ENTERPRISE AND CULTURE COMMITTEE

Tuesday 10 February 2004
(*Afternoon*)

Session 2

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ENTERPRISE AND CULTURE COMMITTEE
6th Meeting 2004, Session 2

CONVENER

*Alasdair Morgan (South of Scotland) (SNP)

DEPUTY CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

COMMITTEE MEMBERS

*Brian Adam (Aberdeen North) (SNP)
*Mr Richard Baker (North East Scotland) (Lab)
*Chris Ballance (South of Scotland) (Green)
Susan Deacon (Edinburgh East and Musselburgh) (Lab)
*Murdo Fraser (Mid Scotland and Fife) (Con)
*Christine May (Central Fife) (Lab)
*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

COMMITTEE SUBSTITUTES

Mark Ballard (Lothians) (Green)
Rhona Brankin (Midlothian) (Lab)
Mr David Davidson (North East Scotland) (Con)
Fiona Hyslop (Lothians) (SNP)
George Lyon (Argyll and Bute) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Dr Chris Anastasi (British Energy)

CLERK TO THE COMMITTEE

Judith Evans

ASSISTANT CLERK

Seán Wixted

LOCATION

The Chamber

Scottish Parliament

Enterprise and Culture Committee

Tuesday 10 February 2004

(*Afternoon*)

[THE CONVENER *opened the meeting at 14:01*]

Renewable Energy Inquiry

The Convener (Alasdair Morgan): Good morning and welcome to the sixth meeting of the Enterprise and Culture Committee. Agenda item 1 is a continuation of our inquiry into renewable energy in Scotland and we have with us today Dr Chris Anastasi, who is the senior environmental adviser with British Energy. I hope that he has recovered from whatever afflicted him last week and that he is able to give us a brief introduction to the paper that has been circulated.

Dr Chris Anastasi (British Energy): I am grateful to the committee for allowing me to come and do this again. I am sorry if I threw you off your schedule last week, but I am delighted to be here today. Would you like me to talk you through the paper?

The Convener: Yes, perhaps you could briefly outline your paper—for no more than about five minutes—and then we shall ask questions.

Dr Anastasi: The consultation paper was really quite clear about what it wanted us to do. The approach that British Energy has been trying to advocate is one of support for renewable energy, on the whole, and that is pretty clear from our actions. It is not just words; we have our own projects that we want to develop. That is the first point to make clear; we are rather keen to see that renewables will play a role in the future.

Secondly, we are promoting a plural mix in the energy system. I am strongly of the view that no single energy carrier will deliver what is needed for Scotland's energy supply in the longer term. It therefore makes a lot of sense to encourage renewables, but the other carriers should be encouraged too. We should not lose sight of the fact that there are a number of other carriers that make a genuine contribution to the mix today. Gas, coal and nuclear are obviously the more traditional actors.

The third major point that is worth making is that it has taken the best part of 100 years to get to the energy mix that we have today, and it is quite a good mix. It is diverse and robust and there could be some difficulties associated with trying to turn it over too quickly, which you have probably already heard about from other witnesses. We want those difficulties to be taken into account in the inquiry.

We are trying to show where we believe there is potential for renewable energy and the relative scale on which we think that that might occur. However, we are pressing quite hard to ensure that the existing assets that Scotland has are not put to one side too early and that the infrastructure that will be needed will be considered carefully. The infrastructure that we have is for large thermal systems, but not necessarily for embedded generation, and some thought must be given to the way in which the infrastructure will develop if it is to take into account some of the embedded generation that you envisage.

Of course, there is a huge cost associated with renewable energy. There is perhaps a worry that if Scotland is too far out of sync with the rest of the UK—or with other parts of Europe—on new renewables, that will involve an unnecessary cost to Scottish consumers, which is not desirable for the Scottish economy or for Scotland as a whole.

