

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 10 September 2008

Session 3

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ECONOMY, ENERGY AND TOURISM COMMITTEE

16th Meeting 2008, Session 3

CONVENER

*Iain Smith (North East Fife) (LD)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Gavin Brown (Lothians) (Con)

*Christopher Harvie (Mid Scotland and Fife) (SNP)

*Marilyn Livingstone (Kirkcaldy) (Lab)

*Lewis Macdonald (Aberdeen Central) (Lab)

*Dave Thompson (Highlands and Islands) (SNP)

*David Whitton (Strathkelvin and Bearsden) (Lab)

COMMITTEE SUBSTITUTES

Nigel Don (North East Scotland) (SNP)

George Foulkes (Lothians) (Lab)

Alex Johnstone (North East Scotland) (Con)

Liam McArthur (Orkney) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Jamie McGrigor (Highlands and Islands) (Con)

THE FOLLOWING GAVE EVIDENCE:

Colin Imrie (Scottish Government Enterprise, Energy and Tourism Directorate)

Debbie McCall (Scottish Government Enterprise, Energy and Tourism Directorate)

Jane Morgan (Scottish Government Enterprise, Energy and Tourism Directorate)

David Rennie (Scottish Government Enterprise, Energy and Tourism Directorate)

David Wilson (Scottish Government Enterprise, Energy and Tourism Directorate)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Gail Grant

LOCATION

Committee Room 6

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 10 September 2008

[THE OLDEST COMMITTEE MEMBER *opened the meeting at 09:31*]

Interests

Christopher Harvie (Oldest Committee Member): Ladies and gentlemen, I welcome you to the 16th meeting in 2008 of the Economy, Energy and Tourism Committee. It falls to me to open the meeting as the oldest member, which is quite a distinction. I thought that my teenage years were still ahead of me, but there we are—it falls on me, on the verge of my 64th birthday, to take the chair. I trust that members consent, and that I may go ahead with the business of the meeting, which will be to elect the real convener of the committee, and his deputy.

First, I must ask both candidates to declare any interests that they have in any businesses that might be affected by the operations of the committee.

Iain Smith (North East Fife) (LD): I have no relevant interests to declare that would affect the business of the committee.

Rob Gibson (Highlands and Islands) (SNP): I do not believe that I have any interests that conflict with my job here; my interests are in my entry in the register of members' interests for anyone to read.

Convener

09:33

Christopher Harvie: Let us go ahead with our choice of convener, which falls to the Liberal Democrats. They have nominated Iain Smith, MSP for North East Fife.

Iain Smith was chosen as convener.

Christopher Harvie (Mid Scotland and Fife) (SNP): That is all that I have to do in the chair. I can now demit my post instantly, having held office for even less time than Prince Max of Baden in 1918.

The Convener (Iain Smith): Thank you very much, Chris, for chairing what was more my installation than my election. Given the Parliament's rules, the committee had little choice but to appoint me as its chair. I hope that I will serve the committee and its members to the best of my ability, and that you will have no reason to regret my installation as convener over the coming months.

Before turning to the next item of business, I put on record my appreciation—and that of the committee, I am sure—for the work of your previous convener, Tavish Scott, over the past year. This is a busy committee, which has done a substantial body of work over the year, so I am sure that you will wish to put on record your thanks to Tavish for convening you through that period.

Members: Hear, hear.

The Convener: I also put on record our appreciation of Brian Adam, who was the deputy convener, and who has also left the committee over the summer recess.

Deputy Convener

09:34

The Convener: The next item of business is the choice of a new deputy convener. The Parliament has agreed that the deputy convener should come from among members of the Scottish National Party. I therefore ask for a nomination from one of its members for the post of deputy convener.

Dave Thompson (Highlands and Islands) (SNP): I nominate Rob Gibson.

Rob Gibson was chosen as deputy convener.

Rob Gibson: I am happy to accept.

The Convener: Rob Gibson is now deputy convener of the committee. I look forward to working with you over the coming months, Rob.

Rob Gibson: Thank you.

Scottish Register of Tartans Bill: Stage 2

09:35

The Convener: Item 4 is stage 2 consideration of the Scottish Register of Tartans Bill. I welcome to the meeting the member in charge of the bill, Jamie McGrigor. I remind members that at stage 2 only members of the Parliament may take part in proceedings. Jamie McGrigor is entitled throughout to take advice from his officials, but he requires to do so in private, as they will not be entitled to participate themselves.

Section 1 agreed to.

Section 2—Meaning of “tartan”

The Convener: Amendment 3, in the name of Jamie McGrigor, is in a group on its own.

Jamie McGrigor (Highlands and Islands) (Con): At stage 1, there was significant and lively discussion about whether tartan is a design or a woven product. I welcome that discussion, which showed the strength of people's views, some of which were passionately held. I have been clear from the outset that I want my bill to encourage and promote interest in tartan and to make it accessible in ways that have not been possible before. That includes putting the tartan register on a statutory, sustainable basis, with a statutory definition of “tartan”, the National Archives of Scotland overseeing the register and facilitating public access to it, and a range of stringent criteria and quality-assurance measures for new tartans coming into the Scottish register.

I want the register to raise interest and awareness in tartan and to become a focal point for tartan and tartan research. I also want the register to have efficient and effective linkages to the Scottish tartan industry. That will position the Scottish industry to capitalise on the increased interest in tartan that the register will generate and to pursue the commercial opportunities that I believe will come from inquiries to the register about where and by whom in Scotland existing or new tartans can be woven or produced.

I firmly believe that Scotland's Parliament should do all that it can to promote and grow the tartan industry in Scotland. At stage 1, the committee heard that the tartan industry in its entirety—including weavers, textile merchants and manufacturers and producers of kilts, tartans and accessories—comprises a significant part of overall employment in the Scottish textiles sector, supporting about 4,000 direct jobs out of an overall employment total of about 17,000. We also heard about the economic importance of the tartan

industry to the Scottish economy. It contributes about £350 million to our gross domestic product, which is significantly more than previous industry estimates.

We heard about the importance of woven tartan. I agree with much of the argument that was put forward that woven tartan is an inherent and vital part of the tartan industry in Scotland. Section 6(7)(c) of the bill as introduced requires that the thread count should accompany an application for tartan registration. That means that a design that is submitted for registration will be capable of being woven. The committee acknowledged that at paragraph 39 of its stage 1 report, which said:

“the provision ... for the description of the tartan in the application to the Register to include a thread count already places a de facto requirement that the design be capable of being woven.”

The committee heard strong and passionately held views about the central role of woven tartan in the Scottish tartan industry. The same paragraph of the report continued:

“the Committee is of the view that tartan has been historically defined by its woven character.”

We have heard that the thread count is central to the woven character of tartan. Designing a tartan using thread count is relatively straightforward. However, some people might see thread count as an esoteric area. It could be argued that knowledge of what thread count is and how people go about setting it out and recording it is most commonly found among tartan weaving or tartan enthusiast circles. Getting applicants interested in using thread count in tartan design will—I hope—help to increase interest in tartan and make it more accessible, while forging closer links with tartan weavers and experts on how to design a tartan will help to deepen knowledge of tartan and tartan weaving.

Committee members also heard that a universally accepted definition of “tartan” would be difficult to arrive at and might be very lengthy. However, as the bill’s principles are all about making tartan and Scotland’s tartan records more accessible, I am more than happy to accept the committee’s suggestion that the definition be amended to clarify that, to be included in the register, a tartan must be “capable of being woven”.

To get a clearer view of the importance of woven tartan to the tartan industry, we have undertaken further work to identify how many of the 4,000 direct and 7,000 indirect jobs and how much of the £350 million relate to weaving and woven tartan. Results suggest that around 3,000 or 75 per cent of direct tartan industry employment and 5,200—or, again, 75 per cent—of indirect jobs are attributable to woven tartan, which is estimated to

account for £280 million or 80 per cent of the industry’s £350 million contribution to the Scottish economy. That clearly shows that woven tartan is very significant to the Scottish tartan industry, supports a considerable number of jobs and makes a hefty contribution to the Scottish economy.

I fully support the tartan industry, which is in large part made up of tartan weavers and producers, and supporting and helping to grow the Scottish tartan weaving industry is one of my key and long-held aims for the bill. I believe that we all share that ambition. The committee’s suggested amendment to the definition can only help to improve what I believe is already a good bill by embedding the clear and obvious importance of woven tartan in the first ever statutory definition of “tartan”, as honed by Scotland’s Parliament.

I am very happy to take on board the committee’s views and to underline our shared recognition of the importance of woven tartan. As a result, I am pleased to deliver the undertaking that I gave to Parliament to lodge at stage 2 an amendment to the definition of “tartan” in section 2 to emphasise that the tartan should be “capable of being woven”.

I move amendment 3.

Lewis Macdonald (Aberdeen Central) (Lab): I very much welcome Jamie McGrigor’s response to the committee’s comments, as it certainly addresses some of the points that were highlighted in the stage 1 debate. We will no doubt come to other points that were raised when we discuss the next group of amendments.

The Convener: Do you wish to respond, Mr McGrigor?

Jamie McGrigor: No. I am happy with what has been said.

Amendment 3 agreed to.

Section 2, as amended, agreed to.

Sections 3 to 5 agreed to.

Section 6—The application

The Convener: Amendment 1, in the name of David Whitton, is grouped with amendment 2.

David Whitton (Strathkelvin and Bearsden) (Lab): This is your first day in office, convener, so you did not have the pleasure of being present for our earlier debates on the bill. The intention behind amendment 1 is to boost the Scottish tartan industry, particularly the weaving sector, by insisting that any application to the register be accompanied by a swatch of cloth, proving that the design had been turned into tartan. We have just heard from Jamie McGrigor about woven tartan’s

massive contribution to the tartan industry. Others, however, did not agree, stating that, if the design itself met the “capable of being woven” criterion, that should be enough. In other words, the argument was between the wovenists and the modernists.

In truth, there is not much between the two sides. Indeed, since I lodged this amendment, I have received a lot of correspondence, which proves that, as Jamie McGrigor has said, both wovenists and modernists hold strong views on the matter. The committee supports Mr McGrigor’s intent and, on behalf of Labour, I hope that the register boosts the weaving industry. The question is whether the industry will receive a boost if the amendment is passed.

I have been advised in correspondence that demanding a swatch of cloth with each application to the register will be too severe a test. The example that was given to me was that of the Caledonian Club of San Francisco, which had a tartan designed and woven for it. However, when it asked for the tartan to be placed on the Scottish Tartans World Register, it was refused, as its design already existed. It was argued that, if the design had been presented first, with weaving to follow, a lot of red faces would have been prevented in San Francisco.

09:45

However, we have also received an interesting submission from Mr David McGill. According to him, the US Congress will remove the duty on tartan if it can be interpreted as a form of national cloth. The key word is “cloth”. Mr McGill argues that a sample of cloth should be provided at registration, regardless of cost. However, others say that it is not practical to produce a small swatch of cloth and that weavers would insist on producing a minimum of 4m, and perhaps even as much as 10m. We were given the example of schools that might want to produce a tartan, for which the cost of providing a swatch would be prohibitive. I checked on the experience of Mulbuie primary school in Muir of Ord. The school designed a tartan called golden bloom, which was used for the Highland year of culture. It asked a local weaver to produce 50m of the tartan, but that was too much for his loom. After searching, the school eventually had its tartan made by a mill in the north of England—which surprised me—with a bolt costing about £550.

