

# **ECONOMY, ENERGY AND TOURISM COMMITTEE**

Wednesday 14 January 2009

Session 3

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## ECONOMY, ENERGY AND TOURISM COMMITTEE

### 1<sup>st</sup> Meeting 2009, Session 3

#### CONVENER

\*Iain Smith (North East Fife) (LD)

#### DEPUTY CONVENER

\*Rob Gibson (Highlands and Islands) (SNP)

#### COMMITTEE MEMBERS

\*Ms Wendy Alexander (Paisley North) (Lab)

\*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)

#### COMMITTEE SUBSTITUTES

Nigel Don (North East Scotland) (SNP)

Alex Johnstone (North East Scotland) (Con)

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

David Whitton (Strathkelvin and Bearsden) (Lab)

\*attended

#### THE FOLLOWING GAVE EVIDENCE:

David Anderson (Industrial and Power Association)

Mike Barlow (Scottish and Southern Energy)

Ross Baxter (Scottish Power)

Stephen Boyd (Scottish Trades Union Congress)

Stuart Cook (Office of Gas and Electricity Markets)

Iain Duff (Scottish Council for Development and Industry)

Andrew Hiorns (National Grid)

Scott Mathieson (Scottish Power)

Duncan McLaren (Friends of the Earth Scotland)

Iain McMillan (CBI Scotland)

Jason Ormiston (Scottish Renewables)

Aedan Smith (RSPB Scotland)

#### CLERK TO THE COMMITTEE

Stephen Imrie

#### SENIOR ASSISTANT CLERK

Katy Orr

#### ASSISTANT CLERK

Gail Grant

#### LOCATION

Committee Room 4



## Scottish Parliament

### Economy, Energy and Tourism Committee

*Wednesday 14 January 2009*

[THE CONVENER *opened the meeting at 09:30*]

### National Planning Framework

**The Convener (Iain Smith):** Good morning, colleagues, and welcome to the first meeting in 2009 of the Economy, Energy and Tourism Committee. I wish you all a slightly belated happy new year.

The main item on the agenda is our scrutiny of the Scottish Government's national planning framework 2. We are the secondary committee on the framework and will be focusing on two key areas. The first is whether the national planning framework contributes to sustainable economic growth, Government targets and the economy more generally, which will be the focus of our first panel. With our second panel, we will consider the projects that have been identified as national developments, specifically those in the energy sector.

I welcome our first panel: Iain McMillan, the director of CBI Scotland; Iain Duff, the chief economist for the Scottish Council for Development and Industry; and Stephen Boyd, assistant secretary of the Scottish Trades Union Congress. As is normal on these occasions, our witnesses have an opportunity to make brief opening remarks before they take questions from members.

**Iain McMillan (CBI Scotland):** Thank you, convener. I do not think that I need to introduce the organisation that I represent, as it is fairly well known. I will confine my remarks to saying that it is good to be here. We regard the work of the committees of the Scottish Parliament as of the utmost importance to democracy and to scrutiny of the Executive's plans. We are glad to participate in that process. Thank you for inviting me to the committee.

**Iain Duff (Scottish Council for Development and Industry):** I, too, thank the committee. We appreciate the invitation to give evidence on the national planning framework. We welcome the production of the second framework, and we particularly welcome the fact that it will have a statutory basis. We hope that that statutory backing will, upon agreement by the Parliament, provide a more efficient and effective means of delivering big, nationally significant projects. In

general, NPF 2 is a useful document and a welcome addition to the Government's policies.

**Stephen Boyd (Scottish Trades Union Congress):** Thank you for the invitation to participate. I echo most of Iain Duff's comments on the proposed national planning framework. We welcome it and its statutory basis, and the substantial consultation that was engaged in before it was produced. I read the discussions on the NPF in some of the other committees and noticed concerns about a lack of consultation, but that has not been the experience of my organisation. I understand the difficulties of consulting everyone, but in our experience the planning officials and the Scottish Government have really improved their consultative working over the past few years. We very much appreciate their engagement on issues such as the NPF.

**The Convener:** I will kick off the questioning by asking whether the panel has any comments on the changes to the NPF as published, compared with the draft that went out for consultation at the beginning of last year. I refer, in particular, to the changes to the projects of national significance.

**Iain McMillan:** Two changes stand out. First, the projects in the strategic transport projects review, which was published in December, have been taken into account in NPF 2. In our response to the NPF consultation, we made the point that those projects appeared to be absent from the original draft, so it is good that they are in it now.

One omission is, perhaps, the rail improvements from Edinburgh up to Aberdeen, Perth and Inverness. The strategic transport projects review provides for a new piece of track from Inverkeithing to Halbeath, which, although it is referred to in the NPF, is absent from the national projects. There may be a good reason for that, but the committee might want to explore it.

We welcome the energy proposals, including those on base-load generation at Kincardine, Cockenzie and Hunterston, and those on grid strengthening. I have two observations. First, it is not surprising that the Administration has made no provision to replace nuclear generation. I cannot express disappointment at that, because it was never likely to be in the framework in the first place. However, we are concerned that that element has been ruled out in the NPF. Secondly, having read the NPF, I am not sure whether replacement coal power stations at the three locations that I have mentioned are fully conditional on carbon capture and sequestration. We need to do all that we can to promote that technology, but it has not thus far been proved financially viable, so the framework should not impose that condition on the new plants.

**Iain Duff:** I concur with much of what Iain McMillan has just said. In our submission on the discussion draft framework, we mentioned that energy was a significant issue that perhaps was not being properly considered. It is certainly being properly addressed now, albeit we have some concern about the nuclear issue. However, there is now a proper appreciation of the energy issues that Scotland might face in the future, and that is reflected in NPF 2.

When the discussion draft was issued we held a series of events around the country with our members. There was no real disagreement on any of the projects—there were nine at that point—but there were issues around what had been left out, and around the process that had been used to pick the nine projects. I suppose that the same could be said for the 12 projects. Certainly, cognisance has been taken of the views that were expressed during the consultation. The Loch Ryan port developments, for example, are important to the freight industry, and we wanted them to be included.

Twelve projects have been included, and none of our members seems to think that any of them should not be, but there are questions around how they were brought forward, how they were considered and how other projects might meet the criteria and be designated as national developments. At any rate, we are quite content with the 12 projects that have been included.

**Stephen Boyd:** Likewise, we are content with the projects. We do not underestimate the challenges in settling on a sensible, proportionate and deliverable list of national priority projects in the NPF. There will always be schemes that are left out that people continue to demand.

I concur strongly with my colleagues' comments on energy. Since the initial consultation, we have wanted that area to be beefed up, and it has been.

The carbon capture and storage issue is interesting. I noted the profile that was given to the Sustainable Development Commission's comments—which were largely taken out of context—regarding whether or not carbon capture and storage is deliverable within the timescales that are under discussion for the framework. Our aspiration is that any new coal-fired power stations should utilise both clean coal technology and carbon capture and storage, which we believe will be deliverable within the timescale. I agree with Iain McMillan that we do not want to have too tight a stipulation at this point, but the framework should build on the aspiration.

**Rob Gibson (Highlands and Islands) (SNP):** I look at things from the other end of the country, turning the map of Scotland to look down north or up south, as they say in the outer isles. There is a

tendency for major projects to be concentrated where the vast number of people are, but that does not necessarily match up with the economic potential of the country. Have you reflected on whether economic development expenditure in the north and north-east of Scotland is commensurate with the ability of those areas to contribute to the nation's economy?

**Iain McMillan:** We have considered that. In our business manifesto ahead of the 2007 elections, we proposed a progressive upgrade of the A9 and improvements to the transport infrastructure in the north of Scotland. We built in projects that our members told us were important to them.

If there are any omissions in the high-level document, I do not know what they are. If you know of any projects that are missing from it, we can certainly consider them outside the meeting and examine whether they are worthy of support. We are always willing to do that. However, it should be borne in mind that development plans will come in below NPF 2 and that there will still be provision for local development.

**Rob Gibson:** Iain McMillan makes a good point that not only projects on the top-level list will be developed. There are fewer members of his organisation in the north and they have smaller businesses, so it is less likely that feedback will be received from them.

The strategy map in the proposed framework highlights areas for co-ordinated action, including west central Scotland, the Inverness area and the Pentland Firth area. Given the potential of the economy around those areas in the north of Scotland—which seem to be far away from here—they could have a great effect on Scotland's economy as a whole in the next 20 years. Has enough emphasis been placed on that?

**Iain McMillan:** I agree that there is a lot of potential in that part of Scotland. Indeed, one need only consider Inverness. I do not have any numbers on the state of Inverness's economy at the moment, but it has certainly been a boom city for several years.

Transport links to the north will be important to speed up journeys and times to market. Social aspects such as road safety are also important. I therefore agree with you. However, in terms of taking that in the abstract and providing concrete examples of build and place in the framework, I do not see any obvious omissions in the national projects. Please let me know if you think that there are omissions.

**Stephen Boyd:** It is important to bear in mind the fact that electricity grid reinforcements are in the list of 12 national development projects. Obviously, those reinforcements will be vital to

making the best use of the economic potential in the areas that Mr Gibson represents.

As Iain McMillan says, it is difficult to identify specific projects that we would like to have been included, but we are painfully aware that NPF 2 is top heavy in the central belt. We are also aware of the read-across to the strategic transport projects review. I was slightly concerned that there are no projects north of Inverness in the STPR, for example A9 enhancement north of Inverness and a Dornoch Firth rail crossing. Those issues will have to be addressed if we want to make best use of the potential in the Pentland Firth to develop our tidal energy resources.

**Iain Duff:** In our response to the discussion draft, we emphasised that the NPF must provide an appropriate balance of development throughout Scotland, so that no geographic area is hindered or constrained by a lack of suitable development, and that specific issues arise in peripheral areas. We had a series of meetings, including one in Inverness. That takes us back to my comments on why the 12 projects—or the nine at the time—were included in the NPF and what the criteria were. Even projects that people thought met the criteria were not included.

At our seminar in Inverness, some people said that projects such as the A9 corridor, the A96 corridor, upgrading the A82, upgrading the Highland line and Inverness airport rail links could have been more properly considered in NPF 2. We are conscious that, within the framework, a balance around the country should emerge. That comes down to how the projects in the framework are assessed, how projects that are missed out this time round are put on the list next time, and how people are given a better feel for the process. Those points did not come across in the previous consultation or in the framework document. We must be sensitive about achieving a balance across the economy and the country. People must feel that potential projects are given a fair crack of the whip when being assessed.

09:45

**Lewis Macdonald (Aberdeen Central) (Lab):** I will follow up a couple of issues. Iain McMillan mentioned the absence from NPF 2 of the essential rail enhancement north of Inverkeithing to allow improved links between the north and the central belt. I am interested in your view of the consequences of that for the wider economy. The document identifies as a national priority strategic rail improvements in the west of Scotland, but not those in the north of Scotland. Does that run the risk that the links to the north will not be enhanced in the way that we expect? If so, to what extent can the effect of that be quantified?

My second set of questions is about energy, but I will return to them.

**Iain McMillan:** On my reading of it, the strategic transport projects review tends to give equal value to the projects that are named in it. Which projects are certain, more certain and less certain to happen is unclear. The electrification of the railway from Glasgow Queen Street to Edinburgh Waverley is highly certain, whereas I think that the construction of a third rail terminal in central Glasgow is more aspirational than certain.

The issue is where in the spectrum from certainty to aspiration a project sits. I hope that rail improvements to the north are more than aspirational, because we need to improve our rail links to Aberdeen, Inverness and other points north. I suspect that that has been left out of the national planning framework because its likelihood and timescale are less certain.

**Lewis Macdonald:** I am interested in the witnesses' experience of delivery and inclusion in the first national planning framework. The way in which projects are identified is new. Do you expect support from the framework to increase the certainty that projects will proceed?

**Iain McMillan:** As we know, if a project that was included in the framework and passed by the Parliament became the subject of a public inquiry, the inquiry reporter could not address the question whether the project was needed: the inquiry would be about other aspects, such as the route and environmental amelioration. Including national projects in the framework removes the possibility that inquiry reporters will recommend against construction—as happened with the M74—and puts the full weight of Parliament behind them. Both those elements are important.

**Iain Duff:** Lewis Macdonald has highlighted an issue that is of concern to some of our members: does the fact that a project is in the STPR or NPF 2 give it a heavier weighting that will ensure that it is delivered? There is an issue with the prioritisation of all projects, about which there is nothing in either document. We really need a delivery plan. I think that an action plan will come out alongside the final publication of NPF 2. It will be useful to see whether that plan hints at how and when projects will be delivered, but we have none of that detail just now, so the situation is uncertain.

Our members have said that they would not like to think that having projects in the STPR or NPF 2 means that other projects will not be considered and will not be able to proceed in another way, shape or form. The worry is that progress might grind to a halt in other parts of the country or for projects that have not been favoured by inclusion in the list of national developments or strategic

transport projects. I would not like to think that that is how the documents should or would be interpreted. Other mechanisms and funding streams outwith the STPR and NPF 2 should be available for projects that have not got over the hurdles for inclusion in those big strategic documents but which are still of regional importance and therefore should still be properly assessed and delivered.

**Stephen Boyd:** I do not have much to add. I mentioned that it is sensible to have only 12 national developments in NPF 2. I believe that, throughout the consultation, something like 1,500 projects were proposed and considered. The consequence of settling on 12 projects is the creation of huge expectation that they will be delivered, and we expect them to be delivered. However, as Iain Duff explained cogently, our members would be concerned if that meant that projects such as the one that Lewis Macdonald described were not considered. Certainly, our experience is that the rail services north to Aberdeen need substantial improvement; for example, the capacity is too low and the quality of the carriages is not good enough. We would expect substantial improvement on that in future.

**Lewis Macdonald:** My other question, which is on energy, was alluded to by all the witnesses in their earlier remarks. NPF 2 seems to recognise the need for base-load power generation and to provide for it as a national priority, but its definition of how it should be delivered seems to be quite narrow. Is it possible to recognise the need for base-load power generation or to balance energy production without specifying precisely what needs to be done and where?