There are real issues here that we feel need to be discussed. We have considered what the future might look like in Scotland. You might have noted that we have considered what the transition might look like, what might happen over the next 10 or 20 years, what contribution renewables can make and what that would mean for the rest of the mix.

British Energy supports the renewables efforts. We think that the aspirational target is a little high and difficult to attain without undue cost. It is important to have a plural mix and nuclear probably has a role to play in that for the foreseeable future. One should encourage the plurality in the system, not simply go down one particular route. That sums up our approach.

The Convener: Thank you very much. You said that the established position is one at which we have arrived over a long time and that turning over the mix too quickly, which I think is the phrase you used, might cause problems. What do you mean by "too quickly" in that context?

Dr Anastasi: I was just observing that the energy system has taken a long time to evolve; systems tend to evolve rather than come about from a revolution of any kind. If it has genuinely taken us 100 years to get to where we are, can we really turn the system round in the space of 10, possibly 20 years? I do not think that that is possible. There is enormous inertia in the system. Of course, there is no doubt that if we threw enough money at it, we could get somewhere close to the aspirations that we are talking about. Change takes time and I wonder whether a 40 per cent target is a step too far at this stage.

The Convener: The paper says that a 40 per cent target is "extremely hard to achieve" by 2020. Given the comments on intermittency, do you think that it is achievable at any stage or is it simply the timescale that is wrong?

Dr Anastasi: Certainly the advocated timescale is challenging. For Scotland to achieve 40 per cent by 2020 will be extremely hard. Denmark has learned lessons and has been working on wind energy for some time and it has stalled at around 16 per cent, for very good reasons. One is the cost and the other is the instability that arises in the grid on occasion. Denmark is probably better off than Scotland in many ways, because it has access to a number of different countries on its boundaries. Scotland has the good fortune to be linked to the south, where it exports a lot of electricity—that link can work two ways of course—but that is not really a robust system. I do not believe that we can achieve the 40 per cent target in the timescale that we are talking about. Whether we can achieve 40 per cent ultimately depends in part on the nature of the renewables, but I think that it is a long way off.

Richard Baker (North East Scotland) (Lab): You said that you thought that nuclear energy should have a role in the energy mix of Scotland for the foreseeable future. How long is the foreseeable future likely to be?

Dr Anastasi: There are two nuclear power stations in Scotland: Hunterston and Torness. As it stands, Hunterston will have its life extended to 2011—that has been reported in open discussions and it is in our restructuring plan—and Torness will have its life extended to 2023, if we are lucky. It is in Scotland's best interests to use those assets for as long possible. If the life of Hunterston could be extended for a further five years to 2016, that would be extremely valuable for Scotland in an economic sense and because it would give breathing space for renewables to come on stream. It would also keep gas out for a little longer, which would be good for Scotland. British Energy has not examined the technical case for extending the life of Hunterston B. However, if the economics were favourable, the technical case were made and we could guarantee safe, reliable supply, we would like Hunterston B to continue operating for as long as possible. At the moment, it is envisaged that it will operate only until 2011.

Richard Baker: If the Executive were reassured on issues such as waste and allowed replacement build, would that be desirable?

Dr Anastasi: We live in a world of liberalised markets. In such a world, one looks to the market to signal a desire for new build of any kind—gas, nuclear, coal or whatever. At the moment the preferred technology is gas, as it is the cheapest form of energy that can be brought on stream in a reasonable time. Hopefully, the subsidies that are available will mean that renewables facilities are built. The nuclear industry must compete with those if it wants new power stations to be built. For that to happen, a private company must be convinced that if it invests in a nuclear power plant, there will be a suitable return on that investment. On the whole, British Energy is a nuclear company and has the expertise and skills to operate such plants. I am not sure that British Energy would build plants, but we could operate them.

Perhaps Scottish society will have to value the things that nuclear power brings to the table. It brings large quantities of high-quality electricity, reliable supply and power that is emissions free. The price of nuclear power is stable, because uranium is plentiful. Nuclear power has all those attributes that we would want to bring to the table. However, those would need to be valued economically.

