area. There is an argument for our seeing that demonstrated by having them give evidence together, given that their portfolios cover skills in the broadest sense.

Brian Adam (Aberdeen North) (SNP): The role of the enterprise agencies is part and parcel of the committee's remit. Although I recognise that skills are an important element of the economy, I believe that the issue falls within the remit of the Education, Lifelong Learning and Culture Committee. We already have a broad remit, and it is not our role to deal with skills. I am pleased that we have organised an event with the Scottish Trades Union Congress for early in the new year. The STUC wants to talk to us about skills and workforce involvement in the issue. We should deal with the crossover between what this committee will do and what the Education, Lifelong Learning and Culture Committee will do; some of us discussed the matter with the STUC yesterday. However, our remit is broad enough without our wandering into someone else's area. The Education, Lifelong Learning and Culture Committee might be upset if we included skills in our work.

The Convener: The Education, Lifelong Learning and Culture Committee will take evidence from Fiona Hyslop at some point before the October recess. I was not suggesting that it should not do so. However, it would be extraordinary for us not at least to have an interest in what the Government is doing on skills.

Iain Gray (East Lothian) (Lab): I disagree with Brian Adam. We have discussed the issue before and take different views on it. If we are the economy committee—not the enterprise committee—and if we believe, as Brian Adam does, that skills are central to the economy and economic growth, it is not widening our remit for us to consider the issue of skills. If we look at skills, we are merely serving the remit that the Parliament has given to us.

In our first discussions with Mr Mather, I raised the issue and he made clear on the record that we should ask Fiona Hyslop to give evidence to the committee on the skills agenda. The minister did not see that as surprising. On that occasion, it seemed that he did not wish to stray into a colleague's territory. Whatever might be said about the cross-cutting nature of the skills agenda, Mr Mather's response to being asked about it was to suggest that his colleague Fiona Hyslop should speak to us about it.

We are in an odd position because the Parliament did not endorse the Government's skills strategy. It would be entirely reasonable for the committee to discuss with Fiona Hyslop how she intends to develop the strategy. If we felt that we were stepping on the Education, Lifelong Learning and Culture Committee's toes, I would not be averse to the two committees hearing the evidence together, but that could be a bureaucratic process and, if that committee has already set up its work programme, it might not be the most effective use of our time. However, the world outside would think it astonishing if we were to say that although we are the economy committee, we are not going to consider skills.

Marilyn Livingstone: I support Iain Gray's comments. Like you, convener, I was a member of the Enterprise and Lifelong Learning Committee in the first session and I am the current chair of the cross-party group on construction. The industry out there would be bemused if we did not take evidence on skills. I do not propose that our work should conflict with what the Education, Lifelong Learning and Culture Committee does; we should look at the subject only as it affects our role on this committee.

If we are saying that the key to our economic success is the skills of our workforce—we hear ministers saying that—it seems ludicrous that we should not look at the skills agenda and how it impacts on our remit and on business. I do not see how we, as an economy committee, can do our job otherwise. To consider the skills agenda would not widen our remit or step on anyone else's toes; we should consider only how it impacts on our remit.

Gavin Brown: There are merits in both the arguments of Brian Adam and those of Iain Gray. However, the answer lies in the first chapter of the skills strategy document, in which the overriding reason among the two or three offered for having a skills strategy is the wish to grow our economy. Given what that document says, and given the background information that we have heard, we should consider skills. The subject falls between two committees and one could argue strongly that it probably falls more within the remit of the Education, Lifelong Learning and Culture Committee than ours, but skills are still an integral part of our considerations and the skills strategy document confirms that.

Christopher Harvie: In our discussions with the STUC yesterday afternoon, its line was that it was particularly interested in the acquisition of skills and an increase in productivity being diffused and, to some extent, controlled by the workforce, who cannot be expected to be productive without any comeback. We formulated the idea that an event could be held with the STUC that would be called "productivity through participation". That seemed to answer the STUC's problems. Participation with the Education, Lifelong Learning and Culture Committee could then occur consensually.