**Iain McMillan:** I agree with the premise of your question. There is no doubt that we need base-load generation. The identified national developments are certainly important, and should assist in delivering that agenda. The problem is that, as I said earlier, carbon capture and sequestration has not yet been proved commercially and financially—I hope that it will be in future. Certainly, the CBI expects that it will be, but we do not have a timeline for that. The condition for the new coal-fired plants to have carbon capture is unnecessarily restrictive. Given that there is no provision in NPF 2 for new or replacement nuclear build, our future energy supplies could be at risk if those base-load plants are not built.

**Iain Duff:** That is pretty much the SCDI's position, so I do not have much to add. We must take cognisance of the emissions and climate change issues, but the bigger risk for our members is how we deliver on the energy demand and supply balance and the base-load, which are critical. As I said, I hope that that is properly

reflected in NPF 2, because it is the bottom-line issue for our members.

**Stephen Boyd:** Energy is one issue—there are not many—on which we sit closely with the CBI. We certainly work closely with the SCDI on the issues, and I concur with the comments that have been made.

**Dave Thompson (Highlands and Islands) (SNP):** One of the projects in the NPF is that for electricity grid reinforcements, which will obviously help the north of Scotland because we expect an awful lot of the renewables to come from there. It will benefit the Highlands in particular.

Paragraph 21 of the CBI's submission refers to the problem of base-load and so on, and concludes:

"Failure to make adequate provision along these lines for the future could put at risk Scotland's future as an exporter of electricity and provider to business and industry of competitively priced energy."

You say in that submission what you said just a minute ago—that the supply would be at risk—but my interpretation of paragraph 21 is that it does not say that the lights will go out if we do not have nuclear energy. It seems to me that the CBI is more concerned that not having nuclear power would affect our ability to export electricity. You seem to anticipate—you can let me know whether I am right about this—that a surplus of electricity will be generated in Scotland via renewables and so on. Maybe you could clarify that point.

**Iain McMillan:** Scotland is currently a net exporter of electricity. The risk is that, if base-load power is not replaced and brought up to date, we could occasionally become an importer rather than an exporter of power. The reason for that is the intermittency of wind-turbine power. There are prospects for wave and tidal power but, like carbon capture, they have not been proven financially and commercially on scale.

There is therefore a risk that we would at times have to import electricity from the south. We could argue that that would not matter because we are part of the United Kingdom, so we will get our electricity, whether from Scotland or other parts of the UK, through the national grid—indeed, the national planning framework provides for a strengthening of the grid across the border into England—but I think that it would be a great pity if we were to change from being an exporter of electricity into an importer because we have relevant technologies that provide jobs and have a positive benefit on Scotland's economy. That is the point that I want to make.

**Dave Thompson:** Okay. Maybe I can follow up on that. NPF 2 mentions non-nuclear base-load, which could of course include gas. The base-load does not therefore rely exclusively on carbon



capture working effectively. I am not sure that your point about Scotland losing the ability to supply itself with electricity is as valid as you think. For example, the nuclear industry seems to believe that it can stretch out the life of existing nuclear power stations such as Torness, which the committee recently visited, for 15, 20 or even 25 years. If that can be done—I think that it should be—it would give us the breathing space to develop carbon capture, renewables and so on.

The CBI submission comments that the development of nuclear would not be at the expense of renewables, but that has probably not been the case hitherto—investment in nuclear has been pretty substantial whereas investment in renewables has been very small. Is it feasible that both nuclear and renewables can be developed at the same time, given that limited funds are available?

10:00

**Iain McMillan:** You raise three points—one about gas, one about nuclear and one about the balance of nuclear and renewables. There will be a continuing role for gas, but we must bear it in mind that North Sea production peaked in 1999. Our oil and gas reserve peaked 10 years ago and we are into what *The Economist* has described as the long goodbye. Oil and gas production is down from 4.9 million barrels of oil equivalent a day to under 3 million. Although there is still a lot of life left in the North Sea, the trend is downwards and will continue to be so. Therefore, opportunities to purchase gas from the United Kingdom's resources will reduce. Where else do we get gas from? Are we going to rely on Russia? I would not put money on that, especially given the way in which the Russians are behaving at present. The issue is all about opportunity and risk. I am not saying that anything is certain; I am saying that we should not rule things out and then find later that we have not carried out a risk assessment and put in place risk amelioration.

You are right to say that Torness could go on for some time. The Scottish Government has given consent to lengthening the life of Hunterston B and Torness, which is a welcome decision. The problem is that, ideologically, the Government is opposed to the extension of nuclear. The CBI says that we should not rule out nuclear in case we need it. We need a balance of options and a mix of generation so that we manage risk and the need for future supplies.

Renewables are important. We fully support the development of wind, wave and tidal energy. We also support the transmission measures in the national planning framework. There could come a point when the UK Government has to reconsider the costs of transmission, in which I include the transmission itself and heat loss from cables.

**Dave Thompson:** What about the point on investment?

**Iain McMillan:** Two things must be borne in mind. The first is that the investment will be undertaken principally by the private sector. There will therefore be competition, which will drive the highest returns on the capital that is employed. That is important for the economy and the taxpayer. The second is that we cannot leave the matter, unfettered, to the free market. There must be an injection of public policy to manage risk for the consumer and the country. That is why we support making provision for the various generation aspects that are in the framework.

**Iain Duff:** At the back end of last year—in November, I think—the SCDI produced a report on supply of and demand for electricity in Scotland, which I am happy to supply to the committee. The timeframe was up to about 2020. When we look forward in that way, various assumptions have to be made about the timescales for the remaining nuclear and coal-fired power stations in Scotland.

The report shows that, up to 2020, we will probably be able to meet even the peak demand in Scotland for electricity with existing resources, but that if we are to meet our climate change targets we will need quite a big supporting investment in renewables, particularly in onshore wind. That was the report's main conclusion. I will supply a copy to the committee. The report shows the likely supply and demand requirements of Scotland within that timescale. We felt that, beyond that timescale, consideration should be given to nuclear power to provide the base-load. Although there are intermittency issues, the report's general conclusion was that up to 2020, big support for onshore renewables through the planning system and other investment will be necessary to meet our energy requirements and our climate change targets.

**Stephen Boyd:** I will not rehearse again the STUC's position in respect of a balanced energy policy—I refer you to our submission to the committee's current inquiry on energy—but I will make a few observations.

You raised the question whether investment will be forthcoming for both nuclear and renewables. It is interesting that even during the good times the Scottish financial community was singularly poor at supporting the developing renewables sector. I consistently refer to Nicol Stephen's presentation at the business in the Parliament conference a couple of years ago in which he referred to the funding round that Ocean Power Delivery undertook in relation to its Pelamis device. A very small proportion of that funding—I cannot remember the figures offhand—was forthcoming from Scotland; the rest was found from throughout the world.

There are general issues about investment in energy rather than issues about any particular technology. Map 7 in NPF 2, which shows the electricity transmission system, does not appear to include the biomass plants at Lockerbie and Tullis Russell. That makes me wonder about the priority that is given to biomass, which we support. Whatever the Government can do in general terms to give companies the certainty that the regulatory framework will be supportive of their industry is very helpful at this moment in time. NPF 2 largely achieves that in relation to renewables, although the experts who make up the next panel may take issue with that. It is supportive, and it will help the development of those sectors, but it overlooks the issues that I have raised with this committee in the past about potential conflicts with the Natura 2000 agenda. I worry about the over rigorous application of the European Union birds and habitats directives in Scotland, particularly what that means for the development of renewables in some of our most peripheral and fragile economies, which really need that development. I have not had a chance to read the document in the past couple of days—there might be something in there about that, but I do not believe that there is, and I think that the issue should be revisited.

You mentioned gas. If there is any new gas build, we hope that it will also be carbon capture ready. We should not draw a distinction. I reiterate that I wish we were a lot further down the road than we are with clean air coal technology and with carbon capture and storage. I look at the direct Government intervention in the economy over the past year or so and wonder what situation we would be in if a fraction of that capital had been spent on carbon capture and storage, and clean coal technology and renewables. We were told that the market would take care of those issues, but if a fraction of the money that has been spent on propping up the banks had been directly supplied to move those technologies along a lot more quickly than has been the case to date, we would be in a far better position.

**Christopher Harvie (Mid Scotland and Fife) (SNP):** What are your general assumptions about the price of oil in 20 years' time? It is low at the moment. It was \$140 a barrel only months ago, but it is now down to about \$40 or \$50. The *Financial Times* still believes that it will be somewhere around \$200 a barrel in 2020. I have some expertise in the area and I put the price, within the 20-year timescale that you are dealing with, north of \$300 a barrel. How will considerations of the price of oil influence the prioritising of particular schemes? Some of them seem to take a fairly optimistic view of the availability of cheap oil and petrol. [*Interruption.*]

**The Convener:** Before anyone answers Chris Harvie's interesting question in the context of the national planning framework, would the person whose phone is ringing please switch it off?

**Iain McMillan:** I left a phone in my coat; may I check whether it was the phone that was ringing?

**The Convener:** Yes. Meanwhile, the other panellists may wish to answer the question.

**Iain McMillan:** I am just giving myself time to think about it.

**Iain Duff:** I am not sure that the SCDI made many assumptions on the price of oil in 20 years' time in our submission—it is difficult enough to know what it will be tomorrow—but the price of oil will be one of the main considerations in any assessment of Scotland's, or the world's, energy needs. That is why renewable projects that use non-oil-based energy systems should be supported. The SCDI feels—as, I think, do the other organisations here—that Scotland should have an advantage as the world moves towards a post-oil situation. We should be at the forefront of developing technologies now, at the early stage. We have missed the boat in terms of the value added to be achieved from wind energy, but other exciting and cutting-edge technologies can be developed in Scotland—ones that do not rely on oil-based sources of energy.

When taking such a long-term view on the price of oil, it is difficult to say where supply and demand might be and to predict what technologies might be available to help us move away from our oil-based economy. However, if we can do quality work on developing non-oil-based resources, Scotland will have an advantage.

**Iain McMillan:** I think I would agree with that. I will not pretend that I can predict the price of a barrel of oil in 2020, but I will point out that that particular fossil fuel is getting more difficult to find. Oil finds are increasingly in more hostile environments and the costs of extraction and production are increasing—although technology can help to bring those down—so it is clear that, as we go through the century, oil will become much scarcer.

With the growth of the economies of China and India, the trend in the price of oil will certainly be ever upwards—although from time to time during periods of economic decline such as this one it will come down. As with most commodity markets, we will also see price overshoots and price undershoots over time.

The move from a hydrocarbon economy to, perhaps, a hydrogen economy is still regarded by the industry as being about 50 years away.

**Christopher Harvie:** Fifty?

**Iain McMillan:** Yes. It is a good example of why we should not rely too much on any one source of energy, but should develop other sources of fuel.

**Christopher Harvie:** Uranium is also becoming more scarce. Taking the nuclear option may involve going into a market in which the price of uranium is going through the roof. The cost of reprocessing would also have to be considered. Imagine the costs of a dead Dounreay, for instance.

**The Convener:** We are drifting away from the national planning framework. We can come back to that issue in our energy inquiry.

10:15

**Christopher Harvie:** A point about the notion of a national planning framework is that one is dealing with projects, whether on power stations or motorways, but in evidence in our energy inquiry we have been told that 50 per cent of our carbon consumption relates to the heating of space. A strategic non-project alternative of changing heating and insulation patterns could be as important as developing a project. That is the sort of evaluation that I would like to see being applied. How would business react to such an approach?

We have discussed the planning process, as part of which consent is given to huge supermarkets throughout the country, which use up an enormous amount of energy—5 per cent of our total production—in alternately cooling and heating large buildings. The vehicle journeys that are made to and from those buildings should also be factored in. Applications for such developments get through the planning process, but their long-term implications are extremely questionable. What is your reaction to that?

**Iain McMillan:** Your first point was about the increasing scarcity of uranium, which might be a problem for the French, but I am interested in our problems. That is another example of why one should not depend too much on one source of generation fuel. There is a role for nuclear fuel, gas, coal—we hope that carbon sequestration and capture will be possible—and the various forms of renewables. That is why we are extremely anxious not to see any one form of generation being ruled out in the national planning framework. Nuclear has been ruled out and it is possible that coal will be, too, without carbon capture and sequestration, which, as I mentioned earlier, has great prospects but is not yet proven commercially and financially.

As regards your point about buildings, of course energy carries a cost, and anything that can be done to reduce the use of energy and electricity in homes and commercial buildings, and hence the cost of that, is extremely important. We would certainly encourage the taking of such action.

What you said about supermarkets is correct. I am in touch with our members in the supermarket sector. They are always considering ways to reduce the cost of electricity usage and to balance the need to freeze and chill foods against the need to heat their stores. We are on a journey and we must keep on making progress.

**Iain Duff:** I mentioned that, as part of our energy work at the SCDI, we produced a report. In addition, last year, we had a conference on energy in general, at which one of the break-out groups was on heat. Heat was not included in the discussion draft of NPF 2, so I am pleased that the new version of the framework includes a discussion of the issue.

There are issues around how we heat. As Christopher Harvie said, a huge percentage of our energy goes into heating our buildings and ensuring that temperatures in them are appropriate. I was a reporter on the group that I mentioned, which considered whether consumers and producers of what was called low-grade heat—the base of heat that exists—could come together to develop a way of storing it and bringing it through when it is required, further down the line. However, there is a planning issue around that.

It is early days as regards our thinking on heat, but it is on our agenda, and I am pleased that it is included in the new version of NPF 2. As Iain McMillan said, it is an issue that business will be greatly interested in because it represents a significant part of our energy needs. If costs can be reduced, that will have a bottom-line benefit.

**Stephen Boyd:** I do not have a great deal to add. You raise some very important issues, but I think that they are covered reasonably effectively in the national planning framework, as Iain Duff has just said. It is difficult to think of a national priority project for heat that could have made it into the list of 12 projects, but the framework makes it clear that such issues are important for Scotland.