The modernist wing has made much of the fact that tartan designs that were produced for the golfer Colin Montgomerie and O2 were subsequently turned into woven cloth. I venture to suggest that that presents us with a possible way forward. We have agreed to Mr McGrigor’s amendment stipulating that, to be accepted, a

design must be capable of being woven. Perhaps the keeper should have the discretion to accept unwoven designs, as long as it is intended that they will be woven at some point in the future, as happened with Mr Montgomerie’s tartan design. Those designs would be placed on a provisional register, but not on the final register, until such time as they had been woven and a sample produced. If, after a period to be determined, they had not been woven, they could be removed from the register. If Mr McGrigor accepts that proposal, I will consider withdrawing my amendment.

I move amendment 1.

The Convener: Keith, would you like to comment?

Gavin Brown (Lothians) (Con): I hope that you are not confusing me with Keith Brown.

The Convener: I am sorry—it was a mental aberration. I am sure that there will be several of those over the next few years.

Gavin Brown: I have a tremendous amount of sympathy with the proposals behind Mr Whitton’s amendment and asked a number of probing questions about the bill in committee and in the chamber at stage 1. On balance, I think that the changes that have been made to the bill, especially the change to the definition of “tartan” that Mr McGrigor proposed, which has received the committee’s support, address the concerns behind the amendment. They protect the brand in the long term, which was our principal concern.

My second point relates to a letter that was sent to Mr Whitton and circulated to the committee. It is interesting that every member of the industry sub-group for the Scottish register of tartans signed that letter. The biggest battles between modernists and wovenists took place between the Scottish Tartans World Register, which is represented by Keith Lumsden, and the Scottish Tartans Authority, which is represented by Mr Brian Wilton. There was a time when many wondered whether the two would ever agree. A letter that is signed by all members of the sub-group, including those two gentlemen, is of massive significance, as it indicates that they are happy with the bill, have talked through all the issues, and think that the brand is protected and that we ought to move forward. I attach huge significance to that.

My final point is in response to Jamie McGrigor’s comments. Although the woven element of tartan represents the vast majority of the tartan economy and jobs in the tartan industry, the non-woven element accounts for 20 per cent of the tartan economy—if the statistics that I heard are correct—and 25 per cent of the jobs. On balance, I do not think that we need Mr Whitton’s amendment to address the concerns expressed by the committee at stage 1.

Jamie McGrigor: I welcome Mr Whitton's support for my bill, and his valuable and lively contribution to the stage 1 debate. It was good to see the wovenist/modernist/pragmatist argument catch the imagination not only of the committee but of the chamber. That shows how strongly people feel about tartan as an iconic symbol of Scotland.

There is much common ground between what I am trying to achieve with the bill and what Mr Whitton is trying to achieve with the amendment. We are in agreement that we should do what we can to promote and grow the Scottish tartan industry and to act in the interests of that industry as far as we can. I also think that we are in agreement on the importance of woven tartan, both in the historical sense—in that tartan has, historically, been defined by the fact that it is woven—and in the sense that it is an important commercial product to Scotland's tartan weavers.

As I said at stage 1, however, I also think that the register should be inclusive. The last time I brought forward a bill on this subject, Karen Gillon told me that I was being too elitist. I am now trying to be egalitarian, and I have to say that I regard Mr Whitton's amendment as being slightly elitist.

Accordingly, I am keen that the keeper should have flexibility to accept registration of tartan designs as well as woven tartans, as that will make the register more inclusive and accessible, help to raise the awareness of tartan as a design and a product and promote the entirety of the Scottish industry. That approach has been important in steering a consensus between the conflicting views on tartan among the tartan experts with whom we are working on the bill. The committee has heard some of those views and fairly reflected them in its stage 1 report and in the debate on the report on 19 June.

During the past few months, the committee has learned that people's views on tartan are long held as well as deeply held. I know that better than most, as I have been working with the tartan interests for a long period to shape the bill. We have reached a consensus among those views, although it has taken five years to do so. Indeed, the Scottish Tartans World Register and the Scottish Tartans Authority have contributed the tartans that they hold to the new Scottish register.

We have a good bill, which offers a sensible and workable way forward and establishes a goal towards which all of the Scottish tartan industry can work. I want those diverging views to continue to contribute, debate, inform, educate and challenge as the register and the keeper become operational. That should be a continuing process. I continue to believe that to exclude one part of the tartan industry, as Mr Whitton's amendment would do, would represent a missed opportunity to build

on the consensus that we have reached for the mutual benefit of all.

My bill will help that to happen. It allows the keeper to accept registrations of tartan designs that are woven—as the vast majority will be—and those that are in design form, of which the current registers receive only a handful each year, at the point that the application is made. It gives flexibility for the keeper to help an applicant to refine their application to the point that it can be registered, and it opens up possibilities for Scottish weavers and the Scottish tartan industry to pursue opportunities to weave tartan designs coming into the register.

Mr Whitton's amendment would place a statutory requirement on the keeper to require a woven sample at the point at which an application was lodged. That is unduly restrictive, and I therefore oppose it.

The absolute requirement for a woven sample at the point of application is also more restrictive than previous approaches to tartan registration. For example, the Scottish Tartans World Register seeks proof that the tartan has been woven, but that proof can be either a woven sample, a photograph or some other evidence of weaving, and the Scottish Tartans Authority seeks a woven sample or other evidence of commercial production after the tartan has been registered.

I know that the committee will be aware that the tartan experts who gave evidence at stage 1 have collectively written to Mr Whitton to express the views that Gavin Brown was just talking about. They have told him that they are confident that the submission of a woven sample or proof of weaving can follow the approval of the initial application by the keeper.

If we are serious in our commercial intent to help the tartan industry to promote and market itself, we should not discount the commercial and intrinsic value of both the woven tartan and the non-woven design, and we must do all that we can to draw through every potential commercial opportunity for the industry.

I am confident that the criteria for registration in the bill and the classification of tartans by the keeper in the register strike the right balance between accepting genuine tartan designs, as happens at the moment, and recognising the importance of woven tartan. I have amended the definition in the bill to clarify that tartans coming to the register must be capable of being woven.

We should work to position the tartan industry in Scotland to maximise the commercial and creative opportunities of tartan, both as a design and as a product. We should not, therefore, unduly restrict that design to one iteration or mode of production, for example as a woven product.

I recognise the inherent and historical value of the woven tartan. The requirement to provide thread count information will mean that designs coming to the register will be in a position to be woven. In recognition of the importance of tartan as a woven product and to further embed that in the bill, I took on board the committee's suggestion and lodged an amendment to alter the definition of "tartan" in section 2 to emphasise that tartan is capable of being woven.

Earlier, I mentioned the additional work that has been undertaken to get a clearer view of exactly how important woven tartan is to the industry. I do not for one moment underestimate the significant part that woven tartan plays in the Scottish tartan industry. Supporting the Scottish tartan and weaving industry is one of the key aims of the bill. However, there are a significant number of jobs in the non-woven sector of the tartan industry, which makes a significant economic contribution. I do not think that we can ignore that or be unduly restrictive in a way that would lessen our efforts to support the wider Scottish tartan industry. I firmly believe that the 1,000 direct and 1,800 indirect jobs in the wider tartan industry—which are not directly related to weaving tartan—and the Scottish individuals, families and communities that they help to support are an equally important and valuable part of our tartan industry.

It is, therefore, my aim to maximise the commercial opportunities across the Scottish tartan industry from woven and non-woven tartans. It would be a shame if one of the unintended consequences of the bill—and of the promotion of Scotland's tartan weavers—was the stifling of commercial opportunities for the wider Scottish tartan industry.

Although I welcome Mr Whitton's support for my bill, I feel that his amendment is unduly restrictive and I oppose it. If Mr Whitton wishes to come back to me about his proposal to weaken his amendment, that is a possibility.

The Convener: David Whitton, you may now wind up the debate and indicate whether you wish to press or withdraw your amendment.

David Whitton: I do not think that I have ever been described as elitist before, so today is a first. Nevertheless, I will take the description in the spirit in which it was given.

Mr McGrigor is not really addressing the point that I made. His speech was all about the amendment as lodged, but what I suggested to him was the possibility of changing that so that unwoven designs could be accepted as long as it was intended that they would be woven at some point in the future. The Colin Montgomerie example was given previously. That was a tartan that was designed for Colin Montgomerie to use

on his own literature but which, because he liked it so much, was later produced as woven cloth.

The issue comes down to the definition of "tartan". Is tartan a design or a woven cloth? I have to admit that I am an old-fashioned guy, and I believe that tartan is a cloth. That might put me firmly in the wovenist camp, but I make no apologies for that.

I am trying to achieve the same aims as Jamie McGrigor, and I fully support his bill, but I think that anyone who puts forward a design that they are calling tartan should, at some point, turn it into woven cloth. That would give the weaving industry a further boost, and I cannot see any argument against that.

We will "maximise the commercial opportunities"—your words, Mr McGrigor—if we say to a person who puts forward a design to the keeper that at some, undefined point in the future they must turn their design into woven cloth. That might happen in a year's time or in five years' time—we can work out the timescale. If the design is not turned into woven cloth, it should not be on what I would regard as a register of tartans. If you are willing to accept that position, I will not press amendment 1; if you are not willing to do so, I will press the amendment. The difference between our positions is small.

10:00

Jamie McGrigor: I take the points that you make, although I do not particularly agree with them. Your suggestion might be workable, but the sticking point is whether we are saying that a person "may" or "must" produce a woven sample.

I am inclined to agree that it would be good to have a woven sample at some point following registration, if production of a sample were not mandatory and if no punitive action were consequential on a sample not being provided. I would not want a design to be taken off the register because a tartan sample had not been provided within a certain length of time. That might be the sticking point between us. I would be prepared to accept an amendment that provided that a woven sample might be a good idea at a later stage.

David Whitton: I am pretty sure that Mr McGrigor does not agree with the point that Mr McGill made in his additional evidence to the committee, when he said:

"A piece of paper with a tartan image printed on it is not a piece of tartan but a piece of paper."

I guess that that is where Mr McGrigor and I disagree. A design on a piece of paper is no more than that until it is turned into tartan cloth—that is what I am getting at. If a person wants a design to

be registered on a national register of tartan, at some point in future they must—not may—produce a piece of cloth.

Jamie McGrigor: I cannot accept that, because to require that a sample must be provided would be too restrictive.

When the committee took evidence on the matter, Kirsty Scott, from Scottish Enterprise, said:

“We want to encourage the textile trade, but many of the Scottish textile companies involved in tartan have interests outside woven cloth, and therefore see benefit in other product categories”.

Nick Fiddes made a good point when he said:

“it is easy to run off a swatch quickly on a home loom, so providing a swatch would not necessarily indicate hard evidence of serious commercial use.”

The former Lord Lyon said:

“I can see the disadvantages of insisting that a tartan is woven before it is registered. There are a number of situations in which such an approach would be unfortunate.”