Richard Baker: Do you think that in the future nuclear energy will be more economically viable and profitable, and less reliant on subsidy? Do you think that there is the potential for it to become a better prospect economically?

Dr Anastasi: From an economic standpoint, nuclear energy will be more viable in the future than it is now. There is no doubt that there will be a time when gas prices are extremely high. The supply of resources to the UK is not as plentiful as we would like it to be. Renewables are expensive and I fear that they will remain so for some time to come. Economically, there is a route forward for nuclear energy, were the market to signal that. However, there is still the issue of waste and of public confidence in the technology. British Energy has tried very hard to understand the concerns that exist. We believe that a huge public debate is still to be had. The issue is probably as much public education as public debate. Government and industry have a role in educating people about the real merits of the technology. As things stand, all the attributes to which I have alluded have been taken, but they have not been recognised.

Christine May (Central Fife) (Lab): Good afternoon—I am glad that you are better. We take the clear inference from your submission that you see the nuclear option as potentially generating a secure, constant supply of electricity, which is hardly surprising. However, we have heard that it is uneconomic to keep the current coal-fired stations ticking over—cycling—and to call on them only when demand exceeds the capacity of other sources. Does nuclear energy have an advantage, in that it is more economical for it to be kept ticking over in the way that I have described?

Dr Anastasi: What has evolved are technologies that service particular niches in the

market. If you are interested in having a base-load—large quantities of high-quality electricity—there is no doubt that nuclear power can offer that. That is not to say that the other technologies—gas and coal—cannot do so. However, they emit an awful lot of carbon, sulphur oxides, nitrogen oxides, ash and so on. There are serious pollution issues associated with those two technologies. Gas and nuclear, however, can run base-load at the moment. Coal appears to be much better suited to peaking. We can bring it on in cycling to service the bit of the spectrum that is needed. Our view is that we need all of those technologies. We must not put all our eggs in one basket, as we might have done in the past. The market has evolved in such a way that each technology seems to service the bit of the market that it needs to service.

14:15

Christine May: I inferred from your paper that nuclear would provide base-load and secure supply better than any other technology. You now seem to be saying that that is not the case and that we might need to consider all the existing thermal systems and continue, to some extent, a mix of all of them.

Dr Anastasi: Yes, the point that is being made in the paper is that if we want a large amount of emissions-free electricity, nuclear is the only source that can provide it. That is not to say that we cannot run coal or gas plants in exactly the same way. The difficulty with coal is supply—indigenous supplies of coal are rather small now, particularly in Scotland, with the Longannet deep mine disappearing. There are issues with importing coal that need to be discussed but, that aside, coal can deliver the secure supply that we are looking for.

Gas offers a different kind of security of supply. We will be looking for large inflows of gas into this country within a relatively short period. Security of supply means getting gas from much further afield than we have done before, and probably at much higher prices. I do not know whether we would want to run such a premium fuel in a base-load kind of way. That is for the market to deliver.

Christine May: But I think that you would agree that the market can be skewed by political imperatives and legislation.

Dr Anastasi: So long as the resources are there. There is no doubt that if we were to have better gas links to Europe we would be much happier about a secure supply of gas. Nuclear generation is a proven technology and the fuel source comes from reasonably secure countries and is in plentiful supply. If we wanted a guaranteed, "indigenous" electricity supply, nuclear would offer that.

Christine May: I would take issue with you on one thing. As far as I recollect, there is still about 30 years' supply of coal in reserves in Longannet. The economics of getting it out may be in question at the moment, but that would depend on political imperatives and technology.

Dr Anastasi: I take that point.

Murdo Fraser (Mid Scotland and Fife) (Con): I want to take you back to something that you mentioned earlier, which was also covered in your written submission at paragraph 11. You say that the 40 per cent renewables target will mean that consumers will have to pay significantly more than they do today and that that will have implications for industry. Will you expand on that a little? What level of increases might we be looking at?