**Christopher Harvie:** There are lots of big road projects. A couple of years ago, Tom Hart of the Scottish Transport Studies Group and the University of Glasgow conducted an interesting analysis of the economic benefits of the Scottish motorway network. They found that most of the benefits accrue to the west midlands in England because the big logistics centres there can feed the Scottish market and there is no need for subsidiary centres in Scotland. The cost of that is big lorries thundering up and down the roads and the multiplication of supermarkets. The impact on the energy demands of the country is questionable.

**Iain McMillan:** To an extent, that is tied up with the cost of fuel. Last year, one of the large supermarket groups—I cannot recall which one—

was reported to have announced that if the price of oil continued at very high levels it would have to look carefully at where its goods are manufactured. At one point, it looked as if the balance might be swinging away from lorries taking long-distance journeys to supply supermarkets to stores sourcing more locally produced goods and services. However, that could now be off the agenda because the price of oil has come down.

There is still a lot going on in relation to servicing our economy. The new Tesco facility on the M8 is 1 million square feet and it cost £1 billion to put it there. It is not as if nothing is happening.

**Iain Duff:** The STPR talks about the efficient logistics systems that we have in Britain. They are incredibly efficient. I have visited the Tesco facility, which is fantastic at moving goods, bringing together an agglomeration and then distributing it efficiently.

I am involved in the inquiry by Scottish Enterprise and the Scottish Government—the draft report is now out—into where we might need multimodal hubs to bring together interchanges for freight movements in particular. Secondary to that are distribution centres, which might be used to supply the Commonwealth games, for example, so that we do not have lots of lorries and vans delivering goods to the same place independently. Efficiencies can be achieved in that regard. A lot is going on on the freight side to improve what studies show is already a very efficient system for supplying the economy.

**The Convener:** Does it make sense for the national planning framework to have two national projects within sight of each other: a freight facility at Grangemouth and a container facility at Rosyth? Would it not be better to concentrate both those activities in a multimodal hub, presumably on the Rosyth side, given its deep port facilities?

**Iain Duff:** I recognise that Forth Ports has some concerns about those projects.

**The Convener:** That is because it does not own Rosyth.

**Iain Duff:** That is true, but, nevertheless, it has raised concerns.

We have looked at each project on its merits and considered the demand for port facilities in Scotland. I am not in a position to comment on the issues that Forth Ports has with Rosyth. We are a small open economy, so it is important to consider links to our ports and how we develop those ports. We welcome the recognition that NPF 2 gives that. There is quite a lot of significant development on the ports side in the NPF.

I suppose that the question is how the analysis has been carried out and why these particular

projects have been put forward. We have to consider what Scotland needs now and will need in future and decide whether it stacks up on the supply and demand front, but I am afraid that, aside from the analysis that has already been carried out, I am not in a position to know the strengths and weaknesses of each project or whether each stands on its own two feet.

**Stephen Boyd:** I, too, cannot claim any great expertise in this area, but I recently heard that England's port infrastructure is particularly crowded and that there might be opportunities for through traffic from Ireland that use the ports in the south of Scotland to use the two port facilities on the Forth. As I have considerable faith in the rigorous process that was undertaken, I am tempted to support those two developments.

**Gavin Brown (Lothians) (Con):** A number of business organisations have said that the planning system costs the Scottish economy about £600 million a year. After hearing the evidence that hotel developers gave during the committee's tourism inquiry, I am not astonished by that figure; indeed, it chimes with a lot of what those people said.

What parts of the proposed framework that was published in December are, in your view, untouchable and so critical to economic development that the Parliament and Government must not change them? Do any parts present potential barriers that might well keep the cost to our economy of the planning system at around £600 million?

**Iain McMillan:** I would not want to change anything in NPF 2 to address that problem. After all, it does not represent the full extent of the planning system, which involves other legislation, regulations and so on.

I have two points to make on this issue. First, as is fairly well known, many of our development plans are badly out of date, so it is important that city strategic development plans, local development plans and any future revisions to those plans be produced on time and with the right amount of consultation with local people and business.

Secondly, how much weight do local authorities actually give to the economy's needs in making planning decisions? In one case that I have heard about, the convener of a local authority planning committee, who had the casting vote on an application, turned it down because he said that the needs of the local economy were nothing to do with him. Permission was eventually granted; however, local authorities need to realise that substantial weight must be given to the economy's needs and economic development in planning decisions. We are not always convinced that that is the case.

**Iain Duff:** As I have said, I am not in a position to know the strengths and weaknesses of the individual projects. However, when we discussed the discussion draft of the framework with our members, none of them made any criticism of any of the national development projects that were set out in it. That document set out nine such projects, but I imagine that our members would also be content with the 12 projects that are listed in the version that was laid before Parliament. I suppose that we will simply have to accept that there will be 12. I do not think that any of them should be taken out.

10:30

NPF 2 sets the high-level framework that the rest of the planning hierarchy will follow—that is certainly the aim of the Planning etc (Scotland) Act 2006—and that is good. It is a comprehensive and useful document that sets out the strategic challenges for spatial development that face Scotland. That is a positive aspect, which should be supported. As Iain McMillan says, it sets the framework for the rest of the planning hierarchy and we want to see the aims and objectives of the Planning etc (Scotland) Act 2006 come forward so that an up-front discussion can take place. Any issues that arise with any of the developments should be thrashed out early so that delays and, we hope, costs will be reduced. We want the system to be more efficient from the top, all the way through the development and planning hierarchy. That is the aim and, if the NPF works as we envisage that it will do, I have no reason to believe that it will not help to make the system more efficient.

There are issues around culture change in the private and public planning sectors. Certainly the alignment with making economic progress—and linking with the Government's strategy on making the growth of the economy the top priority—is useful. That is coming through in the documents that we are seeing. We hope and envisage that everything will go to plan—excuse the pun—so that the efficiencies and cost benefits will come through.

**Stephen Boyd:** Nothing in NPF 2 has been flagged up to me as a barrier. However, I am hearing some complaints from companies. Yesterday, I had a meeting with the chief executive of a major Scottish employer who was complaining vigorously about the stipulation that major projects now have to go through the full council rather than just the council planning committee. I would like to reflect on that. I am not sure that I support him in that complaint; the change might be a price worth paying. I simply flag it up as something that I have heard a number of times.

I want to make some general comments and to build on what Iain McMillan said about the resourcing of the changes that we are making to the planning system, although the STUC certainly supports those changes. In an interesting piece on the front page of *The Herald* this morning about the reorganisation of local authority boundaries, the comment was made that we would need, for example, 10 directors of education instead of 32. We definitely do not need to lose one tenth of our planners, because planning is an area of major skill shortage. Developers consistently told me that they do not have a problem with the system as much as with finding someone in the authority who has the requisite knowledge and experience to deal with their planning application.

In the past few weeks, the company whose chief executive I met yesterday has employed an ex-local authority planner. The company is quite happy that it has now got someone who has considerable experience in its industrial sector, and who is very knowledgeable about the areas in which the company operates. However, it is also worried that one of the local authorities that it deals with now has no experience of dealing with its type of planning application. We need to think about how we train more planners—we have, of course, shut the planning schools in Scotland—and how we make local authority planning a more rewarding career for individuals who are entering the profession. A vicious circle has been set in motion now that the incentives are for local authority planners to move into the private sector. We have to overcome that.

I am consistently hearing stories—my colleagues who come before the committee later will confirm this—that companies that have tried to develop wind farm projects in central Scotland are dealing with one planning official in Stirling Council who has the requisite knowledge and experience. The problem is not so much with the system, but with resourcing the planning application process.

**Gavin Brown:** Iain Duff made a point about alignment. Do the witnesses believe that the public sector agencies are aligned well enough in terms of what NPF 2 says about going forward behind the economic strategy?

**Iain McMillan:** Business has had two concerns. First, the capacity in the planning system has been, and still is, an issue. Stephen Boyd mentioned that. Secondly, the extent to which organisations such as the Scottish Environment Protection Agency, Scottish Natural Heritage and other players are involved in the planning system has been a concern. Legislation requires SEPA to take account of the economy when it makes decisions. The problem is that the legislation does not say how much weight SEPA must give to the economy. We cannot lose sight of the fact that

SEPA is a regulator that exists to protect the environment, but we need to strike the right balance and ensure that things are aligned.

The matter perhaps exercises one's mind more during periods of economic downturn than during long periods of economic growth. However, planning is one area of the Scottish Parliament's competence in which it can make a real difference to Scotland's economic future. It is important that things are aligned and that business and economic factors are given substantial weight.

**Stephen Boyd:** In considering their priorities, it is difficult for some of the public sector agencies to balance their duties as a regulator and the role that they can play in sustainable economic growth.

Soon after my previous appearance before the committee, when I discussed my work with Iain McMillan's colleagues as part of the regulatory review group, I received a letter from the chief executive of SNH bemoaning the comments that I made to the committee that day. I do not underestimate the difficulties that individuals face in balancing their priorities, but I remain concerned about the overrigorous application of the Natura 2000 directive and what that means for fragile and remote economies. In that respect, the entire public sector from Government downwards could be better aligned. It could at least produce a better understanding of what might be possible in designated areas of Scotland.

In general, the public sector agencies try to be aligned with wider priorities for economic growth. They are becoming better in that respect, and the present Government has put in a lot of effort to try to ensure that that is the case. There is still some way to go, but the tensions will always exist to various extents; I do not think that they will ever be completely overcome.

**Iain Duff:** I agree. We have found that there has been an improvement. There has certainly been a better emphasis in the strategies that the organisations produce. The tensions arise when the written word is translated into practice. The process continues, but we are heading in the right direction.

**Marilyn Livingstone (Kirkcaldy) (Lab):** Before I ask my question, I have a comment on what Stephen Boyd said about the shortage of planners. The committee heard evidence about that on two or three occasions, and we put the matter to the Convention of Scottish Local Authorities. To some extent, it is a chicken-and-egg situation. There is a need to train more planners, but local government also needs to ensure that the whole package for planners is considered, including personal and staff development, job prospects, and so on. I chair the cross-party group in the Scottish Parliament on

construction, and we are considering the matter because we think that it is one of the biggest barriers. The committee and cross-party groups are certainly considering the matter, which is a major issue. I thank Stephen Boyd for raising it.

Do you think that there is any conflict between the proposed national developments and the Government's ambitions to reduce carbon emissions and promote renewable energy?

**Iain McMillan:** I do not. Some organisations might take the view that some of the projects, particularly on transport, contravene the Scottish Government's environmental agenda, but I do not think that. Things always have to be balanced. We cannot go back to living in caves.

**Marilyn Livingstone:** The issue was raised by one of the organisations that gave evidence to the committee, which is why I asked the question.

**Iain Duff:** There is an increasingly strong environmental side to the analysis of each of the projects, which now considers strategic environmental assessments in terms of the cost benefit analysis that is put forward. Each project is taken on its merits and the environmental impacts have to be considered. As Iain McMillan said, there is a balance to be struck between those impacts and the benefits that the projects will bring to the economy—and they are genuinely looking to be more sustainable developments. We must take the development of the economy as the priority, but we should not be ignorant of the environmental impacts. We are content with the projects as they stand.

**Iain McMillan:** I have an additional point in my mind, convener. Am I not right in thinking that this proposal is underpinned by a strategic environmental assessment? I think that it is.

**The Convener:** That is a question for the minister to answer when he attends the Local Government and Communities Committee. It is not for us.

**Stephen Boyd:** Returning to Marilyn Livingstone's question, I think that there is an intellectual position whereby it could be argued that if our priority is cutting emissions, we should not consider strategic airport enhancements or new fossil fuel power stations. I have respect for that position as long as people are consistent about it, but I do not support it. Having been involved from the start of the process, albeit not to a great extent, I believe that we should give credit to the previous and current Administrations and the Scottish Government officials who have overseen the process. The principle of sustainability has been hard-wired into the process from day one and has been a major component of the rigorous assessment exercise.

**Ms Wendy Alexander (Paisley North) (Lab):**

One of the drivers of the national planning framework was the completely accurate perception that planning in Scotland was slow and cumbersome and needed to be speeded up. Our predecessors reached that judgment on the basis of metrics that were produced by local government, not on the basis of anecdotal evidence that planning took an awfully long time.

For most of the past five years, there was a set of performance metrics for all planning departments in Scotland, with data being collected centrally. There were five metrics. The problem was that four of them related to householder applications and only one related to large-scale applications. Immediately, a perverse incentive was built into the system in that four out of the five metrics for any planning department were about whether someone could build a porch rather than whether the Glasgow airport rail link or Ravenscraig could go ahead. Nevertheless, there was a basis for showing evidence of delay. Over a period of five years, probably only about five local authorities out of the 32 got even close to their targets, and that has informed the development of the national planning framework.

I have a slight concern that, despite the enormous energy that has gone into perfecting NPF 2, we have lost sight of how performance will be monitored against the objectives. The five metrics have been ditched and no replacement has been put in place. I am slightly anxious that our successors, sitting here in five years' time and trying to assess the success of a process that began in 2001, was codified in the Planning etc (Scotland) Act 2006 but has yet to be implemented in its entirety through secondary legislation and agreed in a new planning framework, will have no metrics by which to assess the success or failure of speeding up the system. There is growing concern that, over the next year, as we try to put to bed a new system, we must build in some performance feedback loop.

Many people in planning departments argue that it is simply inappropriate to have any metrics because the timescale for any application should be proportionate to its complexity. We could all have some sympathy with that position, but as a consequence of that argument we have now been left with a system that, on a national basis, provides no metrics of any kind for the performance of planning departments. Nine years into the process, I suppose that I look to the major organisations to demand some clarity on the performance metrics whereby we assess success against the new framework. Therefore, I would welcome any guidance that people can offer on what those new metrics for planning departments should be, particularly for major applications. Are people comfortable that we have ditched the

existing metrics without putting—and having no plans to put—anything in their place?