Brian Wilton, from the STA, said:

“Although tartan is woven most of the time, that should not close our minds to the fact that its origin is a two-dimensional design that can be interpreted in various ways, which are mostly woven but are frequently not woven.”—[*Official Report, Economy, Energy and Tourism Committee*, 14 May 2008; c 787, 788, 773, 772.]

I could go on and on producing such quotations.

In their letter to Mr Whitton, Nick Fiddes, the governor of the Scottish Tartans Authority, Deirdre Kinloch Anderson, the director of Kinloch Anderson, Keith Lumsden, the registrar director of the Scottish Tartans World Register, and Brian Wilton, the operations director of the Scottish Tartans Authority, say:

“We trust that the above explains to you why our key supporters of the Bill may have no alternative but to withdraw their support for the Register should your Amendment stand and this could effectively undermine the Bill. We therefore unanimously ask that you consider the withdrawal of your Amendment confident that the submission of a woven sample or proof of weaving can follow the approval of the initial application by the Keeper.”

They say “can”, not “must” and I do not think that they would say “must”.

The Convener: I remind members that there will be a further opportunity to amend the bill at stage 3. I ask David Whitton to wind up the debate and say whether he will press or withdraw amendment 1.

David Whitton: Jamie McGrigor quoted from the letter that I received from the people whom he named. I read the letter and thought long and hard about its contents. It says:

“proof of weaving can follow the approval of the initial application”

to the register. That is what I am asking for. I am happy to withdraw the amendment if Jamie McGrigor can reassure me that, once a design has been approved by the keeper, there will be proof of weaving—that a woven sample or proof of weaving will follow the approval of the initial application by the keeper. That is what the amendment says in black and white. I am following the advice that was given to me in the letter and taking on board what its authors said.

Jamie McGrigor: With due respect, the letter also asks you to withdraw the amendment.

The Convener: Speak through the chair please, Jamie.

Jamie McGrigor: Sorry.

David Whitton: What I want from you, Mr McGrigor, is an indication that you are willing to accept that. If I get that, I will withdraw my amendment—that is what I have said.

Jamie McGrigor: Well, I agree with some of what you say, but I could not accept the inclusion of a mandatory “must”.

The Convener: The member’s position on the matter is clear.

Jamie McGrigor: I beg your pardon, convener. I agree with the member to a certain extent, but I could not accept the inclusion of a mandatory “must”.

The Convener: I thank Jamie McGrigor for that. It is not really possible to have negotiations between members in bill proceedings. There will be an opportunity after this stage for you to discuss whether—

David Whitton: Well, as there is still a degree of disagreement between Jamie McGrigor and me, I will press my amendment.

The Convener: Okay. The question is, that amendment 1 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Livingstone, Marilyn (Kirkcaldy) (Lab)
Macdonald, Lewis (Aberdeen Central) (Lab)
Whitton, David (Strathkelvin and Bearsden) (Lab)

AGAINST

Brown, Gavin (Lothians) (Con)
Gibson, Rob (Highlands and Islands) (SNP)
Harvie, Christopher (Mid Scotland and Fife) (SNP)
Thompson, Dave (Highlands and Islands) (SNP)

ABSTENTIONS

Smith, Iain (North East Fife) (LD)

The Convener: The result of the division is: For 3, Against 4, Abstentions 1.

Amendment 1 disagreed to.

Amendment 2 moved—[David Whitton].

The Convener: The question is, that amendment 2 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Livingstone, Marilyn (Kirkcaldy) (Lab)
Macdonald, Lewis (Aberdeen Central) (Lab)
Whitton, David (Strathkelvin and Bearsden) (Lab)

AGAINST

Brown, Gavin (Lothians) (Con)
Gibson, Rob (Highlands and Islands) (SNP)
Harvie, Christopher (Mid Scotland and Fife) (SNP)
Thompson, Dave (Highlands and Islands) (SNP)

ABSTENTIONS

Smith, Iain (North East Fife) (LD)

The Convener: The result of the division is: For 3, Against 4, Abstentions 1.

Amendment 2 disagreed to.

Section 6 agreed to.

Sections 7 to 18 agreed to.

Long title agreed to.

The Convener: That concludes stage 2 consideration of the bill. I thank Jamie McGrigor and the bill team for their attendance. I suspend the meeting for five minutes, to allow a changeover of panel members.

10:07

Meeting suspended.

10:13

On resuming—

Energy Inquiry

The Convener: The next item of business is an initial evidence-taking session in our determining and delivering Scotland's energy future inquiry. I draw members' attention to the late papers that have been circulated.

I welcome David Wilson, who is the director of the Scottish Government enterprise, energy and tourism directorate; Jane Morgan, who is a deputy director and the head of the energy and telecommunications division; and David Rennie, who is the head of the energy policy unit.

The purpose of today's session is to hear evidence from the witnesses in order to set the scene for our energy inquiry and to understand what current Scottish Government policy is and what its future policy will be. A new document, "Energy Policy: An Overview", which was published yesterday, has been circulated; the witnesses will give a presentation on its key parts. I think that David Wilson will start.

David Wilson (Scottish Government Enterprise, Energy and Tourism Directorate): Jane Morgan will begin. She will give an overview of energy policy in her presentation.

Jane Morgan (Scottish Government Enterprise, Energy and Tourism Directorate): Good morning. As the convener said, "Energy Policy: An Overview" was put on the Scottish Government's website yesterday and sent to the committee then. I realise that members have had a rather short time to read it. I will give members even more of an overview of energy policy than that document does. Obviously, I cannot talk about everything in the document, but I will give a brief context for members' questions. I realise that those questions will go into much more detail than any presentation that we can give.

The first key point to make is that the energy policy is designed to fit clearly with the Scottish Government's overall purpose of securing sustainable economic growth. We have two headline objectives—to ensure that the energy sector contributes to economic growth, and to ensure that it does so in such a way as to meet objectives to reduce carbon emissions.

10:15

I will briefly remind members of some of the existing targets towards which we are working. The first is perhaps the best known; it focuses on a subset of energy—electricity. As members can see on the slide, we want 50 per cent of the

Scottish demand for electricity to be met from renewable sources by 2020, with an interim milestone of 31 per cent by 2011. The continued growth of renewables will contribute towards meeting an 80 per cent reduction in carbon emissions by 2050.

Since those targets were set, the European Union has set a target of 20 per cent of energy to be met by renewable sources by 2020. The slide says “2050” but that is wrong—I apologise. That energy target covers electricity, heat and transport. The United Kingdom has been allocated a target of 15 per cent by the EU, which takes account of the UK’s wealth and of its starting position—which, overall in the UK, is low. The Scottish Government wants to go further and to hit a target of 20 per cent. Also, as I have said, we obviously want the growth in renewables to help us to hit our gross domestic product targets.

Ministers have a number of guiding principles in promoting energy growth and clean energy in particular. The principles are shown on the slide I am showing now. I will not go through them all, but it is worth noting both the wish for a strong commercial sector and the wish for community involvement and benefit, especially in the growth of renewable and decentralised energy.

There is an increasing push to play a leading role in Europe—contributing to European policy development and promoting the growth of our energy sector through working with European partners. To that end, the Government is working to set up a Scottish European green energy centre.

The two sides of the next slide deal with slightly different issues. The left-hand side reflects the point that I made earlier—that energy can be regarded as being composed of heat, transport and electricity. The objective is to become cleaner in all three. The right-hand side gives some idea of the current contribution of the energy sector to the overall economy. However, it is important to point out that the 3 per cent figure shown reflects quite a restrictive definition of the energy sector. If committee members wish, we can go into that in more detail later.

The next few slides deal with production and then consumption. It is important to note that the Scottish Government is focusing on the contribution to the economy of the production side and on the cleaner agenda, but it is also focusing on consumption, which offers a clear way of reducing carbon emissions. Focusing on consumption also offers clear economic opportunities.

On the production side, the slide shows a number of bullet points, first on electricity. Clean energy can come from a range of renewables

technologies. The focus to date—in terms of what is contributing to installed capacity—has been on onshore wind and hydro. The objective is to have a much wider mix involving offshore wind, marine and biomass in particular.

As members will be aware, there was much debate yesterday at the conference organised by the Scottish Council for Development and Industry about the Scottish Government’s view that nuclear energy is a very costly way of generating electricity and is not needed as part of the mix. The view is that market incentives will lead to new investment in thermal generation. In the UK, we have a system of market-led development, which gives incentives to new investment. One can expect to see new investment as much in thermal as in renewables.

I will mention heat again, to make the point that electricity is not the whole picture. At the moment, gas and oil dominate the way in which we heat our homes, commercial buildings and so forth. Part of the objective must be to move away from that dominance to renewable sources.

The push for cleaner energy is driven partly by European Union trading schemes. At the moment, such schemes affect generators and intensive users, but we need to do more than that: I am thinking of incentives for carbon capture and storage, to get that sector going. Towards that end, the Scottish Government has been pressing the UK Government hard to make speed in its funding of a CCS competition. For Scotland, CCS is not only an issue of carbon savings but an economic opportunity. Scotland has a strong research capacity in carbon storage and, indeed, engineering capacity in companies such as Doosan Babcock.

Where fossil fuel is the prime source of generation, we have a real opportunity to use it more effectively. In saying that, I am referring to the use not only of electricity but of combined heat and power. There is also the important issue of capturing waste heat, particularly from large industrial complexes such as Grangemouth; such work is really only beginning to be done. We do not want to pretend that we have looked into the matter extensively, but it is firmly on the agenda for the next few years. The oil and gas sector is hugely important to Scotland in terms of production and the supply chain. In that regard, our colleagues in Scottish Enterprise play an important role in helping companies to grow and internationalise.

I will stay with production but look briefly at renewable energy. We are seeing significant progress towards the interim target of having 5GW installed by 2011, which by our reckoning equates to 31 per cent of demand. As the minister announced yesterday, given that 5.5GW of

projects are either installed or consented, the figure for installed capacity by 2011 would seem to be a justifiable expectation.

The main, but not the only, lever for promoting renewable electricity is the renewables obligation. Recently, we consulted on the introduction of banding to the renewables obligation, which would enable more support to be given to emerging technologies such as marine and offshore wind. We are taking a range of other actions to promote those emerging technologies. The committee may wish to ask us about that later in the session.

On infrastructure, I highlight support for the European Marine Energy Centre in Orkney, the carrying out of strategic environmental assessments to guide future development and the provision of grant support for technology development. The committee will be aware of the Scottish Government's announcement of the Saltire prize, the aim of which is to grow Scotland's profile in renewable energy, particularly in marine energy. Indeed, the aim of the prize is to help the sector to grow.

Around the end of this month, the Government will publish a renewable energy framework that covers power, heat and transport and shows how Scotland will address those three areas and contribute to the EU target. We will set out in that document our proposed targets for Scotland and those for the three sectors. We are considering different scales of generation, including microgeneration, the funding for which has already been trebled. For the future, we want to give further consideration to decentralised energy more generally.