Dr Anastasi: Unless one operationalises a target, one might not get as much out of it as one otherwise would. We have a 10 per cent target for renewables in the UK and we have a renewables obligation, which is serviced by renewables obligation certificates. That is what makes things happen—that is where the subsidy comes from. If we were going for, say, a 40 per cent target, and we wanted to make it stick, we would have to do something to make it stick. We would have to give people the incentives to build the renewables that we wanted. One has to consider other issues, such as planning, and the manufacturing sector and everything else that goes with it. If Scotland is out of sync with the rest of the United Kingdom, then all the pain—if you like—for building the industry is taken in Scotland and the cost will be higher in Scotland than it is elsewhere. If the pain is taken throughout the UK—because we have a market that is open throughout the UK—then that cost will be spread between England, Wales and Scotland.

It all depends on how one chooses to operationalise the 40 per cent target. It is not clear what mechanism one would choose to do that. We have the 10 per cent UK target on the table. We know the mechanism that is taken to operationalise that target. I know that if I build a bit of kit, I will get some subsidy, depending on what the ROC value is. That is the incentive for me to build that wind farm.

Murdo Fraser: Yes, but what I am trying to get at is that the 40 per cent target is for generation and, in effect, there is a single market across the UK in respect of consumer prices. Is there any suggestion that consumers in Scotland will end up paying more than consumers in the rest of the UK if we have a higher renewables target? I was not aware until now that that was a possibility.

Dr Anastasi: Only if you choose to have renewables obligation certificates just for Scotland. If such a mechanism were chosen to

operationalise the target, the consumer in Scotland would pay for the renewables in Scotland and therefore prices would be very high. However, that is not the view of the UK as a whole and things will be out of sync. It is clear that if Scottish Power, Scottish and Southern Energy or British Energy develop their own sites and so on and choose to sell such electricity in Scotland in the way that we hope to do, the consumer in Scotland will pay for that. That is the way in which the system currently works, but you might choose to operationalise the target differently.

Murdo Fraser: To return to my original point, can you give us any indication about the level of price increases that we might be talking about for consumers if the target of producing 40 per cent of electricity from renewables is met?

Dr Anastasi: I would not like to speculate on that, as I do not think that work on the matter has been done. I stand to be corrected, as the Parliament might have independent people considering the matter, or perhaps the Scottish Executive has done work on it, but I have not seen any serious detailed analysis of what the 40 per cent target would cost Scotland. Of course, there would be costs, which I have described, but the other side of the coin is that there would also be perceived benefits for the manufacturing base and employment, which must also be factored in.

Murdo Fraser: In your written submission, you state:

"a 40% renewable target means consumers will pay significantly more than they do today."

Are you saying that you cannot justify that statement?

Dr Anastasi: No—I am simply saying to you that if the target were operationalised in the way in which I have described, bearing in mind that we already have a 10 per cent target and that we are seeing higher prices for such electricity, a 40 per cent target will lead to the same result. It is inevitable that prices will rise if 40 per cent of the electricity supply is more expensive than that from a thermal plant. I am talking about a rise in principle rather than a detailed analysis. I would be surprised if anyone did a detailed analysis and said that having 40 per cent of renewables costing £30 per MWh on a penalty price or £45 per ROC price would not lead to a significant increase in electricity prices for the consumer. I would not be able to understand that.

The Convener: I want to pursue that matter. I, too, am puzzled as to why there would be price increases for consumers in Scotland. If we gained independence, there could be a separate market, but even then, I do not think that there would be a separate market. The Government is bringing forward British electricity transmission and trading arrangements and, although we do not know about the details, there will be a UK market. I understand why costs of production might be higher, why costs to the taxpayer through subsidies would potentially be higher or why costs would be higher throughout the UK, but I do not understand why Scottish consumers in particular would be faced with higher prices.