10:45

Let me just conclude—I suspect that it might be helpful to have a further submission on this as NPF 2 reaches its final conclusions—by picking up on the CBI's proposal that there should be targets for the production of plans so that, for example, local plans are produced within two years of city region plans. A prerequisite for being able to enforce such targets with sanctions is that the targets be included in the forthcoming statutory instruments that will be made under the Planning etc (Scotland) Act 2006. A sanctions mechanism cannot be enforced without any statutory underpinning. We are nine years on, but that aspiration will remain unrealised this year unless the issue is included in the statutory instruments that we are about to consider. I suppose that the rest of the panel will surely agree that we need an agreed performance framework covering not simply the production of plans but the processing of applications. We at least have that in the current system, but we have ditched that this year. What are people's thoughts about the performance framework? It seems to me that the option of sanctions cannot even be preserved without the provision of a statutory underpinning. That opportunity is upon us now, because the secondary legislation was delayed from last year to this year. Given that we will not have that legislative opportunity for probably another five or 10 years, it would be a shame to leave ourselves without any kind of performance framework.

I realise that there is a lot in those questions that we cannot resolve today, but it seems to me that it is critical that parliamentary committees and leading organisations focus quickly on what the metrics and sanctions should be while the secondary legislation is developed over the next few months. If that does not happen, our successors will not be able to judge the success or otherwise of the eight years of work that have been done since the NPF was first mooted in 2001.

**Iain McMillan:** The CBI would not disagree with anything that Wendy Alexander has said. I have not highlighted that point to the committee today because—rightly or wrongly—I have been considering NPF 2 in the narrow sense of its place in the overall planning regime, in which the planning acts are up here, with NPF 2 below them and other processes linking in. However, I agree entirely. We are concerned about the withdrawal of metrics. We were always concerned that, even when metrics were in place, local authorities faced no financial sanction—nor was planning approval deemed to have been granted—if they did not deal

with an application on time. Of course, having sanctions involves some risks that would need to be managed. Local authorities might just say "Declined, declined, declined" in order to meet their targets. That issue would need to be addressed, but we would like to see such targets.

I am not sure that targets would sit comfortably with the current Scottish Government, which seems to take the view that more autonomy should be given to the 32 local authorities to manage their business as they see fit. I do not share that view, as I think that there is a hierarchy of government. This will sound like sacrilege to some, but I will say it anyway: local government is subordinate to this place. If members of the Scottish Parliament see fit to introduce such measures, we would support them because they are necessary and should be welcomed.

**Iain Duff:** Some sort of performance monitoring and progress measurement must be part of the system, so that we know that improvements are being made and that the 2006 act is working and its objectives being met. If there is not a system that allows us to measure that, that is a concern.

One way in which progress can be judged is whether our members are more content with the system and the number of complaints that we get from them about the system lessens. We will certainly monitor the situation to establish whether there are improvements that our members think are still needed or issues that are causing problems. Some sort of measurement, if not an official one, will be done on our side. The fact that there will be no measurement of progress to establish whether the legislation is working is a concern.

There will be an action plan with NPF 2, which may indicate how matters are progressing. However, below that, in the rest of the hierarchy, it is important for developers and local authorities to know how they are performing so that there is evidence to rebut any allegations that the system is not working. The risk is that, if there is an evidence base that indicates that the process is still not working for anybody in the system, we will be back at the beginning on issues such as third-party right of appeal and the efficiency of the system. It is useful for everyone in the system—whether they are a developer, someone who objects to a development, the local authority or the planning authority—to have a measurement of how the system is performing. If there is not something in the legislation that allows such measurement to take place, that is a concern.

**Stephen Boyd:** I concur. Wendy Alexander raises an important issue but, to be honest, it is not an issue that I have considered in detail and it warrants more than the knee-jerk response that I could give now. Getting the performance

measures right will not be easy. It will be difficult to ensure that we set in train the right incentives that support economic growth and local democracy, but that should not prevent us from doing it. I support my colleagues' comments about the importance of including such measures in legislation.

**Ms Alexander:** It would be good if the point about the wisdom of ditching the existing performance framework without putting any substitute in its place were to be pursued elsewhere.

I want to raise a second issue with the SCDI and the STUC, concerning the CBI's suggestion that city region plans should be updated and approved within two years of the introduction of the finalised NPF and that local plans should be done within two years of the city region plan. First, do you agree with the two year plus two year limit? Secondly, do you agree that sanctions should be applied if the plans have not been approved within those timescales?

**Iain Duff:** We have not really considered the issue with our members. The timescales in the system are certainly important to build confidence in it. I do not know whether two years is an appropriate timescale—I will have to consider that. Obviously, there are pressures on local authorities and planning authorities to get those plans in place as part of the culture of ensuring that the planning system is delivering for Scotland rather than being a hindrance. I cannot say definitively on behalf of the SCDI whether two years is a sensible timescale, although I think that somewhere within that timescale would be sensible.

Sanctions are a difficult issue. What type of sanctions are we talking about? Financial sanctions would involve taking money from local authorities, which may hinder the system more. I am not saying that we are opposed to sanctions, but you would have to be careful about their form and how onerous they were. Would financial sanctions just mean that money was being taken out of the system when resources are already tight? A balance needs to be struck, but some sanction may be appropriate. We said something like that in our submissions to the various consultations on the Planning etc (Scotland) Bill: some sort of sanction would perhaps be sensible, but you would have to be careful about how heavy it was and what it would do to the authorities.

**Ms Alexander:** It would be helpful if you could write to us on that point. If it takes a further year for NPF 2 to be agreed finally, two years for city region plans and two years for local plans, it will be five years before developers have an agreed planning framework in place in their areas. That sounds like quite a long time to me. It would be helpful for our discussion with the minister if you



could give us your thoughts on whether we need a two-year limit for city region plans and a further two-year limit for local plans.

**Stephen Boyd:** I am in a similar position to my colleague Iain Duff on the issue. What the CBI has proposed does not sound unreasonable, but I would like to consult the planners' trade union representatives on it. I refer back to the debate on a third-party right of appeal. As you can imagine, many people in the STUC were minded to support such a right. Our consultation with planners—the people who are expected to deliver outcomes—was essential in reversing that position, so I would like to speak to people on the ground about what the CBI's proposal might mean. I concur with Iain Duff's comments on sanctions.

**The Convener:** I thank members of the panel for the evidence that they have given this morning, which will be helpful when we write our report to the Local Government and Communities Committee, which is the lead committee on this matter. I thank Iain McMillan, Iain Duff and Stephen Boyd—it is nice to see so many Iains spelling the name correctly here this morning. There will be a brief suspension to allow a changeover of witnesses.

10:56

*Meeting suspended.*

10:59

*On resuming—*

**The Convener:** In this session, we will focus on the energy aspects of the national planning framework. I remind members that we are looking at the national planning framework; the session is not part of our wider energy inquiry. I am sure that we will see most of the members of the panel again—possibly several times—in the course of the next few weeks, as we take evidence in our energy inquiry but, at the moment, I would like us to focus on the energy aspects of the national planning framework. To save time, I will not introduce all members of the panel individually. Before I open the floor to questions, I ask them briefly to introduce themselves and to make any introductory comments.

**Ross Baxter (Scottish Power):** Good morning. I am the environmental planning manager for Scottish Power energy networks. We undertake the responsibilities of the three licensed companies in the Scottish Power group: SP Transmission, SP Distribution and SP Manweb, in the Merseyside and north Wales area.

**Scott Mathieson (Scottish Power):** Good morning. I am the regulation and commercial director for Scottish Power energy networks. My

colleague Ross Baxter and I are grateful for the opportunity to give evidence to the committee.

**Mike Barlow (Scottish and Southern Energy):** Good morning. I represent predominantly the transmission business of Scottish and Southern Energy. I have been responsible for processing applications for generation that is seeking to connect to the north of Scotland system and for identifying the grid reinforcements that are required to accommodate current and future renewable generation.

**Andrew Hiorns (National Grid):** Good morning. I represent National Grid, which is responsible for operation of the Great Britain system, interface with all the parties that wish to use the system, and the design and operation of the network in England and Wales. I work closely with my colleagues in the Scottish companies on transmission.

**Stuart Cook (Office of Gas and Electricity Markets):** Good morning. I am director of transmission at the Office of Gas and Electricity Markets. As members no doubt know, Ofgem is responsible for the economic regulation of the transmission businesses, among other things. My specific focus is on the way in which the transmission businesses—Scottish Power, Scottish Hydro Electric Transmission and National Grid—are regulated across Great Britain. Thank you for inviting me to attend today's meeting; I am delighted to do so.

**David Anderson (Industrial and Power Association):** Good morning. I am the chief executive of the Industrial and Power Association, which covers all the utilities and manufacturers and some legal companies in Scotland. I have worked in the industry for 35 years. Throughout that time, I have made planning submissions to public inquiries for transmission lines, as well as for generation stations.

**Jason Ormiston (Scottish Renewables):** Good morning. Thank you for giving me the opportunity to attend this committee meeting. I am the chief executive of Scottish Renewables. I have been involved in the industry for only five years, but I have followed the NPF 2 process closely for the past few years. I welcome the opportunity to talk about the subject today. The changes introduced by the Planning etc (Scotland) Act 2006 will be important in delivering much of Scotland's renewable potential and securing supplies of electricity.

**The Convener:** I thank the witnesses for introducing themselves. Not all panel members need to answer every question. Please indicate whether you have something to contribute; I will ensure that all contributions are heard.

My first question relates to the two new energy projects that have appeared as national developments since the original discussion draft was published at the beginning of last year: the new power station and transshipment hub at Hunterston and the new non-nuclear base-load capacity at other existing station sites. Would you like to comment on the appropriateness of including those in the national planning framework at this stage in the process, or on the consultation discussions that have led to their emergence as new national projects since the discussion draft was published last year?

**Andrew Hiorns:** National Grid seeks to operate a secure system. Although we welcome the contribution of renewables, base-load power stations are essential, so the potential role of Hunterston is welcome.

**Ross Baxter:** We recognise the importance of the grid infrastructure at such installations. That has nothing much to do with the installations themselves. I believe that the national planning framework recognises associated infrastructure. If a proposed national development requires a grid connection, the connection should also have national development status.

**Jason Ormiston:** It is important to ensure that the discussion focuses not on issues such as base-load but on the issues that we face over the next 20-odd years. The aim is to ensure that people have a reliable and affordable supply of electricity. We do that by having a transmission and distribution electricity network that can deliver, and enough generation to meet demand which, hopefully, is reducing. That has to be delivered through a mixed portfolio of generating technologies, including renewable and conventional generation.

It was disappointing to hear the previous panel give prominence to ensuring security of supply over climate change. Clearly, climate change is a thread that runs through the entire NPF, and is not something that we should forget. Anything that we do has to involve a steeply declining curve of carbon emissions, which must be achieved urgently. That is an important issue that appears to have been missed somewhat.

**David Anderson:** There was a major flaw in the original consultation, as much of the fossil fuel and nuclear generation was omitted. Some 60 per cent of current generation comes from those sources, and we are coming to the edge of a cliff, as three of the major stations will disappear in the next five to 10 years. The renewables targets are laudable and we support them, but the impending shortfall is a matter of strategic importance and needs to be addressed.

**Stuart Cook:** I would like to emphasise the point that Ross Baxter made earlier. The transmission and distribution infrastructure is essential to the delivery of renewables targets. It is therefore important that the planning framework has within its scope all the likely investments that the transmission companies will have to make in order to make connections to the new generators. The planning system should not prevent things from moving ahead in a timely fashion.

**Rob Gibson:** Earlier, I talked about turning the map upside down and considering matters from the perspective of the Highlands. In that regard, I would like you to think about decentralised production. Will the NPF enable us to achieve that? Will it enable projects in Orkney, Shetland, the Pentland Firth and so on to come into play? Such projects would enable Scotland to contribute much more to meeting our electricity needs than we have done previously other than from the large units in the central belt. It is obvious that the NPF encourages such projects, but are there things that could be done within the NPF to improve the situation further?

**Ross Baxter:** It is right to recognise that decentralised generation and small-scale, community-sized renewables projects are an important part of what we are trying to achieve. As we develop the grid and respond to people who make applications to us, we are seeing not only large-scale wind generation projects but an awful lot of small-scale, community-sized projects, which typically involve two or three wind turbines, and some quite small-scale hydro and marine projects. The grid system has to be reinforced to ensure that it can capture all the renewables resource and meet the needs of the large-scale and small-scale generators across the country.

Applications are being received from Shetland, Orkney, the Western Isles and the rest of the north of Scotland. We are keen to ensure that as much of that capacity as possible is connected, through the reinforcements.

**Jason Ormiston:** How decentralised or distributed generation is dealt with in the NPF is a matter of emphasis. It is clear that the investment that has been planned in the north and south of Scotland, but particularly in the north, will allow the economic development of the renewables potential that is being sought in the north of Scotland and the islands.

The flip side of that, which is referred to in the proposed framework in relation to the national development for grid reinforcements, is security of supply. The more generation, and the more interconnectedness in an area, the greater the incentive perhaps to locate business in that area. We are already seeing signs of that. Data centres are being considered for development in the north

of Scotland because of the quality of the power resource that is available. Alcan has its plants in the north of Scotland because of the hydro potential there. Transmission networks do not just harvest electricity; they allow the supply of electricity as well, and they allow an area to grow economically.

**Rob Gibson:** I ask Ofgem to comment. It is clear that in the context of the European target of 20 per cent by 2020, the UK Government is relying on Scotland to produce a lot of the clean electricity that is required to meet Britain's targets. What is Ofgem's view of the planning framework and your ability to help us to make that happen?

**Stuart Cook:** To go back to my opening comments, one of the key issues over the past few years has been the way in which planning has impeded progress in getting transmission projects on stream. We have done a lot to create flexibility in the regulatory framework to allow timely funding to support transmission projects. That goes back all the way to the price control review before last, in which we allowed funding of £560 million-worth of transmission-related investments.

If we go back to that stage, we find that some of the key projects that were granted funding in 2004 are still waiting to be built because they are mired in the planning process. We view the whole planning framework as a key enabling document, which will help to support the delivery of the targets and to align the funding requirements with the ability for the transmission companies to proceed with the investments in a timely way.