One potential constraint on the growth of renewable energy is the operation of the grid. The currently proposed grid reinforcements allow for the 8GW of renewable electricity that is required to meet the 2020 target, but some of the bigger issues are about current access to the grid. Along with many in the industry, the Scottish Government believes that the recent proposals by the Department for Business, Enterprise and Regulatory Reform and the Office of Gas and Electricity Markets as part of the transmission access review do not go quite far enough. Officials are participating actively in that review. As members will know, the First Minister has made a strong case that transmission charging is not fair and, to a degree, disincentivises investment in Scotland.

The future export potential of renewable electricity from marine and offshore wind is huge. We are carrying out studies into the development of offshore grids with partners in Northern Ireland and Ireland, and we are seeking partners for studies on a North Sea grid. The aim is to make the commercial case for investment in an offshore

grid. We are not talking about the Scottish Government investing in the grid; we are trying to demonstrate to the wider interest that a commercial case can be made for that investment.

I will move rapidly on to consumption, which is the other side of the picture and provides opportunities to reduce carbon impacts on the environment. There is a carbon imperative to act to reduce energy consumption, or at least to increase energy efficiency, but the rising prices that we have seen of late give that action added focus. Some powers in the area are reserved to the UK Government, but the Scottish Government has responsibility for the promotion of energy efficiency. Building standards are increasingly being ramped up to achieve better energy efficiency for new buildings. Advice and information for householders and businesses is funded through the energy saving Scotland advice network, which is run by the Energy Saving Trust and, for larger businesses in the public sector, the Carbon Trust. Loans are available to small businesses to take energy efficiency measures.

There are many available measures, with pretty good uptake, but we envisage a continued push on that. The intention is to develop further the services that the Energy Saving Trust provides. As members may be aware, a lot of attention is currently being given to making existing fuel poverty measures better focused on the most vulnerable. There is also a lot of focus on CERT—the carbon emissions reduction target. I do not know whether members are familiar with that, but it is a requirement on energy suppliers to fund energy efficiency measures for their consumers. Its predecessor was called EEC—the energy efficiency commitment, but the current version is called CERT. A group has been set up with ministers to consider how we can get the most out of the CERT requirement for Scotland.

I will continue to rush rapidly through my presentation—I apologise if I have rushed too rapidly. The key opportunity is to exploit our strengths. As ministers have made clear, Scotland has a big competitive advantage in energy: we have natural resources; a strong research base in our universities; and knowledge and skills, particularly in the oil and gas sector, that can be transferred to the renewables base to allow Scotland to become a leader in clean energy. That is a huge opportunity that must be exploited.

10:30

We have to ensure that UK frameworks—for example in relation to the operation of the grid—do not restrict growth and that the growth that can be secured benefits individual communities. It can act as a driving force for wider community regeneration, as it has in the Scottish islands

where communities have been involved in renewable energy projects.

Finally, there is the challenge of dealing with the impact of rising energy prices.

The Convener: I see that there are no questions from members at this point. The document to which you referred is called "Energy Policy: An Overview". Is the intention to develop that overview into a more detailed strategy? If so, how will that happen and what is the timescale?

David Wilson: The document's principal purpose is to give an overview—as its name suggests—and to draw together the wide range of different activities to explain how everything fits together. We do not intend to develop it into a specific, detailed, single, energy strategy as such.

As Jane Morgan said, there are many detailed areas—the renewable energy framework is an example of how we are driving forward renewable energy—and a number of other components to do with energy efficiency. It is an overview, but there will be more specific action plans and frameworks on individual components of it.

Gavin Brown: I was astonished to read in the document:

"The main objective as far as Energy is concerned is to progressively increase the generation of renewable and clean energy, to migrate Scotland away from a dependence on nuclear energy."

That seems different from the main energy objectives of every other country in the developed world: price and affordability, security of supply and the reduction of carbon emissions.

Let us imagine—many experts say that this is not possible—that we completely replace nuclear with renewable and clean energy. What would be the consequences in the short and medium term for carbon emissions, for security of supply and for price and affordability?

The Convener: Gavin Brown has just outlined the purpose of our inquiry.

David Wilson: I am happy to answer the nuclear question in more detail, but will you clarify your initial point about the main objective?

Gavin Brown: It concerns me that instead of saying that our main objectives are to ensure that we reduce carbon emissions, provide affordable energy to people throughout Scotland and ensure security of supply—which are universally accepted as main priorities for just about every other country—we say on page 1 of the document that our

"main objective as far as Energy is concerned"

is to move towards clean energy and away from nuclear. Why is that our main objective?

David Wilson: I would not underestimate the fact that we make objectives around security of supply, affordable electricity and energy for all very clear in the document. It tries to make clear that we seek to draw together our energy—and in particular our electricity—approach to drive an electricity mix that can enable renewables as a key objective and a vision for how we want to take electricity forward in Scotland.

There are huge technological challenges around that, in relation to CCS and everything else, but we want it as a key objective of policy. That is not to say that any of the other things that you mentioned are unimportant; nothing in the document suggests that.

Gavin Brown: It does. It suggests that the main objective is to do exactly what it says on the tin. If that main objective is achieved—if we replace nuclear with renewables—by how much will we reduce carbon emissions, for example?

David Wilson: That is a wider question of—

Gavin Brown: Just give me a ballpark figure.

David Wilson: Our target is to reduce carbon emissions by 80 per cent by 2050. Electricity generation, by definition, has to make a significant contribution.

Gavin Brown: I know what the figures say, but in replacing nuclear with renewables, by how much are we reducing carbon emissions? Will you give us a ballpark figure?

David Wilson: That depends on an assessment of the life-cycle emissions of nuclear power.

Gavin Brown: Ballpark figure?

David Wilson: That is not an entirely understood—

Gavin Brown: Ballpark figure?

The Convener: I remind the member to put questions through the chair.

Gavin Brown: I apologise.

David Wilson: One issue that we want to explore further—it is certainly part of our overall assessment—is to understand better the life-cycle carbon emissions of nuclear power, ranging from the mining of uranium to full decommissioning. One key point in the Government's response to the UK Government's consultation on the future of nuclear power is that our assessment of the life-cycle CO₂ emissions of nuclear power is significantly greater than most people's. For that reason, we are deeply concerned about the carbon emissions of existing nuclear facilities and any new facilities. That is one of the many reasons why we do not support nuclear in Scotland.

Gavin Brown: I apologise to Mr Wilson and to you, convener, for not going through the chair. I have just a quick follow-up question.

The answer seems to be that we do not know what impact there will be on carbon emissions if we go from nuclear to renewables. What impact will there be on price and security of supply?

David Wilson: There is also a detailed question about the costs of nuclear. To make that assessment, we would need to include the full historical costs of the nuclear stations in Scotland. As the member will know, there have been substantial debt write-offs of nuclear stations through the privatisation process and everything else. The full assessment would be difficult to make.

The key point about renewables policy is that the Scottish Government and the UK Government recognise that, to incentivise renewable electricity, we need financial mechanisms such as the non-fossil fuel obligation. That additional cost is passed on to consumers as a mechanism that is widely supported for incentivising renewables. Ofgem has estimated that, across the UK, it currently costs us 8 per cent.

Christopher Harvie: I have a question about nuclear futures. The German coalition Government also wants to withdraw from nuclear generation, although there are differing views in the Christian Democrat party. On the ground that the Germans still have an industrial quotient of gross national product above 25 per cent—ours is roughly half that—that seems to me, having lived there for 30 years, a sensible policy.

What constraints would be put on any form of generation future by the fact that when we went into North Sea oil in 1970 we had an industrial quotient of gross domestic product of upwards of 30 per cent, whereas it is now lower than 14 per cent? Can we make the necessary adaptations? If we currently cannot, what changes to our technology, labour force and training network will be necessary?

David Wilson: Is that to make a nuclear future possible or—

Christopher Harvie: No, to make possible any form of future involving considerable new construction.

David Wilson: It is widely understood and accepted that the technological challenges that face just about any electricity generation mix are considerable. For nuclear technology they are considerable and, in our view, probably insuperable. For renewables technology, challenges and important technological issues will have to be addressed to release the massive

renewables potential that we have in Scotland, onshore and especially in our seas.

We recognise that carbon capture and storage as a technology will require technological, scientific and skills base development. There is no easy challenge in any of those options.

The key point, in answer to your question and the previous question, is that making progress on renewables and clean energy requires us to have some priorities. The priority is around renewables and clean energy. We are keen to work through Scottish Enterprise and related development organisations such as Skills Development Scotland to ensure that we have the skills that enable us to build the sort of investments that we need to make. That is already happening—for example with flue gas desulphurisation at the likes of Longannet—but more will need to happen. I would not underestimate the considerable will and push that will be required for renewables and clean energy. One of the key points that we are trying to make is that we will need to mobilise opinion and our economy to respond to that potential.

Lewis Macdonald: Like Gavin Brown, I will start with first principles. On opening the document, I had expected to read that the main energy objective was to promote renewables to reduce carbon emissions and that the secondary objective was economic growth. However, I read:

“The main objective as far as Energy is concerned is to progressively increase the generation of renewable and clean energy, to migrate Scotland away from a dependence on nuclear energy.”

Can the officials confirm that that has not been written in error? Is that the main objective of Government energy policy?

David Wilson: That is what the document says.

Lewis Macdonald: The secondary objective given is to maximise economic benefit through the maximisation of energy exports. What is the reasoning behind the adjustment in the target for renewables? I support the new level, but previous Government targets referred to the amount of electricity generated from renewable sources as a proportion of electricity generation in Scotland. The new target refers to renewables as a proportion of electricity demand in Scotland, which is a very different thing. In the debate in the chamber in January, the view of ministers seemed to be that Scotland ought to produce enough electricity for Scotland's needs rather than for export, as happened in the past. What is the reasoning behind the shift from a target in which renewables was given as a proportion of generation to one in which renewables is given as a proportion of demand?

Jane Morgan: My understanding is that the previous 40 per cent target was for renewables as a proportion of demand. That target was established by the previous Government and the forum for renewable energy development in Scotland. In changing the target to 50 per cent, we have also made a technical change, in that the target is now for gross demand rather than net demand. That means that we have taken into account the losses that occur in transmission and we will aim to meet net demand plus the losses. That is why the target refers to gross consumption. However, the 40 per cent target related to consumption, not generation. The target has been made harder not just by the increase from 40 to 50 per cent, but by adding an amount for the losses.

Lewis Macdonald: Essentially, the target is a higher percentage of a higher total.

David Wilson: Yes. To reiterate, the new target is more challenging. It also assumes the intention of maintaining the current level of exports and potentially expanding that further. That is why we have had discussions about grid developments and everything else. It is a very ambitious agenda.

Lewis Macdonald: I want to ask about a couple of things that came up at yesterday's conference—several committee members attended it—and which are closely related to points in the energy policy overview that has been presented to us this morning.

Scottish Power's estimate for installed capacity of renewables is that, by 2020, onshore wind will amount to 14GW but offshore wind will amount to some 25GW—the figures are for the whole of the United Kingdom, I hasten to add—and the UK's installed capacity of marine renewables will amount to 1GW to 2GW. Are those figures recognised and accepted in the development of the energy policy that we are hearing about? Do you accept the view of ScottishPower Renewables that, although close to half of the UK's onshore wind power will be generated in Scotland by that time, only around 10 to 12 per cent of the UK's offshore wind power will be generated here and that, therefore, up to 2020, onshore wind power will continue to be the main driver of the renewables targets that have been set for Scotland?