David Whitton: If Careers Scotland is to be removed from the enterprise network, which seems to be a done deal, and given that the chief executive of Scottish Enterprise told us yesterday that he did not want Careers Scotland to be part of his remit, then, if it is to be part of some new body, it falls within our remit to look at that new body and say, "What's your remit and what's your task—are you following the right lines?" We have heard from the tourism industry about the lack of skills in that sector and lots of interesting stuff has been flying around this morning about the energy sector. Do we have the skills there? Skills are a wide economic question and it is right that this committee should consider it.

11:45

The Convener: I am sorry to repeat this point, but it is worth reflecting that, as a committee, we have focused on skills issues as we have thought about what to do in the next year. Having ministers appear at the committee would assist that process in both our understanding of what the Government is proposing and the construction of our work programme. I would be keen to explore that possibility with the Government, and I judge that

there is cross-party support for making such arrangements.

I repeat that I acknowledge Brian Adam's point about not stepping on the toes of the Education, Lifelong Learning and Culture Committee. That would not be my intention, nor would it be the committee's.

Brian Adam: Iain Gray fairly referred to the time when Jim Mather came to the committee. We could interpret what Jim Mather said in one of two ways. Iain Gray chose to take it that Jim Mather was saying that Fiona Hyslop could come to the committee. Another interpretation is that Jim Mather was saying clearly that skills were not part of his remit and he would not come to the committee to talk about them. It is not the role of the minister to decide the committee's remit, as Parliament has already decided that—it does not specifically relate to skills, while another committee specifically has skills in its remit.

I accept that skills are part and parcel of how we intend to make progress, but I am worried that we will end up devoting some of our energies to a part of the overall picture for which another committee has responsibility. We have heard today, at our away day and in the previous round-table discussion about so many other things that we should concentrate our efforts on—and we will undoubtedly hear about more at our next round-table discussion—that I do not think that we should pursue skills.

The Convener: That is a fair point of view, but a number of members, from all parties, are arguing that we should see the minister. Unless anyone is otherwise minded, I propose that we explore with the Government whether we could arrange for a minister to come to the committee after the October recess to discuss matters. I would like at least to explore that with the Government to see whether that is possible.

Does anyone have a view about what the committee could do in scrutinising whatever comes out of the chamber debate on the enterprise networks next Wednesday? We might want to reflect with stakeholders and others outside the small world in which we live in this building on their views. We can come back to that at our formal meeting in two weeks, as we will know what has been said, but I am just looking for a steer from colleagues on that point now.

Marilyn Livingstone: It is crucial that we do that. It would be interesting to ask what, if any, indication the committee will be given of the Government's intentions before the announcement is made. Committees have previously been consulted on similar big policy decisions, but this time we have not. I would be a wee bit concerned if we went into the debate next week not knowing what we were to debate. We discussed yesterday how important consultation is not just for national but for local issues. I am concerned about the process and that we have not been involved in the consultation.

The Convener: Does Stephen Imrie want to make a point on the process?

Stephen Imrie (Clerk): I cannot comment on the consultation process or whether it is appropriate for parliamentary committees to be involved, but it might interest members to know that there is a protocol between the Government and parliamentary committees on a range of issues, one of which covers what happens when the Government is about to make a major announcement. I can give members the relevant paragraph if they are interested, but it basically says that the Government shall endeavour to keep parliamentary committees informed of major announcements, news releases and documents that come under a committee's remit. It is a point that I have impressed on my contacts in the civil service—we should be informed not necessarily about everything that happens daily but about some of the major announcements. With the committee's approval, I am happy to reaffirm that the committee would like to be kept informed, perhaps in the same way as party spokespeople are kept informed prior to some announcements.

Marilyn Livingstone: That would be helpful.

The Convener: We will move forward in that way. Item 4 is in private, as we are dealing with individuals, so I close the public part of the meeting.

11:50

Meeting continued in private until 11:59.

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