**Rob Gibson:** I am not asking about passing the parcel to planning. I am asking what you think that you can do. There is a role here for the sustainability argument. Ofgem needs to say more clearly how it will facilitate clean energy getting on to the grid. The geography of Scotland is such that some areas are far from the markets required by the transmission companies. In your regulatory position, are you making it easier for the planning framework to work?

**Stuart Cook:** Absolutely.

**Rob Gibson:** How?

**Stuart Cook:** Last year, we issued a consultation paper on the way in which we will create a lot more flexibility for the transmission companies to invest in transmission infrastructure. Under the current regulations, the transmission companies wait until they get a positive signal from customers to indicate a desire to move ahead on investments. We want to remove that blockage. We want the transmission companies to be able to invest in the infrastructure before that signal has been received, and to take proactive decisions about the riskiness of particular investments.

We intend to put in place new measures in April that will release the funding for pre-engineering expenditure and enable the companies to progress with their funding relating to the design of projects. By the end of this year—and earlier if we need to, if projects are going to be delayed—we will create flexible mechanisms that will enable investments to come forward in a timely way. In order to address current needs, we are doing a lot to make the regulatory regime more flexible than it has been in the past.

**Rob Gibson:** I welcome that, but I wonder whether, in the current tight financial climate, the main developers feel that they are able to go ahead. Are you getting the credit? Are you getting the support from the regulatory authorities that will make the energy aims of the national planning framework work?

**The Convener:** Perhaps Scott Mathieson could relate that back to the planning framework.

11:15

**Scott Mathieson:** Rob Gibson asked an extremely pertinent question. First, I support Mike Barlow's comments earlier. We are facing a much more diverse generation portfolio in future. What is critical to facilitating that energy future is a robust and secure transmission and distribution system throughout the UK. That therefore places much stronger emphasis overall on the regulatory mechanism. That has two dimensions. One is that transmission owners and developers of systems look for the same kind of certainty about revenues and recovery of costs that wind farm developers look for.

The second dimension is that we require speedy decision making. That goes back to the 2002 renewable energy transmission study that the three transmission owners and the Great Britain system operator developed; to the funding of transmission investment for renewable generation that we secured prior to the current price control period; and to the various incentive mechanisms that were included in the current price control period and which allow us to get on with the projects that are in the national planning framework. In the past 18 months, Ofgem has recognised that we must look beyond existing price control periods and towards 2020. The regulator acted in the first year of the current price control period, which ends in 2012, to consider what we do in the next stages, beyond that period. We have established the electricity networks strategy group, which is considering the next generation of infrastructure investments. The aim is to allow Scotland to contribute to a much greater extent to achieving the UK's targets by 2020, and for this nation to export more energy to the continent and to England and Wales.

My one caveat is that, prior to the credit crunch, there was strong emphasis on creating a highly competitive and dynamic environment for the transmission owners. Such an environment would perhaps bring about higher returns for the businesses, but it would involve greater risk and uncertainty. Given the current economic climate, we must consider the sense of going down that route. In the UK, we have three very effective transmission owners; a strong regulator that is capable of assessing the economic merits of the cases that we propose; and robust price control mechanisms. Because the networks that we must build are critical to our energy future, the last thing that we should do is create an uncertain, competitive and concerning environment that might ultimately scare off investors. That is my one caveat, although we are making advances on the issue. The recent Ofgem consultation paper had a strong recognition of the current economic climate and what it might lead to. That was signalled by the fact that Ofgem said that it will take more time considering the next generation of incentive mechanisms for the next phase of investment.

**Mike Barlow:** The question relates to whether Ofgem is hindering the development of the network. As Stuart Cook pointed out, much has changed recently or is changing. We identified the projects that are in the national planning framework some time ago, in 2004. They remain critical infrastructure projects for us to deliver if we are to achieve the renewable generation targets and realise the resource potential. With most, if not all, of those projects, we are at the phase of design, environmental assessment and planning and consents, and we are not held back by any regulatory arrangements in that regard. I hope that, by the time we come to construction of some of the projects in the next few years, there will be no regulatory hindrance. It does not look like there will be.

**Andrew Hiorns:** We recognise the importance and the role of Scottish renewables in meeting the targets. We have been working together closely as a group, including Ofgem. We recognise the need for timely investment. I am fairly positive that a constructive relationship has been developed—it looks promising. The national planning framework must be in place to support that, once we have agreed to proceed with the proposals.

**The Convener:** Subject to agreement under item 3, we will return to the issues of transmission, regulation and charging policies in February as part of our energy inquiry.

Does anybody else want to add anything?

**Stuart Cook:** I have a couple of other things to say. We recognise—I am glad that the panellists from the transmission companies recognise this, too—that there are challenges that the regulatory

regime needs to be adapted to address. We are seized of the fact that we need to be flexible in how we approach that.

It is worth remembering that the existing regime provides considerable investment, which is necessary to support renewables. Throughout Great Britain, something like £4 billion of capital spend is being allowed under the current regime in addition to £600 million in renewables related investments. On top of that, the regime already allows flexibility. When we last set the price controls, we could not always predict which schemes were going to come forward. To allow flexibility around that, we created a mechanism called the revenue driver mechanism. I will not bore you with the details of that. In effect, it automatically adjusts the revenue that the transmission companies can raise and is triggered by certain conditions such as new generators coming on to the system. Therefore, there is already a mechanism that allows investments to increase to reflect demand. We aim to overlay that with some additional flexibility, which is what we are currently consulting on.

**Lewis Macdonald:** David Anderson noted that, significantly, the discussion draft omitted fossil fuel and nuclear generation. On page 76, however, the proposed framework now offers the following justification:

“There is a need for new baseload electricity generating capacity to replace the power stations programmed for closure over the next 20 years. Land at Hunterston offers the opportunity to develop a clean coal fired power station, a biomass / gas fired power station and associated downstream industrial processes”.

On page 77, the justification for new capacity at other existing power station sites specifies sites that are non-nuclear and specifies that it should be non-nuclear capacity.

I would be interested in your answers to the question that I put to the previous panel of witnesses. Is it appropriate or necessary to make provision for power stations of a specific type, as the proposed framework does, or should the national planning framework recognise that there ought to be power stations that are capable of generating large volumes of electricity and not be specific about the technology or possibly even the location of those power stations? What grid connection issues might that raise?

**The Convener:** Everyone is looking at Andrew Hiorns, so it must be his turn.

**Andrew Hiorns:** I am just reflecting on the question. New power stations need to be developed and anything that can help a developer to take that project forward must be welcomed. If a potential site has been identified, NPF 2 must help developers to take that forward.

As far as the transmission plan is concerned, I am always trying to determine what transmission capacity is required for the future. If we have some indication of where future power stations may be situated, that helps me in the planning of the network. I can then identify the appropriate reinforcements. It helps to complete the picture. We do not develop generation, but we respond to generation developments.

**Mike Barlow:** You have talked about power stations that are capable of producing a continuous supply of energy in large quantities, the jargon for which is “base-load”. Those power stations work with the renewable energy sources which, as you may be aware, provide a more intermittent and less certain supply of energy. Scotland, as well as Great Britain as a total market, needs a mixture of both renewable generation, which tends to be intermittent, and base-load stations, which can be coal, gas or nuclear power stations. The transmission licensees are unable to discriminate in favour of one type of generation over another, but we recognise that having a mixture of types is important to the operation of the system. We therefore welcome the fact that it is recognised that that type of generation is required.

**Jason Ormiston:** The question, which is interesting, was whether it is appropriate to identify particular projects as national developments in the annex to NPF 2. There has been a debate on whether large energy-generating projects should be identified in the annex as national developments, or whether there should be a strong commentary in NPF 2 that says that X, Y and Z should be done to deliver the outcomes that are being looked for. I will not try to answer the question, because it is up to the Scottish Parliament and the Scottish Government to consider whether the projects that are identified in the annex are national developments and whether a mixed generation principle can be articulated and emphasised to ensure security of supply and reduced carbon emissions.

**David Anderson:** I will repeat myself a little, for which I apologise. We have five main generation hubs in the UK, many hydro stations and a growing wind portfolio, all of which are welcome. Four of the five hubs will disappear by 2023; three will probably disappear between 2015 and 2020. Rebuilding those stations would take somewhere between five and 10 years, depending on how long the planning process takes. Therefore, we are already at the edge of the cliff.

We export around 15 per cent of our generation. However, it is likely that, reasonably soon, the interconnectors, which are ostensibly represented by the gentlemen on my right, will be reversed and

we will have to import power from down south rather than export it.

I agree that electrical infrastructure is a key project. However, I think that only two or three of the projects that have been identified as national developments are really strategic whereas having power coming down the network across the whole of Scotland is fundamental. The three generation stations that we will shortly leave must be identified as needing to be replaced in some way or other. The renewable targets are laudable—we want as much work done on them as we can humanly put in during the next 15 years—but they will not meet the shortfall that will exist. As a result, that must clearly be listed as one of the nine key projects.

Lewis Macdonald mentioned Hunterston. Electrical infrastructure already exists at Hunterston, where there are two power stations. Inverkip is, in effect, dead, but in my view the transmission network—the gentlemen representing the generators and transmission operators would say this—is in place to receive another new power station on that hub.

**Scott Mathieson:** I support David Anderson’s comment. There will be more efficient development of the overall system if projects can be developed using the existing infrastructure. That is sensible.

Andrew Hiorns hit the nail on the head. For transmission owners and those who build the network, the greater the certainty and support that the planning framework can give us in identifying what the future that we are building towards will look like, the more that is to be welcomed. We are conscious that we need an element of flexibility but, equally, as Mike Barlow said, we do not and cannot discriminate. Doing so is certainly not the way forward, but it is sensible for planning purposes and to deliver the network and generation on time to place money in the process at some point and define what we are working towards.

11:30

**Christopher Harvie:** I want you to imagine an eighth person on the panel representing a notional public corporation, which I have invented, called the national insulation corporation. If such a corporation insulated customers’ houses to a degree that is normal in Europe—our houses struggle to reach grade C in the European Union category of energy-efficient houses—a lot of the projects that involve power stations that are 36 per cent efficient might well fall by the wayside.

The problem is that we are seeing all this from a generation point of view; we are not considering utilisation. We have allowed an enormous growth

in very big supermarkets in Scotland. One or two of them are environmentally friendly, but they use—I almost said “lose”—5 per cent of our energy generating capacity. Of course, there are further costs from the transportation involved—the cars that take people to them and the lorries that go to and from them. I compare where we are with where Germany is—I served the Government of Baden-Württemberg for nearly a quarter of a century. It is possible to be a major industrial power and not deem it necessary to have nuclear generation; we ought to bear such comparisons in mind.

We are examining generation and transmission in great detail, but we are not examining whether we would need to supply all that power if we insulated buildings and planned rational methods of using it. I would like to hear your comments on that.

**David Anderson:** I am a civil engineer and I am very interested in doing what you suggest, but the figures—both historical and projected—do not stack up. We are averaging a 1 per cent a year increase in demand for electricity in Scotland and the UK, which is likely to continue. It is amazing that, despite the demise of, and changes in, industry, we still find new ways of using power, whether in relation to the internet, hotels or the demands of the electronic systems that we employ in our homes. The power companies and the construction industry have begun many initiatives to double glaze and insulate homes, but the fact is that we increase our electricity demand by 1 per cent a year. Reports on other houses are projecting a 10 to 15 per cent increase in demand—as we are—by 2020. We have to meet that demand, because the 5 million of us in Scotland expect to have electricity 24/7. Unless we move to a different concept of demand, it is beholden on the industry to meet it.

**Mike Barlow:** We have to do these things in tandem. Energy efficiency is part of reducing carbon. Although energy efficiency can make a contribution in more remote areas, the overwhelming issue from a grid development perspective is that there will have to be strategic investment if we are to develop renewable generation, which we all want. The energy efficiency contribution is analogous to small-scale community generation. Both are important. We should be encouraging them, because of their contribution to carbon reduction and to local economies.

**Scott Mathieson:** I echo what Mike Barlow said. From the transmission perspective, the infrastructure reinforcements that are contained in the national planning framework are being driven by the portfolio of generation that we see Scotland contributing to the UK as a whole. Given the

nature of that generation, there is a strong role for base-load. That is basic portfolio theory; we need a mixed generation portfolio to balance demand.

I do not want committee members to walk away with the idea that infrastructure companies simply promote steel in the ground. We are acutely aware of the role of reducing energy consumption and of the effect that suppliers working effectively with the consumer might have on our networks. As part of the distribution price review, we are considering mechanisms for using the distribution network more effectively and interacting more effectively with our customer base on a commercial basis. However, a debate for another day is that that requires changes to the regulatory framework under which we work, which has pushed infrastructure companies away from the customer base to an extent.

**Stuart Cook:** I am probably not well equipped to comment on the circumstances of supermarkets in Scotland. However, Christopher Harvie's general point is spot on. Not losing sight of the fact that a demand side as well as a supply side exists is critical. We need to balance demand and supply and to create the right mechanisms for the demand side to respond to need. One reason why Ofgem has supported measures such as smart metering in the past few years is that providing customers with more information and more control enables them to influence their demand more responsively.

I echo a point that Scott Mathieson made. The committee's discussion is more about transmission than distribution but, in distribution, we are actively considering ways to create opportunities for companies more innovatively to manage their business and respond to energy customers' needs. I am sure that proposals on that will be made.

**Jason Ormiston:** When we consider how much energy we demand, we must consider the entire energy picture and not just electricity. It is important not to give up on the need to reduce our overall energy demand. We must do that by 2050 to meet carbon emission targets, but having less pressure on the systems that are in place also helps us to meet our demand needs. We might find that, although total demand reduces, the electricity sector starts to meet the needs of the transport and heating sectors, about which the committee is concerned. We must not give up on energy-efficiency measures in using electricity and heating our homes.

Another key point is that although the electricity sector must meet demand, as Stuart Cook says, we must start to think about managing that demand, which would provide a way to reduce our overall demand for electricity. Switching off non-critical appliances at certain times can start to reduce demand.