10:45

Jane Morgan: Ministers will set out a lot of that in the renewable energy framework, which will come out at the end of the month, so I am a little cautious about giving you precise figures now. Nevertheless, I can say that we recognise those figures. We will present a range of figures for onshore wind power generation, which will include that figure of 50 per cent of 14GW. We have

already said that we are aiming to produce 8GW from onshore wind power by 2020. We do not expect hydro power to grow considerably bigger than it is now, so you can expect that we might be talking about 5GW to 7GW.

The figure that you cite for marine wind power seems reasonable. It is worth saying that there is huge potential for that in Scotland and that we are in the lead in developing marine energy. Where it will be at by 2020 is difficult to say. There is a general expectation that most of the development will take off from that point.

In the document that we will produce towards the end of the month, we will set out estimates for how we think that the 8GW could be made up.

Lewis Macdonald: Lastly, I seek guidance on a matter for which I looked in vain in the overview document. At yesterday's conference, Jim Mather said that he and the First Minister had pressed the UK Government to consider a windfall tax on energy companies. Are the consequences of that being built into the consideration of Scotland's future energy economy and economic opportunities?

David Wilson: The First Minister and Mr Mather have made it clear to the UK Government that a windfall tax should be considered. There are a lot of detailed issues around what a windfall tax could cover and how it would be taken forward. However, it is certainly something that should be on the table and should be considered by the UK Government.

Lewis Macdonald: Such a tax could have fiscal impacts on a range of electricity producers, oil producers and distribution companies.

David Wilson: Who it might affect would depend on the detail, which would need to be considered.

Jane Morgan: The windfall tax is one current issue of debate. The overview document also mentions the discussion about how resources from the oil sector could contribute to the growth of the economy.

David Wilson: That is a good point. It is difficult to assess the significant additional taxation that the Treasury will receive this year as a result of high levels of oil production and, in particular, high oil prices. Obviously the majority of the tax year is yet to come, but it could amount to something of the order of £4 billion to £5 billion in additional taxation—although the price of oil is uncertain, so the number could be different. That is additional money that will be received by the Treasury through the existing taxation system, and the First Minister has pressed for that money to be used in a way that supports the overall energy channels that we have.

That is distinct from the issue of a windfall tax, which would be a new tax on electricity suppliers and others. The First Minister has made it clear that he believes that such a tax should be considered as well.

Lewis Macdonald: Let us be clear. The extra £4 billion to £5 billion of revenue that the UK Treasury will receive this year could be described as a tax on the windfall resulting from the high price of oil. However, you are saying that the First Minister is pressing for a windfall tax in addition to that.

David Wilson: The key thing about the tax on high oil prices is the fact that it is a tax on oil producers. The First Minister has also called for consideration to be given to a new, different tax on electricity and other suppliers.

Rob Gibson: I very much welcome this energy policy overview and recognise that it is a work in progress. I understand from what you have said that by exploiting Scotland's strength in natural resources we can become a leader in clean energy. I would have thought that, to avoid some of the trenches that are very quickly being dug with regard to some of the existing means of energy generation, it would be a good idea for the committee to take an overview of the matter. How do you think that the energy policy document will develop in light of what is happening in Europe with regard to the Turmes report, which is to be discussed this month and agreed next month by the European Committee on Industry, Research and Energy and opens up considerable prospects for development of offshore wind and marine energy in the North Sea?

Jane Morgan: We are engaged in many of those debates in Europe but obviously any discussions on policy must happen through and alongside the UK Government. We have certainly been very engaged in discussions on unbundling, which might have an impact on the Scottish electricity industry.

We are keeping our eye on discussions on marine and offshore wind energy. With the establishment of the new Scottish European green energy centre, for example, we are trying not only to build Scotland's profile but to ensure that Scotland takes a much more active role in many European Union-funded research programmes such as Interreg. Although the centre is only in virtual form at the moment, it has already promoted a number of applications. Over the next few months, the key task will be to establish its physical base in Aberdeen so that it can pull together academics, the industry and the public sector and allow them to work more proactively. As I said, we are also very engaged with the UK Government on policy deliberations, the agreement of directives and so on.

Rob Gibson: So you want to send a distinct message that, with regard to locating and constructing new methods of energy gathering, many parts of Scotland might develop industries that they have not been able to develop before.

Jane Morgan: Very much so. The potential for marine energy is greatest along the north and west coasts and in remote areas that will certainly benefit from increased activity. We have conducted—and need to develop further—a strategic environmental assessment on marine energy, which focused on the north and west coasts of Scotland.

Rob Gibson: I am well aware of that. I would be interested in being kept up to date with developments in Europe, because they might well benefit Scotland's contribution. The Turmes report is only one aspect; the Environment, Public Health and Food Safety Committee is looking at other measures that might well highlight certain issues that the inquiry needs to take on board.

David Wilson: I very much agree. We are happy to provide more detail on our activities in Europe and on what is happening with EU energy policy in general.

As someone who used to be responsible for marine and fisheries policy, I emphasise a point that the committee might well have heard people like me make before: in Europe, we are considerably important as a key player in developing not only the various debates, but the mechanisms and policies for addressing those debates.

I am always careful not to use the term “best practice”, but our improvements in planning consents and our overall mechanisms and decision-making processes are very much influenced by European directives, such as the habitats directive, and are increasingly considered by Europe as being extremely useful. We are grappling with industry and economic development arguments linked with energy as much as anyone else is. In particular, we are grappling with marine energy. There is fabulous potential around Scotland, which we should be immensely proud of. We can learn and benefit hugely from the overall European policy developments, but we also have a significant amount to contribute to those developments. That is why it is important that we further establish and enhance our profile and influence at European level, not only alongside the UK Government but in addition to it.

Rob Gibson: So, part of what you have to report on is a new generation that can provide energy security in a different way from how it has been defined before.

David Wilson: I would happily agree.

Dave Thompson: The reduction in carbon emissions and, in particular, the development of renewable electricity is being hindered by grid connection charges, which will be higher for any developments in the north of Scotland. It could be argued that that is the effect of transport costs. Do the consumers who are furthest away from the supply end pay more because of those additional transport costs?

David Rennie (Scottish Government Enterprise, Energy and Tourism Directorate): Two to 3 per cent of a consumer's bill—quite a small proportion of the overall cost—is a result of the transmission charging system. The vast majority of the charge is paid for by the generators. However, as the First Minister and others have pointed out, the signal that that sends out—to the renewable electricity sector and, importantly, with regard to replacement thermal generation—is such that the charge is a disincentive to locate in Scotland compared with other parts of the UK.

Dave Thompson: Is the 2 to 3 per cent applied equally to consumers throughout the UK?

David Rennie: Yes. It is an average.

Dave Thompson: So even people in the north of Scotland, where the power comes from, pay the transport cost element. I am thinking of a related scenario, in which the situation is reversed. In the Highlands and Islands, one of our biggest problems is that if we order goods from companies in the south of Scotland or, in particular, in England, massive transport surcharges are added on. People in the north, the islands and the Highlands end up paying massive extra amounts. The companies do not absorb the cost and charge a proportion to their customers in the south. However, it would seem that the reverse does not hold true. We in the north will pay 2 or 3 per cent more for our electricity as a result of transport costs that should fall on the shoulders of those in the south.

David Rennie: The electricity market is considered to be a UK market. I do not want to get too technical, but the way in which the transmission charging system works is that there is a notional centre of demand, which is just north of London. The further away from that one is, the more the generators pay. That is the current system in a nutshell. It is what the First Minister and others have talked about.

Dave Thompson: It is a double whammy. Not only is the charging system a disincentive for development, jobs and work in the north, but people in the north have to pay an extra 2 or 3 per cent. I presume that people in Europe, including in the UK, pay more for the gas and so on from Russia because it is being taken from Russia, and

that Russia, which is supplying the energy, can make a market charge. It strikes me that the grid charging system is totally anomalous and ridiculous, and that it penalises people, especially in the north of Scotland.

11:00

David Rennie: We cannot say that consumers in the north of Scotland pay 2 or 3 per cent more—2 or 3 per cent of the bill of consumers in the UK generally is made up of transmission charges.

Dave Thompson: That includes people in the north, who are next door to where the power is produced. Normally, supply and demand and the market would mean that the folk who were closest to the supply would pay a bit less.

David Wilson: I want to be clear on this point. We will give the committee a note that breaks down the figures. Transmission, which refers to the large-scale movement of electricity around the country, accounts for a small proportion of the overall bill that an electricity consumer pays. Most of the cost relates to generation. There is little differentiation between consumers in respect of transmission system charges. Strictly speaking, it is not a postage stamp system, but it is like that. However, there is a substantial locational incentive to generators. Peterhead's SSE plant pays very substantially more than an identical station in the south-east of England—in fact, such stations are paid to connect to the system. That washes out in the financial benefit to the generator of the location of its electricity station, and in its profit and loss and its decisions. The charge directly to consumers tends to balance out. It is a technical issue on which we will give the committee a note. We are not suggesting that there is a substantial additional charge for transmission use in the north of Scotland, compared with the south-east of England. We must be careful to make that clear.

Dave Thompson: Thank you. I look forward to receiving your note.

Jane Morgan mentioned the Scottish European green energy centre, which is being developed in Aberdeen. Will that rival the centre—I cannot remember its name—that has been established in England to pull together innovations in renewables? I spoke to some people last week who mentioned that centre, which will help people who are developing new methods of offshore wind installation, for example. Will SEDEC be able to assist people who have new patents and new ways of installing offshore wind generating capacity, so that they can develop businesses and new production methods in Scotland—from my point of view, preferably in the Highlands and Islands? Where do innovators from the north go to

the moment for Government support to get their proposals off the ground?

Jane Morgan: The first stop for essential support for companies in that area is Scottish Enterprise and Highlands and Islands Enterprise, which can direct companies to more specific support—for example, in relation to intellectual property and the issues that surround it. Those are the key organisations that work directly with companies—the Scottish Government does not do that directly.

You asked whether there is any overlap between SEGEC and the centre that was mentioned to you. I am not entirely sure what the person to whom you spoke was referring to in UK terms. There are organisations, such as the intermediary technology institute, ITI Energy, that fund research into energy. ITI Energy is trying to increase Scotland's intellectual property in the area by creating intellectual property that can be licensed.

The committee has previously considered in detail the UK Energy Technologies Institute, which you might be thinking of—

Dave Thompson: No.

Jane Morgan: Okay. I am not sure whether there is anything similar. SEGEC is trying to build Scotland's profile in Europe and to forge partnerships, which might be with England or English regions as much as they might be with Norway or Ireland. SEGEC's purpose is not to provide direct support to industry but to help people to work through European mechanisms and funding streams, which usually requires a mixture of partners in industry, academia and Government.

Dave Thompson: I was not thinking of the ETI; I was thinking about a means of helping people at the post-research stage to develop proposals that have gone through the basics and been accepted, so that we get jobs on the ground. How can we ensure that benefits such as employment go to the yards at Nigg and Arnish and to the Highlands?