Dr Anastasi: As I keep saying, things depend on how one chooses to operationalise the 40 per cent target, which is not the 10 per cent or 15 per cent aspiration that the Government in the south is talking about. There would be a different scale of target in Scotland than in the south. If Scottish companies, for example, chose to make developments to try to satisfy targets or if there were a ROC system just for Scotland, prices would rise.

The Convener: But I could still buy my power from Powergen.

Dr Anastasi: Indeed, you could.

The Convener: So that implies that prices for me would not increase any more than they would in England.

Dr Anastasi: Indeed. It all depends on how the target is brought to the people who want to invest in it and how they will be allowed to take money out.

The Convener: The Executive has argued that although the total percentage from renewables north and south of the border is different, the increase that it proposes is the same as that being proposed south of the border. We simply start at a higher base because of our hydro generation. I am not sure whether that applies to both our targets, but I think that it does.

Dr Anastasi: I think that about 10 per cent of power generation in Scotland is hydro, about 2 per cent is new renewables and about 8 per cent out of the 18 per cent target is new renewables that we have not yet got. Something like 30 per cent of the 40 per cent target will be new renewables. There is no question but that that will require significant investment. That will not be just for building the wind or marine turbines or whatever else; we are talking about the infrastructure and the grid system. There is not a grid system in the world at the moment that has anything above 15 per cent or 16 per cent of intermittency. That is a different way of running a system and none of those costs has been taken into account.

Chris Ballance (South of Scotland) (Green): You talked earlier about the difficulties of changing the mix of generations too quickly. Correct me if I am wrong, but I understand that, in the dash for gas, we added 21GW of capacity in just 10 years. When one discovers that one has an unused

resource, is it not possible to change the mix that quickly?

Dr Anastasi: The difference with gas is twofold. The first is that it uses traditional technology. There is nothing particularly clever or innovative about the technology and thermal plants do the normal things that they do. Thermal plants are not unlike coal plants in that they raise steam and run turbines in the same kind of way. It was and is relatively straightforward to integrate capacity for gas into the grid. That is why gas is the preferred technology.

The other point is that we had plentiful and reliable supplies of gas coming on stream at that time. You can see why the dash for gas happened—the happy coincidence of a technology that we could build on and that could be easily integrated into the system and relatively cheap gas supplies. That is not true for renewables. Their basic character is different, the way that we handle them is different and they are not as reliable as we would like. A 500MW gas plant behaves in the way that we expect it to behave. The tolerances are understood and we can run the system quite well. It is a different matter trying to get the equivalent 500MW from wind farms throughout Scotland, all working in the same kind of way. It is a fundamentally different system, which requires a different way of thinking and usage.

Chris Ballance: I want to concentrate on the table on page 4 of your submission, but I return to the question of reliability first. Both reactors at Torness have had considerable periods of outage. Reliability is not absolutely confined to the nuclear industry. When a nuclear reactor goes down, as they do frequently, one suddenly has the problem of losing 600MW, whereas if a wind farm is quiet, one loses only 1MW. I would like to hear your comments about nuclear reliability and the fact that one cannot turn nuclear power on and off on demand—it has to run constantly. Therefore we have masses of electricity for which we have no use being sold off cheaply at night. That does not sit well as a base-load that one can control. It is a problem that the wind does not always blow, but when a nuclear reactor goes off, it has a significant effect on the total generation capacity. We must also consider the fact that we have as little control over nuclear as we have over wind because nuclear is always on base-load.

14:30

Dr Anastasi: You are right to say that the characteristics of nuclear generation are such that it can only run base-load. In fact, nuclear generation can go up and down a bit, but it just does not make sense for it to do so. Therefore, for this argument, let us just say that nuclear only provides base-load and serves only a particular angle.