**David Anderson:** I have a final point, which is a word of warning. If we adopted electric cars—if the car industry made a great technological move towards that and all our fleet used electricity—we would load our cars overnight, which would increase our demand by 30 to 35 per cent. We are introducing electric trams in Edinburgh and we want more and more of our rail network to be electrified. All such initiatives place heavy demands on the electricity network and the grid must meet that demand, which is likely to emerge.

**Christopher Harvie:** Thirty years ago, nearly all of you would have worked for a state corporation to provide the public electricity supply. I wonder—a little electric light bulb is flashing—whether, if an anti-energy corporation of such a size existed, which was concerned with reducing demand for energy, that would introduce competition. That corporation would say, “We don’t really need this. We can show you methods of reducing demand and it can be done.” I come from a town whose generating station is 90 per cent efficient, because it is combined with a local heating system. I keep wondering whether a private enterprise solution is to have competition between energy suppliers and energy negotiators. That might be an option to examine.

**The Convener:** That probably goes beyond the scope of the national planning framework, but we may come back to it in the energy inquiry.

**Marilyn Livingstone:** David Anderson said that we are on a cliff edge. What should be in NPF 2 to pull us back from that position? We obviously have to make a response on NPF 2. What would be your solution?

**David Anderson:** When I worked for Scottish Power, I had the heady task of managing the Northern Ireland public inquiry, which was on an overhead line in Ayrshire of about 70 miles. The public inquiry lasted six months. The concept was in the planning system for three or four years and the line was ultimately built, but the whole process took 10 years. The 120km line in North Yorkshire took slightly longer than that. There is no decision yet on the Beaulieu to Denny line, which will be fundamental for capturing renewables and sending that power south.

Wendy Alexander asked about metrics and the planning success for electricity infrastructure schemes. The ones to which I referred are probably the only major infrastructure projects since 1980. However, about 2,000 miles of wire, which has a life expectancy of about 80 years, must be replaced in Scotland. When we put our head above the parapet and propose major line schemes, the process takes 10 years. As a private individual, I find that horrific. The Beaulieu to Denny line has not been decided on yet, but if it takes less than 10 years from initial concept to being

built, I will eat my hat, frankly. Whatever happens in the system must be an improvement on that kind of situation.

At the end of the Northern Ireland inquiry, the reporter produced 135 findings: 128 found in favour of the developers and seven were stayed, but there were none in favour of the plethora of objections that were raised, so the whole scheme went through. Although it was described as the desecration of Ayrshire at the time, people would be hard pushed now to say where an overhead pylon exists.

What I have described shows what developers are up against when promoting schemes. It is so difficult and the timeframes are exasperating, in my view. We need a much neater planning process that can look at point-to-point developments across a multitude of landowners and deliver something within four years rather than 10—that should be the objective.

**Ross Baxter:** I am in the fortunate, or unfortunate, position of having David Anderson’s previous job of delivering consent applications on the ground. What is even more worrying is that, as well as having significant delays in large-scale developments for the transmission network, we are having delays in smaller-scale developments. For example, two new substations have recently been constructed at Coalburn and Elvanfoot for the Scottish-English interconnector, but the whole process took about two years. We undertook an environmental assessment and submitted our application, but the determining process took 16 months. They were single, static sites with minor overhead line tie-ins, so were not extremely controversial schemes. There was no public opposition to them, but it still took a significant time for them to come through the planning process.

We have had a number of discussions in our office to try to put our finger on the problem. I think it comes back to what was said earlier in the meeting about the resources in certain departments in local authorities and agencies. There is a sort of self-perpetuating system because there is a demand for better-quality information in environmental statements, but the people who make the demands are not properly resourced to deal with the information when it is put in front of them. That is a worrying problem for all scales of development.

11:45

**Jason Ormiston:** Personally, I would not use phrases such as cliff edge in this discussion. However, post 2020, when the anticipated so-called electricity gap occurs, some plant will be required to help fulfil demand. The SCDI and the

Wood Mackenzie report say that that is the kind of timeframe that we are in. Given the point that David Anderson made about the time that is spent in planning, that means that some key decisions need to be made in the next few years to enable us to deliver reliable supplies of electricity post 2020. NPF 2 is important because the next 20 or 30 years is the timeframe in which it works. That is also the timeframe for the decision making that is happening now because of the time that is spent on planning and deciding on infrastructure and large plant. That is why it is pleasing to see the framework's emphasis on grid reinforcements and the need for a mixed supply of generation to meet post-2020 demand.

**Stuart Cook:** I will elaborate on a point that one of the witnesses from the energy companies or National Grid made. Early last year, Ofgem asked the transmission operators to provide their thinking on what transmission infrastructure would be required to support the 2020 targets. That work is now nearing completion. It is not complete quite yet, but the plan is that a report will come out from the transmission operators in February. That should be a key input to the framework, because a degree of cross-checking is needed to ensure that it reflects the work that the transmission operators have identified as being necessary.

**Mike Barlow:** I think that the candidate developments in the national planning framework will be reconfirmed in that study; I do not think that there will be any misalignment in that. We have identified the projects that need to be implemented and Ofgem is putting in place the regulatory clearances for those, so there should be no regulatory barrier. Planning is likely to be on the critical path on those projects, as it will be necessary to make the appropriate environmental assessments and planning applications.

**Lewis Macdonald:** I ask you to be absolutely clear about whether the report that is coming out next month will agree with the priority grid projects that are identified in the national planning framework. Will you confirm that it will not add to or take away from them but will be focused around the set of projects that are included in the NPF as national developments?

**Scott Mathieson:** It will confirm the projects that are contained in the national planning framework but, as we discussed earlier, we are now beginning to plan for the next phase of investments beyond 2012. If the UK is to achieve its target of 20 per cent of energy being generated from renewable sources—50 per cent in Scotland—we will need to think about a series of further upgrades to the integrated transmission system throughout the UK. The energy networks steering group has done work on that, and I categorise it as the next phase of investment,

which builds on the platform that is contained in the national planning framework.

**Ross Baxter:** The question is how much we try to capture that in the NPF now. Once it is published, and then reviewed, will there be some statement of principle about how development might expand further, even if there are no physical lines on the map?

We were invited to propose schemes for the NPF and had to strike a balance between a strict scope and speculative proposals. We made proposals that were restricted in scope, given what we knew at the time. We are now at a halfway house, from which we can see future need. The problem is determining how much of it we can represent—and how indicatively.

**Lewis Macdonald:** So a set of potential developments might be proposed before the next national planning framework that will not be specified in the immediate future.

**Ross Baxter:** The question is what opportunity there is to develop once the NPF is published, or to catch its review.

**Scott Mathieson:** As Ross Baxter said, the appropriate step within NPF 2 would be to acknowledge in some way that the next phase was coming along. The question is whether there is scope to do so.

**Dave Thompson:** What are the panellists' views on the projects involving subsea cables from Peterhead down the east and from Hunterston down the west?

**Andrew Hiorns:** National Grid is considering network requirements for 2015 and beyond as we consider how to meet United Kingdom targets. Scotland has significant resources to contribute. In a study, we revisited all the transmission networks and confirmed that all the reinforcements in the NPF are required. The study also showed that the capacity to send excess generation from Scotland to England is insufficient, so we are considering the potential of offshore deep-sea links to supplement the schemes that are already identified in the NPF.

**Dave Thompson:** What about integration with the European network?

**Andrew Hiorns:** I have given some thought to that. The end objective of having an integrated European network is attractive, but we have to consider the cost and the technology. I imagine that there will be incremental developments; links will be developed and then slowly built on. The links that we are considering at the moment will probably appear from 2015 onwards, and the technology required to develop an integrated European grid will probably appear from 2020 onwards.



**Scott Mathieson:** The committee should remember that European networks are highly constrained. Although we might be able to export energy to the continent if we brought projects forward, it would be difficult for the flow to get through European states. In the short term, the flow is more likely to head towards the UK.

**Mike Barlow:** It is important to note the rationale behind the development of the grid system. The projects in the national planning framework are designed to make the best use of the assets and routes of the existing onshore transmission system. We are not really proposing new routes—other than one connecting Shetland, for instance. Shetland has been electrically isolated from the Scottish mainland system.

However far development goes, the first phase will be to make maximum use of the existing system. After that, we can consider the subsea cables running north to south, which would be the start of exporting energy further and could lead to interconnectors. As Andy Hiorns and Scott Mathieson have suggested, interconnectors would probably come later on, but they would build on decisions and progress made at this point, without undermining them.

**Jason Ormiston:** The “Sub-sea Super-grid” is referred to in NPF 2, and I think that the reference is sufficient for now. In this area and in others, NPF 2 flags up issues for NPF 3. A lot of thinking is still required on subsea networks with the rest of the UK and with Europe, but NPF 2 is okay at the minute, as long as we remain focused on this important subject. When we come to NPF 3 and the review process that another panel member mentioned, we can start considering the implications for the planning system more seriously.

**David Anderson:** There would be technical challenges on some of the lengthy routes; the route to Northern Ireland was a challenge. I suspect that, when taking electricity over lengthy distances underneath the sea—and going from alternating current to direct current and back again—we would be moving into an area for which few equivalents exist in the world.

Furthermore, the seabed around the UK is not simple and flat. The technology requires dropping the cable and burying it as you progress. On the west coast, that is certainly not a simple process.

**The Convener:** That concludes the questions from committee members. I thank all the witnesses on the panel for their evidence this morning, which has been very useful and helpful. As I have said, we will probably see some of you again, if not all of you, at some point over the next few weeks as we continue to take evidence in our energy inquiry.

11:54

*Meeting suspended.*

11:59

*On resuming—*

**The Convener:** I welcome our third and final panel of witnesses on NPF 2, with whom we will discuss the balance between economic development and environmental protection, and whether there is a contradiction between having an efficient planning system and consultation.

I ask our two panellists to introduce themselves and to make brief introductory comments, if they wish to do so.

**Aedan Smith (RSPB Scotland):** I am head of planning and development at RSPB Scotland. I will not introduce our organisation, but I will give a quick introduction on why we get involved in the planning system and will offer some initial thoughts on NPF 2.

RSPB Scotland gets involved in the planning system because poor-quality development can harm the environment, birds and people's quality of life, whereas good-quality development can deliver significant environmental benefits.

In general, NPF 2 is an excellent planning document that has the potential to assist greatly in delivery of sustainable development. We particularly support the recognition that it is important to maintain and invest in Scotland's environment because doing so helps to deliver increasing sustainable economic growth. The document has a strong focus on delivering national transport infrastructure projects, but we believe that it should go further and should identify the need for habitat enhancement projects. We discuss that in more detail in our submission to the Local Government and Communities Committee, which I hope has been circulated to members of the Economy, Energy and Tourism Committee.

We also have significant concerns about the potential conflict between some of the proposed national developments and the Government's climate change emissions targets.

**Duncan McLaren (Friends of the Earth Scotland):** I am chief executive of Friends of the Earth Scotland, which is an independent national non-governmental organisation and a member of the Friends of the Earth International federation.

We support the principle of a statutory national planning framework to guide planning development throughout the country, but we are concerned that NPF 2 misses the opportunity to begin the transition to a low-carbon economy through a green new deal. We do not believe that the package of national developments as a whole

will support sustainable economic growth, particularly because of the failure to consider an alternative to the predict-and-provide approach. In relation to waste, energy and transport, the document in effect forecasts what will be demanded and considers how to meet that demand, rather than first considering reduction, conservation and efficiency and then identifying the least damaging ways of meeting need, such as through renewables, rather than coal.

There are serious shortcomings in the document's analysis of the need for new coal-fired power stations, and those are exacerbated by what we would say is the unnecessary designation of those projects as national developments. There is no evidence that there will be a shortfall in electricity supply before the 2020s. What will be needed to meet the 50 per cent renewables target is not base-load plant that is continuously on, but load-following or peak-load plant. That means that the document is, however, right to rule out nuclear power. We broadly support the objectives and principles on renewables and the grid, but they need to be put within a sustainability framework.

In conclusion, a practical approach would be to note that NPF 2 is not compatible with climate change targets or with the sustainability duty that it is supposed to follow. That duty requires us to remove the coal-fired generation projects from NPF 2 and to ensure that the need for the national developments can be considered at a public inquiry. We are also concerned about the consultation procedures, which did not meet the standards to which the Government aspires.

**The Convener:** Thank you for those opening remarks.

As I did with the previous panels, I begin by asking about the changes that were made between the discussion draft of NPF 2, which was published on 9 January 2008, and the proposed framework that we are discussing today. In particular, do you have any comments on the significant changes to the national developments? Was there adequate consultation on the new projects that were introduced to the proposed framework?

**Aedan Smith:** As I said in my introduction, we are really pleased that the document recognises the importance of the natural environment and the contribution that it can make to Scotland's economic growth, which we think is really positive. It has been firmed up a bit in this document compared with how it was expressed in the draft.

On the national developments, there is obvious concern about the potential for conflict between the Government's climate change ambitions in particular, and the potential for the national planning framework to establish the need for new

and unabated coal-fired power generation. That is an obvious contradiction and we have some concerns about it.

The new developments could also directly impact on biodiversity. That could be addressed partly through the individual applications for each site, but the national planning framework could deal with it in a bit more detail. As I suggested in my introduction, the national planning framework could go a bit further and establish the need for environmental enhancements, particularly in central Scotland, which would go some way towards offsetting the potential impacts of the developments.

**Duncan McLaren:** Our concerns over the shortfall in consultation are not just with respect to the new proposals that were brought in after the original draft. Although there was significant consultation on the original draft, none of the public meetings was held outside working hours, for example, so wide accessibility was not achieved. The team increased the number of meetings but still did not make them open to everyone. The Scottish Government said that with this process it wished to get beyond the usual suspects, including professional bodies, local authorities, and NGOs, which have the resources to make representations, but—sadly—it did not achieve that.