Jane Morgan: I think that the development agencies have tried to establish a pipeline of support for the research and development process, from initial grant funding to prototypes—that includes mechanisms that are operated by the Scottish Government. There is a range of mechanisms, which are not necessarily specific to industry but are generic and support the R and D and deployment process.

David Wilson: It very much falls to HIE and Scottish Enterprise to do more detailed work with companies and to provide mechanisms and advice that companies can tap into. Substantial UK Government support mechanisms are available,

and Scottish companies should be encouraged to tap into such mechanisms and maximise the benefits that they can bring. It is right that the enterprise organisations should pursue the points that have been made about economic development—they are actively doing so.

Marilyn Livingstone (Kirkcaldy) (Lab): I realise that work is in progress but I am concerned that there will be no overall strategy. In your answer to Dave Thompson you talked about developing the industry in Scotland and about Scottish Enterprise and HIE. However, the enterprise agencies are no longer responsible for skills and development—Christopher Harvie referred to the need for skills. If there is no overall strategy, who will pull together all the strands as the big changes that the witnesses describe take place?

Gavin Brown and Lewis Macdonald talked about security of supply and cost. Massive forward planning is needed and we must have the right skilled workforce. I am not convinced from your answers that discussions have taken place with the sector skills council and Skills Development Scotland. The Scottish Further and Higher Education Funding Council is taking over a big review of funding to sectors. Who is pulling all that work together?

There have been delays in the planning system because we do not have enough planners. If there is no strategic overview of work across departments and the skills sector, what assurance can you provide that you will be able to consider the objectives that you set out in your paper?

David Wilson: Thank you for giving me the opportunity to correct any misunderstanding that might have arisen. I hope that I did not say that there is no overall strategy. We have increasingly recognised that so many different initiatives must be taken that a single strategy document that tried to draw together everything, with the detail that committee members would rightly expect, would be unwieldy. We propose to produce exactly the sort of clear action plan on renewables development that you would expect us to have, which will draw in wider issues about skills and so on. That raises somewhat different issues, such as the huge number of issues around the oil and gas sector and clean coal technologies. We are trying to achieve exactly what you suggest in relation to joining up activities. I was saying that the document is slightly more modest, just to draw the picture together.

Marilyn Livingstone: Who will be in charge? What department will take the lead and who will draw all this together? That was not all that clear.

David Wilson: One of the reasons why we are slightly cautious in relation to the renewable

energy framework is that we are considering how to draw together those things. There are a number of minister-led and industry-led groups. We are considering how to ensure that everything is fit for purpose to meet the overall challenges that you were right to raise.

On the industry developments, there is a move, which is clearly led by the Scottish Government and Jim Mather, to draw together the economic development challenges, such as those around renewables. We already have the FREDS group. There is a recognition that skills are critical to that. I know that these issues were discussed in detail on Monday at the strategic forum, which is chaired by John Swinney and Fiona Hyslop. On the key sectors that are identified in the Government economic strategy, such as energy, we need to be clear that the various activities of Government are working together closely. I know that the Cabinet Secretary for Education and Lifelong Learning and the Cabinet Secretary for Finance and Sustainable Growth are aware of that and want to have the systems in place for doing it. I agree absolutely with your overall intention—I just wanted to clarify that I was not disagreeing with that in any sense.

Marilyn Livingstone: I take it that you will have discussions with the construction industry.

David Wilson: Construction is critical to all this, in terms of renewables and everything else. I know that a number of activities are going on, such as discussions between Government and the sector skills councils, to ensure that the processes work well. We have a number of mechanisms for dealing directly with the construction industry. This is one of the issues that we keep under review.

Jane Morgan: The renewable energy framework will come out as a draft document and there will be a consultation process over a number of months, which we hope will involve our not just waiting for written comments, but engaging actively with the relevant sectors. The construction sector has probably gained most from the development of wind farms in recent years. One of the challenges is to get the benefit into other sectors. The consultation process will be active.

Marilyn Livingstone: Thank you. I chair the cross-party group on construction. I was interested to hear what dialogue was going on with the industry and what you would be doing in the future.

The overview document, under “Supporting actions: Protecting the environment” on page 19, says:

“Our commitment to renewable energy and sustainable economic growth needs to be balanced against environmental and social considerations.”

We have all seen examples of that. Although changes have been made to the planning process

and there is obviously a need to recruit new planners, are you confident that you can balance those considerations? You talked about the west coast of Scotland and marine development. How confident are you, moving away from nuclear energy, that you can achieve your goals? Members of this Parliament have seen many renewables developments overturned because of environmental, community and social issues. How confident are you that the new framework will allow these policies to be moved forward?

11:15

David Wilson: I do not know whether the committee has heard directly from the chief planner on wider planning skills issues, but we fully recognise the importance of ensuring that planning departments in local authorities have the right people with the right skills and the right degree of recognition that the overall objective is sustainable economic growth. That view is increasingly endorsed by local authorities as well as the Scottish Government, and must be taken into account fully as part of the planning process.

Many improvements in the mechanisms are being made. Jim Mackinnon, the chief planner, is probably better able to tell you about those in detail. You might have heard about this directly from one of the ministers, but John Swinney and Jim Mather have had detailed discussions with a number of directors of planning to talk through exactly those issues, and found an increasingly enthusiastic recognition of the need to ensure that planning departments are fit for purpose.

There is increasing confidence in the ability to deliver on the improvements that you—and we—are pressing for, and an increasing mindedness to do so.

I should emphasise one point. In preparation for my appearance here today, I looked at a number of the decision letters that people involved in my area of responsibility and the minister have issued recently. We should not underestimate the challenge in terms of making the decisions and balancing the wider objectives of economic growth and the encouragement of renewables with the conservation interests that are increasingly important. The balancing process must take place in the context of the habitats directive and the birds directive in particular. This is a challenging area to work in. It requires fine judgments and it involves important evidence and scientific input. There have been significant improvements in the way in which we and key local authorities are dealing with the decision-making processes.

We can be confident, but we should not underestimate quite how much work needs to be done.

Jane Morgan: It is worth emphasising that we are also taking steps to be ready to deal with more applications on the marine side by getting involved with our environment colleagues in marine spatial planning, so that we can help people identify where they might develop their devices. With wind development, we suffered from the fact that there was not a high degree of location guidance from the very beginning, although it is now developing. We are trying to take anticipatory measures on the marine side.

David Whitton: It is a pity that we did not have this paper before today. It would have been handy to have had sight of it before yesterday's energy conference at Murrayfield, which several of us attended. It would have helped to inform the discussion that we had.

There were points in the presentation about nuclear energy being costly and unnecessary. As it happens, Scottish Power's control centre is in my constituency in Kirkintilloch. I was there on Monday, which was a day not unlike today. I was looking at the control panels with the man who is in charge of making sure that all the lights stay on, and I asked him to explain what was on the screen in front of him. He showed me the output humming along nicely from Torness and Hunterston. I looked down a column that had a reading of zero and asked what it represented. He said, "That's the wind farm generation." There was no generation of electricity from any of Scotland's wind farms on Monday morning and I expect, given the weather, that there will be no generation today either. I therefore fail to understand how any sensible Government that is going for a balance of power generation can completely rule out the source of power that provides the base-load in Scotland on any given day.

I assume that the assertion that nuclear power is costly and unnecessary is the result of a political direction that you have been given and not something that a sensible official would offer as advice. Am I correct?

David Wilson: That is one of those particularly challenging questions that we relish.

To be clear, this Government has set out its views about nuclear power. I do not know whether members have seen the Scottish Government's response to the UK Government's consultation on the future of nuclear power recently. I suggest that they look at it again, as all the arguments to do with nuclear power are clearly and crisply set out in it.

There is something seductive—if I may use that word—about the argument for a balanced energy policy. Who on earth would disagree with the view that there must be a balanced energy policy? Who would want an unbalanced energy policy?

However, there is a particular set of challenges with nuclear power. Over the past 20 years, it has been a substantial component of Scotland's overall electricity supply; indeed, it is arguable that it has unbalanced the electricity system for many years. The clear argument that the Government's note relays is that a mix of different types of renewable energy, some of which are variable—we all know that wind energy is variable, but many types of renewable energy, such as some forms of tidal power, are not—alongside continuing fossil and clean energy capacity, which we are confident will be invested in in Scotland, can meet the needs of Scotland's consumers and continuing export needs. There is a clear view that a balanced mix, over time excluding nuclear, can easily provide both security of supply and a balanced supply. I am sure that the people in Kirkintilloch recognise that.

David Whitton: That is an interesting answer. I do not know whether Mr Wilson was at yesterday's conference.

David Wilson: I was not.

David Whitton: At the end of it, the 200-odd delegates voted on whether nuclear power should be included in any energy mix for Scotland. Mr Wilson may be surprised—I dare say that the ministers will be surprised—that the vote was in favour of including nuclear power in Scotland's energy mix. The room was chock-full of experts—I am not an expert on the matter by any means. Given the experts' view, is it not a bit remiss that you have not included nuclear energy in your considerations?

David Wilson: For the reasons that the Government has given and which I gave earlier, we think that there is an energy future in an electricity mix in Scotland without nuclear that builds on our huge comparative advantage with renewable energy and on the potential for clean energy sources to provide the electricity supply that we want while we meet our CO₂ emissions targets. It is becoming increasingly clear that if the UK Government or any Government wishes to pursue a nuclear policy, a successful nuclear policy—if there is such a thing—must involve a major power station programme. In the UK, for example, Sizewell B was designed to be part of a whole programme of stations, but it ended up being the only station that was built. For that reason, there were considerable cost overruns. If there is to be a successful nuclear policy, a lot of nuclear power stations are needed. The risk is then run of diverting technological activity, skills, research and development, and the push that must take place to progress renewable and clean energy. There is a major opportunity cost to having nuclear as part of a policy. The Government wants to focus on clean energy and

renewables, and, as I said, big challenges are involved in doing so. It will be difficult to focus on all those sources of energy at the same time.

David Whitton: I will not follow up on nuclear power, convener. David Wilson has talked about clean energy, but we have not mentioned coal much. I think that an announcement was made last year or about then on the possibility of a new deep mine at Canonbie. I do not know whether anything happened on that, but it is clear that opportunities exist for Scotland in the application of clean coal technology and carbon capture and storage technology. How important is Longannet power station with respect to the energy balance? How important is it that that power station is chosen as the place for developments in clean coal and carbon capture and storage?

David Wilson: I am not aware of the particular example—

David Whitton: I understand that the choice is between Longannet and Kingsnorth.

David Wilson: I was referring to the deep mine.

Given the oil price and energy price developments, coal is being reconsidered. We support that and want to examine the options.

David Whitton: Does that include sinking new shafts?

David Wilson: We want to consider coal, but I am not proposing what you suggest. There is a new dimension. New investments are being made in opencast and deep mining. As is consistent with what we have said, if we are to consider clean energy and using fossil-fuel supplies to provide a medium or long-term solution or maintaining the position in Scotland, we must look hard at enabling the likes of Longannet, Peterhead and other stations to continue as fossil-fuel stations.