I question your statement that there is no value in the excess electricity that Scotland produces because of its nuclear capacity. I do not think that that is the case. Scotland makes valuable exports from nuclear that bring in hundreds of millions of pounds in revenue every year. Scotland makes a valuable contribution to electricity production.

It is also true to say that, when one of our reactors trips, that takes away 600MW, which is a large chunk. However, I question the statement that they trip ever so frequently. If you look at the history of Torness or Hunterston over a reasonable period of time, you will find that the average number of such errors is quite small.

Chris Ballance: But when they trip, they take away significantly more capacity.

Dr Anastasi: They do indeed. Of course, if one of our reactors get into real trouble, our links to the south can be used to bring in electricity supplies across the interconnectors for the short period that the reactor is down.

Chris Ballance: I want to turn to page 4 of your submission, on which there is a graph that shows the energy gap in 2020. I have so many questions about the graph that I am not sure where to begin.

Let us begin with the fact that the graph shows nuclear power finishing in Scotland in 2018, whereas you have just said that Torness will continue until 2023.

The graph also shows coal generation ceasing completely in 2017. Perhaps the coal generators would have a comment to make about that.

I also query the fact that gas is shown as a constant, whereas there is quite considerable room for expansion in gas. I understand that an expansion of the order of 30 per cent is possible.

Furthermore, possibly the biggest problem with the graph is that it shows present electricity consumption while completely omitting the fact that, as I understand it, we have an installation capacity of 87TWh. In other words, although we have an installed capacity of 10,000MW, the peak demand has only ever been 6,000MW. That means that 40 per cent of our present capacity is completely unused, even when mothballed power stations such as Inverkip are not included in that installed capacity. All of that is considerably greater than the energy gap that the graph that you have supplied identifies.

I am afraid that your graph makes no sense to me, so I would be grateful if you could explain some of the many points that I have highlighted.

Before you respond, I also want to throw in conservation. The graph assumes a straight rise in demand of around 30 per cent in 20 years, despite the fact that the national grid estimates growth of

only 0.6 per cent and Downing Street has an energy conservation target of 20 per cent for the next 10 years and 20 per cent for the 10 years after that. Those issues are just not taken into account in your graph.

Dr Anastasi: First, you are quite right about Torness. The graph does not take into account the life extension of Torness. We could quite easily move the graph five years on. I guess that we have been a little conservative on what might happen. If the graph had gone to 2025, it would have been similar at the back end.

The graph shows coal plants coming off the system according to their normal decommissioning times, as we understand those at the moment. As you pointed out, that is not to say that the plants might not be retrofitted or have other things done to them to make them last longer, if that is what people wish to do.

You are also quite right that there is some opportunity for gas to grow. Our submission says that the energy gap will most likely be sorted out by using gas—as long the gas can be got into the country. We assume and hope that that will happen and that the market will deliver it. There is no doubt that, of all the methods that we have talked about, gas is probably the one that will fill that 20TWh energy gap.

On the other hand, the graph factors in the assumption that we will be successful in delivering 40 per cent of our energy from renewables, by whatever mechanism that might be.

Nonetheless, the graph shows that major plants will come off the system over the next 10 to 15 years. That means that you are taking off a gigawatt or two gigawatts more at a time when those plants come off, because they have come to the natural end of their lifetimes. What you are bringing on board is other plant, such as gas plant, but you will not get that with renewables, because renewables such as wind farms tend to produce tens of megawatts, not hundreds of megawatts, at a time.

There is a management issue there. As you said, if you take out 600MW, you have somehow to sort it. In any case, there is a phasing issue in the chart, of whatever kind, which we have not even addressed. We are just assuming that you can change like with like in that context. I do not think that the paper attempts to show anything profound, other than to say that there is a transition coming. There has been no indication—to us, at least—as to how the transition is to be managed. There has been very little discussion about how the gas will come into the country and how it will be distributed, or about how other technologies will come on stream and be factored into the equation.