Those problems are clearly exacerbated for developments that were introduced as a result of the consultation process, such as bringing more airport enhancements into the list of national developments and, as Aedan Smith said, the inclusion of unabated coal-fired power stations at Hunterston, potentially Longannet and Cockerzie into the national planning framework. That is a fundamental challenge to meeting our climate change targets because if, as a result of their being introduced to the NPF, those developments are considered to have had their need established, the ability of the planning system to say, "We will only go ahead if they have carbon capture and storage operating from day 1, or if they meet an emissions performance standard of, say, 350g carbon per kilowatt hour" will be much reduced. The planning system has to be able to say no to a development—not, "Oh well, we'll just have to paint it green instead."

**Lewis Macdonald:** The inclusion of unabated coal-fired power stations has highlighted concerns. I am interested in your responses to the ways in which they might be addressed. Rather than a requirement that power stations be carbon capture ready, would a requirement that the carbon capture technology be installed change your view of them as national developments? Alternatively, as a different approach, and looking at Hunterston in particular, if a technology's specific description

is removed from NPF 2 as it is currently drafted, and an alternative description is inserted that requires the power stations to be low-emissions—perhaps defining that by a level of carbon emissions, but not specifying which technology should be used—would that address the concerns that you have highlighted?

**Duncan McLaren:** We are very keen that there be a mechanism to ensure that any new coal or other fossil fuel-fired generation meets a certain standard of emissions, which could be done by a carbon capture operation requirement. We are encouraged to hear companies such as General Electric saying that carbon capture could be commercially operational around 2015 or 2016, which is the sort of timeframe when, at the very earliest, the power stations could start operating.

We would not support a completely technology-neutral approach because, as I have set out, the need for Scotland is for plant that can vary its output to match the variable renewables output and our variable demand. Nuclear plant, as it currently exists and as it has been built elsewhere, does not have that capacity. It is inherently on-off technology and, as committee members will know, it can be off for several months at a time. We argue that it is right to exclude it, and our preferred approach would be for what is left to be subject to an emissions performance standard.

**Aedan Smith:** I support Duncan McLaren's comments. The inclusion of carbon capture from the outset would certainly help in relation to climate change impacts. Most of the sites are located close to particularly sensitive habitats, so there would be direct potential impacts from what is being proposed, which will need to be dealt with.

If we go for big new centralised power stations, there is potential for that to be a distraction from delivering on our renewables targets. That is also of concern to us. Aside from that, I agree with Duncan McLaren's comments.

**Duncan McLaren:** To elaborate, I would not necessarily include those measures as national developments. The principle should be included in the narrative and commentary of the framework, alongside the development of a carbon dioxide transport and storage network, which seems to be lacking some weight. That is one reason why we are sceptical about whether the plants that are proposed would capture and store significant amounts of carbon dioxide. The other parts of the infrastructure are not being given equal weight.

**The Convener:** Previous witnesses said in relation to the transmission system that, if it is not designated where base-load or peak-load stations are to be, it is difficult to plan the transmission system to fit. Is that an argument for base-load or peak-load stations being designated as national

planning developments in order to enable the other things that tie into them to be developed, too?

**Duncan McLaren:** That argument might have significant weight, but let us note that there are also plans for changes in the network to deal with lots of smaller-capacity developments and, I hope, to deal with changes in patterns of demand. It seems potentially risky to skew the system by designating that element, instead of others, as a national element. As Aedan Smith said, that could potentially lock us back into a more centralised system, and not the decentralised system that the framework document positively promotes. It would also lock us into a potentially higher-carbon system. A clear steer in the commentary of the framework would allow us to resolve that over the timeframe. I stress again that all the evidence that I have seen suggests that that would not happen before 2020.

**Lewis Macdonald:** Nonetheless, although carbon capture and storage is technically proven, the technology is not yet commercially proven—some assumptions have been made. Furthermore, there are developments in new nuclear technology that we cannot yet be sure of, but which promise to address some of the issues that Duncan McLaren raised about the permanence or otherwise of supply.

Is the priority not to ensure that, if substantial production is required, locations are identified and grid connections are in place? Is that not the purpose of the national planning framework, rather than to make decisions, in the light of technology, about what development will proceed at a given location?

12:15

**Duncan McLaren:** With respect, I fear that that would be putting the decision much too far down the energy hierarchy. It is a false assumption to assume that large amounts of energy or electricity are required in a centralised form, because we have not properly prioritised energy conservation, energy efficiency, renewable generation or storage technologies. Interestingly, electric vehicles are a possible means of storing energy from when it is generated through renewable electricity generation until it needs to be used. All those issues must be considered. We cannot make a decision that is 100 per cent right, but if we assume now that large quantities of electricity are what is needed, we know that we will be making the wrong decision.

**Aedan Smith:** I would like to move away from energy supply—we will make a more detailed submission to the energy inquiry—and to get back to my area of expertise, which is planning. What

concerns me and my organisation is that, in effect, inclusion as national developments in NPF 2 of the new power station at Hunterston, in particular, but also of the provision of other new base-load capacity, establishes the need for those developments to go ahead, which means that there will be no further opportunity to debate the need for them. If the framework is approved, the inclusion of those projects will tie us into that route until the next framework comes along, which is a particular concern for us. That is the key point about projects' inclusion in the NPF.

**Dave Thompson:** I am particularly interested in the RSPB's proposal in its submission that the NPF

"should specifically identify the need for landscape scale ecosystem and land management projects".

Will you elaborate on that? Do you have any idea where such projects would be? We already have numerous designations all over Scotland. In the Highlands and Islands, which I represent, one would be hard pushed to find a bit of ground that had not already been designated. Do you not think that there are probably enough designated areas to provide what you seek?

**Aedan Smith:** Sure—I take your point.

Our proposal is about recognition of the fact that the national developments that are proposed in the NPF are focused on central Scotland. There is a cluster of national developments in that part of the country, particularly around the Firth of Forth and the Firth of Clyde. We know that we have some fantastic semi-natural environments in rural Scotland, but that historically there has been a lot of habitat loss, especially in more urbanised parts of the country. We still have some landscapes that are fairly degraded. The national developments that the NPF proposes will have further impacts on the natural environment that is left in those parts of Scotland.

One way of dealing with that would be to take action to deliver positive enhancements that would complement the areas in question and offset any negative impacts of what is proposed and what has already happened. I am conscious that although such projects are taking place across the rest of the UK, they are not being carried out in Scotland—RSPB colleagues who work in England and Wales are seeing examples of such work. At Newport wetlands in south Wales, a large-scale habitat recreation project has been developed not just to enhance the environment there, but to improve the image of the local area, to enhance its economy and to make it a more attractive place for people to invest in. Similar work is being done in the Thames gateway area, where the provision of green space is viewed as a priority, and in the midlands and the north-east of England.

Such projects are absent from central Scotland. The fact that it is more of an issue for Scotland's urban areas reflects what the NPF has a greater ability to influence—the more built-up parts of Scotland, which are more affected by activities that require planning control. I hope that that answers your query.

**Dave Thompson:** It does, thank you.

**Gavin Brown:** If I have heard correctly and have read the submissions right, both witnesses are of the view that the need for a national development should not exclude it from the full scrutiny of a public inquiry. Taken together, Friends of the Earth's and RSPB Scotland's submissions express concerns about perhaps half—possibly three quarters—of the 12 projects. The suggestion is that some projects ought to be removed—I may be putting words in people's mouths, but that is my reading—from the list of national developments.

If the need for all projects was subjected to a full inquiry and a majority of the projects were excluded from the list, what in broad terms would be the purpose of NPF 2? Is there not a concern that we might end up with the previous position in which we had lots of delays and bureaucracy but no economic development? I know that there is a conflict or trade-off between economic development and environmental protection, but if we followed what is suggested in the submissions, might we not go too far in one direction and not give enough consideration to economic development?

**Duncan McLaren:** I do not think that that is the case. By way of introduction, I should say that some of my reservations about the national developments are that they do not meet economic—not just environmental—objectives. For example, although the airport expansion projects are not about new runways, they aim to provide greater throughput of passengers. That will exacerbate the economic loss that Scotland suffers from people flying out of Scotland and spending more overseas than people flying into Scotland spend here.

**Gavin Brown:** On that point, the submission states that, in 2000, tourists coming into Scotland provided economic input of £0.5 billion. In the committee's report on tourism a matter of months ago, we suggested that the total figure for tourism is about £4 billion and the impact of inbound tourists is about £1.5 billion. I just wonder whether those figures have been updated.

**Duncan McLaren:** I have not seen an update for those figures, but I assume that our stance on the relative figures—the fact that more is spent by passengers going out than passengers coming in—still holds. That point has been consistent across the studies that I have seen.

The key question was about what the purpose of the national planning framework is if we remove the projects from it. In our firm view, the NPF is required to guide regional and local plans and development decisions in support of the dynamic economic, healthy environment and better quality of life that we all seek. The commentary and policy in the national planning framework must be as important—if not perhaps more important—than the national projects.

Would much greater delay result from putting projects through assessment of the need for them? That is highly unlikely because, as was said earlier, the planning process is quite prolonged even when no objections are involved. Requiring a public inquiry that considers design and locational issues also to consider need would add to the process at most a matter of, say, two or three months. As members heard earlier, such inquiries can take up to 10 years. If we exclude an assessment of need and a legal challenge results in the decision being taken to the European Court of Justice, the delay would be a matter of years. If we exclude an assessment of need and we find that local objectors dig tunnels and build tree-houses—as happened at Newbury in England during the 1990s—the delay could also be a matter of years. I think that it is more efficient to have an open and rigorous assessment of need at a public inquiry.

**Aedan Smith:** I just want to restate how useful it is to have a national planning framework as a national spatial expression of Government policy. Not all the other UK countries have such a framework as yet—I know that my colleagues in England are fighting hard for such a policy.

One of our concerns about some of the proposed national developments is the lack of consideration of alternatives that could deliver the same benefits.

It is not always clear, with regard to the national developments that have been put forward, what viable alternatives have been proposed. For instance, the need for Hunterston and the options for alternative ways to deliver that energy production have not been thoroughly explored, but the plan for it is now in the proposed framework. If that is carried through into the adopted framework, the need for Hunterston becomes established and the subject cannot be opened up for further debate. That is our concern.

**Rob Gibson:** Given that you chose the example of Hunterston, it would be interesting to consider the distribution of population in the central belt and the potential end to nuclear energy production there. We have had the argument about carbon capture readiness. If you were drawing up the national planning framework, what would you include instead in order to employ people in that area?

**Duncan McLaren:** I do not believe that the purpose of a national planning framework is to make decisions about the specific sources of employment in any area—that feels rather Soviet, if I may say so. Before you get too insulted by that remark, however, I will suggest that we look for measures in the national planning framework—to be designated as national developments but still subject to public inquiry—that would reduce carbon and create jobs.

At the top of our list would be a programme of housing refurbishment and housing development. It is sad that the national planning framework does not recognise the value of that in reducing energy demand. Also on the list would be a programme of investment in measures to promote active transport such as walking and cycling, particularly in urban areas, and to supplement that with significant improvements in our bus and rail networks. All such moves tend to be positive for local economies.

**Rob Gibson:** They are positive in general, but I asked about the Hunterston area and the population of Ayrshire to which that particular project refers.

**Duncan McLaren:** I refer you to the start of my answer. I am sorry; I do not believe that—

**Rob Gibson:** I understand the hierarchy of energy and the wider issues that might need to be considered, and we have such a set of considerations just now. In your submission, you state that most, if not all, of the items in the national projects

“could be compatible with a sustainable economy, but only if other conditions were also met (such as particular technological advances).”

Considering the projects that you object to, will you address the technological advances that would make some of the national developments and the planning framework acceptable to you?

**Duncan McLaren:** I will highlight some advances. For coal-fired power, they would involve the direct application and operation at 100 per cent coverage of carbon capture and storage; for road transport projects, they would involve a level of penetration of renewable-fuelled vehicles—whether electric or otherwise—that is not realistically foreseen before the 2020s; and for aviation, they would involve improvements in vehicle technology that well outstrip those that are forecast by the industry.

The statement in our evidence was, in a sense, hypothetical: the items could be viewed as compatible if those technological advances happened but, sadly, those advances are not in the gift of the Scottish Government. To predicate national developments on them is, therefore, implicitly irresponsible.

12:30

**Rob Gibson:** Leaving issues of responsibility and irresponsibility aside for a moment, I suggest that the fact that a variety of sites has been chosen for developing CCS shows that not all the eggs are being put in one basket. Surely by taking into account the needs of the population not only in the west of Scotland, particularly around Ayrshire, but in the areas around the other old coal-fired power stations and the gas-fired power station mentioned in the document, the potential for one or more of the developments—although not necessarily all of them—to happen can be spread across Scotland. What is the probability that the very aspects that you have highlighted about Hunterston will mean that it—rather than, say, Longannet—is the first choice for CCS compatibility?

You have suggested that, because of need, the programme is set in stone. However, other developments that we do not control—changes in technology, for example—might decide whether some or indeed any of the projects can be undertaken. Does it not make sense for the Government to make the other sites that are being considered for development a national priority? After all, there might not be a need for that particular development on that particular site.

**Duncan McLaren:** That is the problem. Including such proposals in a list of national developments assumes need. If, as you suggest, they represent one of a number of possibilities, surely it would be better to include them in the narrative or commentary of the NPF.

**Aedan Smith:** That is a very good point. On the one hand, the developments might never happen; on the other hand, they might happen but without the CCS element, which would give us real problems in meeting our climate change targets.

On your initial point about jobs at Hunterston, I will not pretend that we have an alternative that will provide the same number of jobs, but in our submission, we suggest that real economic benefits could be generated across central Scotland by making more direct and active links with the natural environment and carrying out environmental enhancements. I also point out that the link between climate change and the economy has been established for a number of years and that, in considering the proposals in a national planning framework, we should not forget that the implications of climate change will fundamentally affect everyone and everything, including the economy.

**Christopher Harvie:** Lewis Macdonald remarked that the proposed railway line from Inverkeithing to Halbeath—not, I admit, two notable places, but not very far apart—appeared

in the strategic transport projects review but not in the national planning framework. I must admit that I did not think of that brilliant idea but, by avoiding the picturesque but very slow Fife coastal railway route, which has not changed since 1890, the link would cut times to Aberdeen by about 20 minutes. Should that project not be promoted to glory in the national planning framework?