David Rennie: Throughout the UK, interest is growing in the possibility of new deep mines, rather than reopening existing mines. We have had initial discussions with the Coal Authority, which licenses coal operations in the UK, about the possibility of a development in Scotland. One or two possibilities have been mentioned—some previous mines in Fife, for example, present challenges. We are in the early stages of discussions with the Coal Authority.

David Whitton: I am sure that my friends in the National Union of Mineworkers will be delighted to hear that.

The Convener: A couple of members have supplementary questions, which I ask them to keep brief.

Lewis Macdonald: We have discussed renewable energy targets. I thank the Scottish Parliament information centre for clarifying some

of the background to past targets. The previous Government originally set targets for generation, but from 2005, the targets were for installed capacity. The target that was described for 2011 is 5GW of installed capacity.

Jane Morgan: The target is 31 per cent of demand, which we expect to equate to 5GW.

Lewis Macdonald: But that is not 31 per cent of installed capacity.

Jane Morgan: It is 31 per cent of gross consumption.

Lewis Macdonald: What percentage of installed capacity will 5GW represent?

Jane Morgan: I would have to go away and look at that. In renewables, we work against a load factor of about 30 per cent, whereas for thermal generation, one assumes a higher capacity factor. Those two percentages must be taken into account and added together. Unless David Rennie has the answer at his fingertips, we will have to come back to you. We have the total consumption figure.

Lewis Macdonald: My principal aim is to be clear that the targets that are set acknowledge and reflect the difference in the load factor.

Jane Morgan: Yes. *[Interruption.]*

Lewis Macdonald: The percentage of installed capacity for renewables needs to be a good deal more than 31 per cent if renewables are to meet 31 per cent of demand.

Jane Morgan: A load capacity of 30 per cent is assumed. The load capacity in Scotland tends to be higher than that in England, but 30 per cent is taken to provide a means of making the calculation.

Lewis Macdonald: Having a note on that would help.

My other small point relates to the discussion that Dave Thompson raised about the consumer costs of transmission and distribution. It would help if the paper that you are to prepare on that included an estimate of the cost to Scottish consumers if we were not part of the British electricity trading and transmission arrangements. Mr Thompson suggested that Scottish consumers pay a penalty for those arrangements, but I suspect that, on balance, we benefit much more than we pay a penalty. If you could provide figures for the benefit and cost to Scottish consumers of being part of those arrangements, that would help.

David Wilson: So if we had a separate Scottish transmission pricing system—

Lewis Macdonald: Yes. Mr Thompson asked for the additional cost. I am interested in your

including in your response the additional financial benefit to the consumer of being part of the wider transmission arrangements. In other words, there is a small subsidy from the north of Scotland to the south of England on hydro, but is there a vast subsidy from central Scotland to other parts of Britain from nuclear and coal? I want to understand the overall costs and benefits of the shared transmission and distribution arrangements.

11:30

David Wilson: In technical terms, I am happy to give it a go, but we will need to spell out clearly what we are doing. We are talking almost of a technical assessment—

The Convener: Issues such as connection to the grid, charges and capacity will be examined in greater detail in the inquiry. Other people may be better placed to provide the detailed answers that the member seeks. However, any information that officials can provide will assist us in asking the right questions of the right people at the right time.

Lewis Macdonald: I understand the point, convener. It is important that the cost to the consumer is part of that report.

The Convener: Yes.

Dave Thompson: On that point, we should look not only at the current situation but the future; it is the future that is in jeopardy.

The Convener: We need to know where we are before we move on to working out where we are going.

Christopher Harvie: In terms of energy consumption, the pie chart shows 44.5 per cent coming from heat and 29.3 per cent—

The Convener: What page are you referring to?

Christopher Harvie: The pie chart in the slides.

It is well known that British housing is notoriously badly insulated. We do not even meet level C on the EU scale of adequate housing insulation. Germany has a programme of passive housing, which is a form of housing that takes no heating whatever—in essence, the houses heat themselves. What sort of gain are you looking to factor in from a domestic insulation programme? Such insulation is relatively low tech and highly labour intensive.

Jane Morgan: Two issues are involved. The first is new builds for which the building standards are increasingly being ramped up towards that model. The plan is for regular ramping up of those standards. The member may be aware of the recent work in the Sullivan report.

The second issue—existing housing—is not so tractable. However, a range of actions are being taken; ministers are actively considering the issue. Government provides advice and information to householders and there is also the CERT obligation, which I mentioned earlier and which requires utility companies to invest in energy-saving measures, including insulation. We also have programmes for the fuel poor.

A large range of activity is under way. For example, we are looking to see how Scotland can get more out of CERT. A range of ministers including the Cabinet Secretary for Health and Wellbeing and the Cabinet Secretary for Finance and Sustainable Growth have had considerable dialogue with the utility companies; dialogue that will continue. I cannot say too much more today other than that the matter is actively being looked at.

David Wilson: The German example is very interesting and the Energy Saving Trust is looking specifically at the German energy efficiency experience to see what we can learn. In the past, the UK took a slightly different approach from that which was taken in Germany. There is therefore the potential to learn from experience in that country. Perhaps it would be useful for the committee to chat to the Energy Saving Trust.

The Convener: We have one final question, which I will put. The committee has received a letter from the minister on the situation at Vestas in Campbeltown, which includes a briefing from Scottish Development International. *[Interruption.]*

A key problem that Vestas faced was the lack of an offshore market on the west coast. What is the Scottish Government doing to develop such a market? I am thinking not only of the west coast of Scotland, but neighbouring areas such as Ireland, Wales and the north-west of England, all of which could provide a market for the facility at Vestas. *[Interruption.]*

David Wilson: I owe the committee an apology. It is my phone that has been ringing. A colleague has now removed it from the room.

Jane Morgan: The emerging market that we are aware of on the west coast is in marine energy. Much of what we are talking about relates to natural resources—the physical circumstances of waves, tide and wind. Certainly, at present, the industry's interest in offshore wind generation relates very much to the east coast of the UK because of the natural resources that are to be found there. There is nothing in particular that we can do to change that.

There is interest around the Solway Firth, where Robin Rigg is already under construction. Marine power is a key interest; Vestas is already involved in offshore wind generation. I am not entirely clear

about what we can do in relation to Scottish waters. There is potential development elsewhere, but it brings with it some of the transport issues that have been highlighted.

The Convener: I thank David Wilson, David Rennie and Jane Morgan for their attendance this morning. The meeting has highlighted a number of issues. You have agreed to provide the committee with additional information, which will be gratefully received, on the grid and European energy policies. I have no doubt that we will see you again in the next few months.

We intend to bring the written evidence for our inquiry before the committee at its next meeting, so that members are aware of what has been received. We will consider a report on the committee's approach to the inquiry at our meeting of 24 September; hopefully, that will take us on to the next stage. I remind members of the seminar that has been organised by the Transport, Infrastructure and Climate Change Committee for the afternoon of 30 September, which is mentioned in paper EET/S3/08/16/3. The seminar will look at the greenhouse gas regional inventory project scenario planning tool. That will be of particular interest to us, as it illustrates what happens to the environment if we mix energy in different ways. I hope that members will be able to put the seminar in their diaries and to turn up for it.

While I was talking, the officials managed to do a quick changeover, so we can proceed straight to the next item. They have the technology to change over; that requires some integration in Government, which might not happen.

David Whitton: I am sure that I read somewhere that we have received 70 written submissions to date.

The Convener: Yes.

David Whitton: I may have missed this, but have we been given all the submissions?

Stephen Imrie (Clerk): Not yet, but they are publicly available. We have been photocopying them and compiling them in folders for members. I apologise if they have not yet been circulated.

David Whitton: They have not. I was confused, because paper EET/S3/08/16/3 states that the submissions

"are now online and have been circulated in hard copy".

I wondered whether I had missed them.

Stephen Imrie: No. My intention was to circulate all the written submissions before today's meeting, but we have been caught up with production of the rest of the committee papers. I apologise for that; we will get the submissions to you as soon as we can.

The Convener: The submissions are available on the energy inquiry web pages, so we can see them online.

David Whitton: To save Stephen Imrie photocopying and circulating the submissions, shall we just download them ourselves?

Stephen Imrie: It will be easier for members if you let us circulate them, because we will collate them, arrange them in alphabetical order and put them in a nice folder for you, so that you or your staff do not have to download them. We will get them to you as soon as possible.

Rob Gibson: There are 70 written submissions, so we are talking about the destruction of large forests. We must be careful when deciding whether we need to print out all the submissions—we can read what is online without producing paper copies. Perhaps it would be better for the clerks to circulate a summary of the proposals. We are talking climate change, as well as many other issues. Perhaps we should try to practise what we preach.

The Convener: If individual members do not wish to receive paper copies of the submissions, they should let the clerks know, and the clerks will not produce paper copies for them. Some members may prefer to receive paper copies.

David Whitton: Reading too much stuff on a computer screen is the reason why I wear glasses today. I appreciate the point that Mr Gibson makes, but I would much prefer to receive paper copies of the submissions—to save my eyesight, as much as anything else.

The Convener: I agree. I have not yet found a way of highlighting text on a computer screen.

Subordinate Legislation

Electricity Works (Environmental Impact Assessment) (Scotland) Amendment Regulations 2008 (SSI 2008/246)

11:39

The Convener: Item 6 is subordinate legislation. Colin Imrie and Debbie McCall from the Scottish Government are here to tell us about this negative Scottish statutory instrument and to answer any questions that committee members may have.

Colin Imrie (Scottish Government Enterprise, Energy and Tourism Directorate): Thank you for this opportunity to explain the regulations. I will start by telling members where my colleague and I are situated in the hierarchy. Debbie McCall and I work in the same team as David Wilson and Jane Morgan, dealing with energy consents, which is today's subject. I also work on European energy policy and lead the European energy project team. I am also on the renewable energy framework team, so I deal with a range of issues. Debbie McCall leads the team that deals, day to day, with the consents process and environmental impact assessment procedures in particular. These regulations seek to implement a directive that will amend those procedures.

I will ask Debbie McCall to give members the details, while I work the computer to show the slides.

Debbie McCall (Scottish Government Enterprise, Energy and Tourism Directorate): Because I cannot do two things at once.

Thank you for inviting us here today. We will talk about the legislative framework that supports electricity generation, including renewable energy generation. In particular, we will talk about amendments to the electricity works regulations. As Colin Imrie said, we both work in the energy consents unit—he is the head of the unit and I am the general manager.

Electricity generation in Scotland is legislated for under two main regimes. The Electricity Act 1989 is concerned with large-scale electricity generation, by which I mean energy-generating stations above 50MW, or 1MW for water-driven generation such as hydro. The Town and Country Planning (Scotland) Act 1997 permits smaller developments onshore, below the generation thresholds of the Electricity Act 1989.

The Electricity Act 1989 is the primary legislation for giving consent to large-scale electricity-generating developments. The act is reserved, but the consenting of electricity generation has been administratively devolved to the Scottish ministers.

The act details the capacity requirements, the planning authorities' role in advising the Scottish ministers—on any need for a public inquiry, for example—and the powers for deemed planning permission. Schedule 9 to the act places a duty on ministers to protect the flora, fauna and natural beauty of Scotland.