**Duncan McLaren:** The relationship between the strategic transport projects review and the national planning framework is exercising another committee. I do not believe that we are in a position to put all the projects in the STPR into the national planning framework; in fact, I do not think that such a move would be desirable. The rail link that you highlighted might well be useful, and the upgrading and electrification of our railways should certainly come well ahead of any measures to increase road capacity, but my scepticism about how national developments work leaves me wondering whether there is much point in doing what you suggest. I must say, though, that I would rather see that proposal in the NPF than some of the airport expansion proposals.

**Aedan Smith:** I am afraid that I do not know enough about that project to comment on it.

**Christopher Harvie:** Oh dear—it is obviously one of those things that the anoraks, not the statesmen, have been at. In any case, I think that the proposal, which would enable rapid movement from Edinburgh to Cupar, is very commendable. I am sure that you agree, convener.

**The Convener:** As long as the train stops at Ladybank.

As members have no further questions, I thank Aedan Smith and Duncan McLaren for providing an interesting alternative perspective on the national planning framework, which I am sure will inform our discussion in the next agenda item.

I suspend the meeting for a few moments.

12:36

*Meeting suspended.*

12:38

*On resuming—*

**The Convener:** We will now consider how we take forward the issues that have been highlighted with regard to the national planning framework. Members should bear in mind the key point that the Local Government and Communities Committee will take evidence from the Minister for Transport, Infrastructure and Climate Change on 21 January. We can consider whether we want that committee to raise any points on our behalf and draft a note to that effect to its convener.

Obviously, it is open to members of this committee to attend that meeting and, at the convener's discretion, ask questions directly.

I will set out in no particular order a few issues that I have noted from the evidence sessions and then ask members whether they have any additional points to raise. It might, for example, be worth raising with the minister the shortage of qualified planners in Scottish local authorities. I find it interesting when I hear developers complaining about that, given that they poached most of them from local authorities in the first place—although that is perhaps by the by. Certainly, the issue must be addressed if the national planning framework and the new planning legislation are to be effective.

I would like the Local Government and Communities Committee to ask what consultation has taken place on the new national developments that appeared in the NPF between last January's draft and the one that has been laid before Parliament. It is important that the Government makes clear how those projects came into the NPF. As the committee responsible for energy, we should seek justification for the inclusion of the power station developments, in particular. The Government should be questioned about why it chose to include specific projects instead of providing an indication in the narrative of the need for such developments, as some witnesses have suggested.

On the transmission system, we need to clarify which projects the Government expects to happen within the timeframe of NPF 2 and which are longer-term, more aspirational projects. That is not as clear in the document as it might be. The point may be covered by the action plan that will follow, but there is no harm in our raising it at the moment. The important issue of the targets for dealing with planning applications was also raised.

There is a further point that I meant to raise with the previous panel. I am interested in how the new power station and transshipment hub at Hunterston and the new non-nuclear base-load capacity at other existing power stations tick the boxes of helping to meet climate change, renewable energy and waste management targets. We should ask for a specific explanation of how those projects do that.

**Lewis Macdonald:** The technology-specific nature of the Hunterston proposal was not fully addressed by the witnesses. The proposal is technology specific in the sense that it excludes nuclear technology, but it fails to achieve its aspiration in relation to fossil fuel—namely, carbon capture. First, there is no guarantee that new coal-fired stations, either at Hunterston or elsewhere, will have reduced carbon emissions—a serious point that you reflected in your comments,

convener. Secondly, the national development description specifically excludes the option of nuclear power at Hunterston, in spite of the fact that that low-carbon option could be made available at that site, because it currently has a nuclear power station. As well as seeking justification for the inclusion of the developments, the committee should seek ministers' views on how they are defined. Clearly, ministers have views on the issue, and it is important for us to hear their justification for the approach that has been taken.

My other point relates to a quite different matter—the identification of strategic rail enhancements in the west of Scotland as a national development, without any reference to the limited but specific developments that would enable enhancement of the strategic rail network in the north of Scotland. It is entirely reasonable for us to ask ministers to explain the exclusion of those developments.

**The Convener:** A related issue is the absence of any reference to a high-speed rail link.

**Rob Gibson:** There was a passing reference to consultation. The minister indicated that consultation with the public was wider than was suggested by the previous panel—community councils and many other people were involved. As witnesses who have appeared before other committees have said, the fundamental question of how we should consult has never been answered. Around the developed world, it is difficult to get people who are disengaged to engage with the process, unless it relates to an issue on their doorstep. We could suggest to the lead committee that we should investigate how other jurisdictions get people involved. That would be a great help. We should note the positive remarks that the trade unions and industry made about their involvement in the process; our questions about consultation arise in relation to the wider public in Scotland.

We could also raise Stephen Boyd's point about having planning schools and enough planners to cope.

12:45

**Ms Alexander:** I have three small points, the first of which goes back to the convener's earlier point that the NPF needs to be slightly clearer about what will be delivered in the timeframe of the action plan and what is aspirational. In that context, the performance issue is not simply the speed of application processing but the envisaged timescales for city and local plans. If they are not in place, it will be difficult to deliver on elements of the action plan. The question is whether timetables are envisaged for that.

Secondly, as has been said, new fossil fuel base-load appears to have been designated. Friends of the Earth's view that the starting point should be energy conservation and energy efficiency rather than moving towards designating specific technology in the NPF deserves to be on the record, and should be fully explored.

Finally, partly because of time constraints, we did not fully explore the RSPB's critical point that there is a case for offsetting green infrastructure projects, seven or eight of which are up and running in the rest of the UK and Europe. If we exclude large-scale green infrastructure projects, the relevant expertise and capability will not be built up over the next few years in Scotland. Given that, it might be wise to consider including in the NPF one green infrastructure project. As the RSPB pointed out, the congested area of the Forth would probably be the natural area in which to grow that capability in Scotland, in parallel with some of the dozen projects that have been cited.

**Rob Gibson:** The strategy map suggests that there is a central Scotland green network. We did not ask any questions about that, but it is one of the elements that take on board—

**Ms Alexander:** The RSPB says that that should be strengthened into a single project somewhere where we can grow capability.

**Rob Gibson:** Indeed.

**Ms Alexander:** The minister should be asked whether he has considered that or whether he will do so in the final phase.

**The Convener:** Does anyone have any other points?

**Gavin Brown:** I concur entirely with Lewis Macdonald's comments on fossil fuel and the nuclear angle being ruled out, and I agree with the city region and local plans question. I think that the first three panellists agreed on trying to better align all the agencies with the economic strategy, although obviously there is tension there. The minister may have things to say about that, and I am interested to hear what they are, because we do not want the examples that we heard about to continue.

**Christopher Harvie:** I have three points. First, decentralisation is crucial in many areas, especially in terms of efficient generation. We do not want another generation of huge, remote power stations pushing 60 per cent of their output directly through their chimneys.

Secondly, prioritisation is important, so that the teams that proceed with plans are maintained and turned on to the next scheme. That is important in civil engineering and planning.

My third point stems from reading the recently circulated document "Scottish Economic Statistics 2008", and is about communicability. I found it difficult to make head or tail of that compendium of statistics on the Scottish economy. It even introduced me to some words that I had never heard of. Communicability in that context is crucial. What that document did show me is that only 9 per cent of our working population now work in manufacturing, which is ominous for the prospect of making things such as power stations.

**The Convener:** We have covered quite a few matters. I do not think that the Local Government and Communities Committee will have much time to ask the minister about anything else. I trust that members delegate to me and the clerk the preparation of a note for the Local Government and Communities Committee on the issues that we wish to raise. We probably have sufficient points for the clerks to draft a report for us for our next meeting. We must report by 28 January to the Local Government and Communities Committee to ensure that it is aware of our issues when it draws up its report. Are there any other questions that we want to include in our draft report, or are members happy to wait until next week, when the draft report will be on the agenda?

**Ms Alexander:** Following the minister's appearance at the Local Government and Communities Committee, can the clerk produce a brief note telling us what progress has been made? That would save our having to read the entire *Official Report* of that committee meeting. I would be very grateful for that.

**The Convener:** It will be tricky for us to do that in terms of our draft report—

**Ms Alexander:** No, no, not for our draft report—I mean retrospectively. We want to keep a watching brief at this final stage.

**The Convener:** The problem is that the Local Government and Communities Committee will meet at the same time as this committee next week.

**Ms Alexander:** Well, even a summary of the *Official Report* and the key points would help.

**The Convener:** Okay.



## Energy Inquiry

12:50

**The Convener:** Item 3 is a paper on the next phase of our inquiry into Scotland's energy future. Following discussion with me, a paper has been prepared by the clerk that details a programme of evidence sessions and visits. Do members have any comments on the paper?

**Lewis Macdonald:** It is a very good paper. I have four brief suggestions. I shall begin with the most substantive. At the outset of our inquiry, we had an offer of guidance and support from the Royal Society of Edinburgh; however, it does not appear to be among the witnesses from whom we intend to hear. We have scheduled two meetings to take evidence from the minister at the end of the process. I would be the last person to scale down the level of parliamentary scrutiny of ministerial decisions, but I wonder whether we might invite to our penultimate meeting Geoffrey Barrow and others from the Royal Society of Edinburgh who have fed into our inquiry in order to get their expert advice on how we might pull together the various issues and the different evidence that we will have heard by then. Even if that were done at the expense of one of the two ministerial sessions, it would be a good use of our time.

I have three other, more minor, suggestions relating to specific witnesses. We might want to ask Ofgem to give evidence about affordability. It is coming a fortnight later to talk about charging and so on, but it would have something relevant to say about affordability. I also wonder whether we might invite the Energy Technologies Institute—into which we conducted an inquiry—as a witness on research and development, even though it is based in Loughborough. Finally, the British Wind Energy Association might be a valuable source of evidence on the planning system in relation to wind and microgeneration. That is a key issue, and I wonder whether we should take evidence specifically on microgeneration in that context.

**The Convener:** The witness lists are indicative at this stage. They have not been finalised and I am happy to take suggestions for additional witnesses that we might try to slip in. Likewise, members might want to remove from the lists anyone whom they think is not an appropriate witness.

On affordability, we have someone from Ofgem coming to the committee on 11 February and it might be better if we indicated to them that we may want to raise affordability issues at that session rather than ask them to attend twice. We already have large panels for 4 February, and we

will need to deal with the Climate Change (Scotland) Bill as well.

**Lewis Macdonald:** The session on affordability will be on 28 January.

**The Convener:** My apologies; you are right. However, it may be difficult to get a senior representative of Ofgem to come here twice within a couple of weeks. We can consider that point.

**Ms Alexander:** I have one substantive comment. Our agenda for 4 February is far too large in terms of both content and the proposed number of witnesses. We are trying to encourage a whole new approach to housing standards and renewable heat. We may see that happening in the budget and there are committee members here who are committed to it, whether it appears in the budget or not. We want to promote it. I do not think that it is possible for us to do justice to a new approach to housing standards and renewable heat if we shoe-horn the subject into a meeting that also includes our scrutiny of the Climate Change (Scotland) Bill. I wonder whether we can consider splitting up those evidence sessions, albeit that that would add a further evidence session at the end of our inquiry. That would be helpful, particularly if the budget changes to reflect support for the large-scale energy efficiency programme that the Greens are suggesting.

**The Convener:** I note that point. We will see what we can do, but it will be difficult to fit in an extra meeting.

**Ms Alexander:** We have five unprogrammed committee meetings at the end of May and in June.

**The Convener:** Our problem is the timetable for stage 1 of the Climate Change (Scotland) Bill.

**Ms Alexander:** It would make sense to do the work on the bill first. As the issues of housing standards and renewable heat are about a vision that is almost beyond the bill, the evidence session could follow thereafter, on 2 March or whenever.

**The Convener:** We will consider that and find out what is practical. The two issues tie in so, rather than have people coming twice to give evidence, they could come once and give evidence twice.

**Ms Alexander:** The two issues tie in, but there is more to the heat issue.

**Christopher Harvie:** I think that a group is going to Germany some time in late January or February and will come back about that time. It will explore housing standards while it is there. Colin Imrie is among them, I think.

**The Convener:** Are there any other points?

**Rob Gibson:** I welcome the bulk of the proposals and look forward to the inquiry developing.

**The Convener:** Do members agree to delegate to me and the clerk responsibility for finalising the witness programme and for making the appropriate bids to the bodies that we must approach to get agreement for our fact-finding visits and, in particular, our proposal to hold a committee meeting in Aberdeen, which Lewis Macdonald suggested?

**Members** *indicated agreement.*

## Work Programme

12:56

**The Convener:** The final item is a work programme update, which is largely for members' information. I point out that the First Minister will give his response to the annual report of the Council of Economic Advisers at its next meeting, which is later this week, and that, subject to the approval of Parliament today, there will be a debate in Parliament next Thursday on the response. It might be useful for members to bring a copy of the response to next week's committee meeting so that, as an additional agenda item, we can consider it in relation to the evidence that we took from the council last month. Subject to that small change, are members content with the programme?

**Members** *indicated agreement.*

**The Convener:** If members have any thoughts about possible inquiries for after the summer recess, once we have completed the energy inquiry, they should feed in their thoughts as early as possible so that we can start thinking about that.

**Lewis Macdonald:** It is difficult to think of the proposed arbitration (Scotland) bill as properly a matter for the committee, but no doubt we will hear further about that.

**The Convener:** I have made very clear my view that the arbitration (Scotland) bill is not to do with the economy, energy or tourism—it is certainly not to do with tourism, although whether it is a waste of energy is another matter. However, I suspect that we will end up getting it anyway, because the Justice Committee does not want it.

**Christopher Harvie:** I thought that the idea was to attract all sorts of high-flying lawyers from all over the world.

**The Convener:** I think that the idea is to reduce the number of lawyers who are involved in the process.

I thank members for their forbearance, given the length of the meeting.

*Meeting closed at 12:58.*

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