The Town and Country Planning (Scotland) Act 1997 relates generally to smaller-scale developments for generating stations of below 50 MW or 1MW, which are determined by the planning authorities.

In addition to the primary legislation we have a number of examples of secondary legislation. The Electricity Works (Environmental Impact Assessment) (Scotland) Regulations 2000 detail the need for environmental information and statements for specific projects. They also detail the requirements for each stage of the EIA process. In addition, there are the Electricity (Applications for Consent) Regulations 1990, which detail the processing of applications, the publicity requirements, the timescales for representations from the public, and fees.

We are now seeking to amend the first of those pieces of secondary legislation, and I will explain that in a bit more detail later.

The Electricity Act 1989 places on ministers a duty to protect the environment when considering an application. Any determinations must also comply with the expectations of EU legislation; the Scottish ministers are bound to respect the commitments under the EU habitats directive and the EU birds directive.

The water framework directive, as transposed under the Water Environment (Controlled Activities) (Scotland) Regulations 2005, ensures the protection of the water environment in Scotland. Most developments, and definitely hydro developments, will require what is called a CAR licence—under the controlled activities regulations. We have an agreed process with the Scottish Environment Protection Agency, which is the licensing authority under CAR, to ensure that energy consenting and CAR regimes work in parallel where possible.

In considering all those factors, the Scottish ministers are committed to ensuring that good developments flow through the planning system quickly. A good development is one that has addressed all environmental and planning impacts prior to the submission of the application. Later, I will talk briefly about how we intend to realise that quickness.

The new electricity works regulations that we are discussing today are a transposition of the European Union directive on public participation, which amends the directive on the assessment of

environmental effects. The regulations seek to increase the public's right of engagement, and the level of engagement, in energy consent applications.

In line with the public participation directive, we are introducing clear guidance on the availability of information to the public. That relates not only to making available to the public more information that supports applications, but to increasing the public's knowledge of the energy consents process, so that members of the public can easily understand the system and their role in it.

11:45

A consultation covering several EIA regulations was carried out in May 2005, the results of which have helped to form the amendment regulations. We have prepared a guidance note on the changes that the new legislation will introduce. So what is new? There will be greater access to key information relating to applications; more opportunity for the public and groups to make representations to the Scottish ministers; better notification of determinations; and guidance on reviews.

A new stage in the process will allow the public to make further representations on applications to the Scottish ministers. It will also provide greater public scrutiny of substantive information that is supplied by the applicant or the statutory consultees, such as SEPA and Scottish Natural Heritage. The definition of statutory consultees will now include other statutory bodies with environmental interests, such as English Heritage, which might be involved where there are cross-border implications.

The new public notices will better describe the representation procedure, the public inquiry procedures and possible decisions and give judicial review guidance. The key point is that the planning authority will have to place on the planning register all substantive information from developers or statutory consultees to allow the public to see what the key parties' views are on applications, before they are determined.

All new applications that are received will be subject to the amended regulations. Previously, substantive information that was supplied by the developer was always part of the consultation process. Now, additional information that is supplied by statutory consultees will be made available to the public through the planning register prior to determination. The public will have an additional opportunity to comment once they have read the statutory consultees' advice. In working terms, that means that when a first statutory response is received, the Scottish ministers will ask for it to be placed on the

planning register. The developer will place an additional public notice telling the public of the new information and inviting them to comment further to the Scottish ministers. Basically, that is a new opportunity for the public to comment, informed by SNH's and SEPA's views. All statutory consultees' responses will be placed on the planning register, but that will be advertised only in the first instance. There will also be greater notification of outcomes. The Scottish ministers will ask developers to place a further public notice when a determination is made. The notice will give greater detail of the determination and signpost the public to the full consideration of the determination.

We expect the changes to support the energy consents process. We do not expect the process to be lengthened at all, as the additional consultation process will fall within the four-month statutory consultation time that local authorities have to come back to ministers on an application. Obviously, a small cost burden is placed on developers as a result of the need for new public notices, but the burden is minimal and we believe that the changes will enhance transparency and confidence in the planning system. We have issued guidance on the amended regulations to developers, planning authorities and statutory consultees.

I said that I would speak about the improvements that we are making that we hope will deliver quicker determination times for good projects. I will skip through them quickly. The second national planning framework, which is to be published in 2008, highlights grid reinforcements as national developments. Following the publication of Scottish planning policy 6, planning authorities are preparing locational guidance, and consultations and seminars are being held to help local authorities do that. The second annex to planning advice note 45, on locational guidance, should be available in early 2009.

Aviation and radar are of particular concern in relation to wind farms. The Scottish and UK Governments, airport authorities and NATS are working on a UK initiative to bring new solutions and a case-by-case approach. Working with key partners on regional initiatives in the southern Scotland area, we are looking for local solutions for Scotland. We are keen to front-load the application process by encouraging developers to use the Scottish Government's scoping services. There is a strong recommendation to developers to carry out pre-application consultation so that, where possible, they build community support for applications. We have an applications checklist, the use of which is compulsory—applications are reviewed against the checklist before they are formally accepted.

Our ambition is to determine new applications within nine months when there is no need for a public inquiry. Eight applications have gone into the system since we have committed to the timetable. We will use seven principles to review the progress of the first six applications later in 2008.

To ensure that key players can work effectively to meet the deadlines, we are reviewing the fees to support the process and focusing public local inquiries on key issues—rather than allowing them to be free ranging, which could take more time.

We are working to encourage local authorities to share our 50 per cent national outcome. The concordat with local authorities offers a new opportunity to refresh and reinvigorate the co-working of the two bodies in considering renewable energy developments. The Scottish ministers are keen that both regimes are supportive of each other and will offer planning authorities greater guidance on effective delivery, consideration of applications and community engagement. As David Wilson mentioned, ministers recently met planning department chief executives.

We are undertaking a number of other developments, including a Scotland-wide database on renewable developments in Scotland; a simplified approach to consent for offshore development; guidance on recurrent applications; and the consultation on the Scottish Marine Organisation. That is a summary of the things that are going on in association with the amended regulations.

Lewis Macdonald: You said that the additional registration and public notice—the new consultation period—would have no impact on the length of consideration, because it would fit within the window of a council's response time. Can you confirm that there will be zero impact on the time of consideration? Are there any other aspects of the regulations that will have an impact on the consideration time for applications at consent level?

Debbie McCall: Your assumption is correct: we expect the amendments not to mean that it takes any longer. A developer can give any statutory consultee longer for their consideration, but we envisage one of the statutory consultees coming forward within the first four months of that additional process. The consultation period happens only in the first instance of someone coming forward. For example, if Scottish Natural Heritage responded within its timeframe, the consultation period would start, which would still be within the four-month time period. However, we cannot prevent the developer from allowing all statutory consultees to extend their time.

Lewis Macdonald: You mentioned that, in association with the regulations, ministers have put in place a nine-month target for applications where there is no need for a public inquiry, and that you are monitoring those that have come in since then. Does that mean that the applications that were outstanding before that introduction date are likely to lose their place in the queue for consideration?

Colin Imrie: I will answer that one. The minister announced last December that we are working towards the nine-month target. It is based on taking all the various steps in the process together, adding them up and saying that if we can manage everything in that timescale, we will seek to do so. We do not expect that every application will meet that target, because one of the key principles that will allow us to meet it is that the application is a good one on which the local community has been properly consulted and the issues have been dealt with.

Six applications came in at the start of the year. We are monitoring their progress carefully. One has to remember that they were prepared before the timescale was introduced. As a consequence, we have to deal—and we will deal—with the fact that they are perhaps not perfect.

Previous applications have been given as much importance as current applications, to ensure that any remaining issues are dealt with expeditiously. All 18 consents during the past year relate to previous applications.

In practice, there has been a twin-track process of seeking to resolve issues with previous applications, including negative decisions in some cases, while introducing new procedures for new cases with the hope that they will proceed more expeditiously.

Lewis Macdonald: How many outstanding applications were submitted before December last year? Will the regulations apply to them?

Debbie McCall: The regulations will apply only to new applications.

Lewis Macdonald: And how many do you have outstanding from before the targets were set?

Debbie McCall: I would need to check the exact figure, but there are approximately 29 or 30.

Colin Imrie: A certain proportion of those applications have been suspended with the developers' agreement because there are outstanding issues that require time to resolve. If they are suspended, the clock stops ticking.

Debbie McCall: Approximately 15 are suspended, and four are at public inquiry.

Gavin Brown: I have a quick question on the Executive note. One factor in the regulatory impact

assessment is the effect that the regulations may have on business. The note says that

“some procedural and financial requirements will also fall to developers.”

What might those financial requirements be?

Debbie McCall: The financial requirements involve the costs relating to the additional public notices. We do not expect any other related costs to be placed on business. We think that, in the scheme of things, that is minimal.

Christopher Harvie: When you investigate a scheme, do you take into account the capacity of the power lines in the area to take additional electricity from a wind farm? Would that be a factor in establishing whether an application was granted, or whether extensive new lines were required?

Debbie McCall: Grid connection is a material consideration.

The Convener: There are no further questions, and no motions to annul have been lodged. The Subordinate Legislation Committee determined that it did not need to draw the instrument to the attention of the Parliament. No member wants to comment. Does the committee agree that it has no recommendation to make on the regulations?

Members *indicated agreement.*

The Convener: I thank the officials for their useful information.

Work Programme

11:57

The Convener: As I am sure members will be pleased to know, item 7 is our final agenda item. The clerks have produced a paper that outlines the proposed committee work programme for the next few months. Do members have any comments?

David Whitton: Last year, we conducted a couple of one-off investigations—the one on the credit crunch and housing was particularly well researched by the Scottish Parliament information centre. Given that there will be a major debate about local income tax, and whether Scotland needs it, could we ask for a paper on the effect of local income tax on business? The subject falls within the committee’s remit. There has been a lot of evidence to the consultation from organisations such as the Confederation of British Industry and the Scottish Trades Union Congress, which have said that there could be a negative impact. Given the current state of the Scottish economy, could we ask for a one-off paper on that?

The Convener: I am happy to consider that, but I should perhaps consult the Local Government and Communities Committee to ensure that we do not duplicate something that it is already doing.

David Whitton: I am not aware whether it is doing that—it was just an idea.

The Convener: I have nothing against the idea in principle, but I will consult the other committee first. There is no point in the organisations involved giving evidence on the same matter to two committees. The clerks can consult their counterparts on that.

Lewis Macdonald: That is a helpful suggestion. I suggest that the offshore oil industry is included in the remit of that inquiry. I have asked questions of ministers, but I have had rather unclear responses on the impact on offshore oil workers and employers of an income tax that is different in Scotland from that in the rest of the UK. I hope that, in such an inquiry, the offshore aspect is fully taken into account.

The Convener: That is duly noted. If there are no other comments, are members content with the work programme, subject to that possible addition?

Members *indicated agreement.*

The Convener: That means that my first meeting as convener will conclude at 12 o’clock, which, I am pleased to say, was the target time. I thank members for their co-operation.

I will not be present next week because of a prior commitment, so the deputy convener will be in the chair. That is possibly news to him, but I am sure that he will cope adequately.

Rob Gibson: Thank you, convener.

Meeting closed at 12:00.

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