If one wanted to take anything away from that discussion, one might conclude, in the absence of anything else, that there will indeed be an energy gap. However, one assumes that the market will deliver gas or some other technology to fill up the energy gap. That does not mean that one needs to worry about the imports or exports; it is up to Scotland to decide how it handles that.

On your final point about the name-plate capacity, or the idea that there is a lot of capacity out there that is not actually being used, the difficulty with thinking about energy on its own is that it takes no account of environment. You can indeed run coal plants at much higher capacity than we do today, but that has an environmental disbenefit. It has an environmental impact that I do not think Scotland could live with. The carbon cost, if you like, would be extraordinarily high. Even if you ran the plant at a higher load factor than you would like, you would still need to buy the carbon to allow you to run it. That makes the whole thing more expensive than it would otherwise be.

Chris Ballance: My point was that, at the moment, we can produce 8,500MW. The peak demand ever in Scotland has been around 6,000MW, so if everything else was running at full capacity—and I accept that that might not be what we want—we could switch off all the nuclear power now and we would still have a capacity slightly greater than the peak demand has ever been.

Dr Anastasi: I am not entirely convinced of your numbers.

Chris Ballance: More or less, give or take 100MW or so.

Dr Anastasi: I would still like to see what the environmental impact of what you are proposing would actually be.

Chris Ballance: It is not something that I am suggesting. I am pointing out that it is extremely questionable to do what that graph does, which is to talk about energy gaps using installed capacity as the top figure.

Dr Anastasi: I would say that you could certainly satisfy the energy gap that we are talking about in a number of different ways. The way that you have described—assuming that the plant was able to run for that period of time, and I have my doubts about that—would clearly enable you to up the load factor of the remaining plants as the nuclear plants came off. There is no question about that. Equally, you could build new gas plants, which I think is probably the more reasonable outcome.

Both ways have two major impacts. There is the environmental impact, which I have mentioned before, and there is a cost implication. At the

moment, the cost of running those assets is quite low, because they are existing assets and have been running for a reasonable period of time. My suspicion would be that, when we come to 2010, 2015 or 2020, the cost of the primary fuels for some of the conventional power plants will be much higher than they are today. There is a cost impact associated with what you are proposing, but it can be done.

Chris Ballance: We have looked at costs before, so I shall pass over that point. Of course, we also do not know the costs of nuclear waste disposal and decommissioning, because we do not yet have an agreed method for nuclear waste disposal, so we cannot cost it. Do you accept that?

Dr Anastasi: I think that you are right. Maybe that has been the Achilles' heel of the industry for a decade or more. However, I ask you to place yourself not in today, but in 2010 or 2015 and to look at what will have happened in the nuclear world over those 10 years. I think that you might see a quite different picture. The nuclear decommissioning authority will have been set up and there will have been tremendous progress in dealing with our long-term nuclear waste. Perhaps lessons will have been learned from countries such as Finland. If we keep an open mind about what renewables might deliver, perhaps we should also keep an open mind about how nuclear energy might develop over the next 10 or 20 years.

The Convener: That is a fair point.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Good afternoon. I want to pick up on Chris Ballance's point about the rising graph for the energy gap. He said that that perhaps would not equal the increase that the grid might have to take. I do not know whether Dr Anastasi can answer my question or whether I should address it to the Government, but I am interested in Dr Anastasi's thoughts on it anyway.

If the price of gin goes up, I drink less gin—I hope. You said, Dr Anastasi, that reaching the 40 per cent renewables target will almost certainly push the price of electricity one way rather than the other. If the price goes up, one assumes that people will, for example, switch off more lights. To what extent, if at all, have you or central Government factored in efficiency, energy saving and so on? Can I probe you a bit on that? My question is rather a green one, but when one sees a graph going up and up for ever and ever, one sometimes thinks that the world is truly crazy. Perhaps you can tell us something about the plans of the UK and Scottish Governments. In an ideal world, we would like the graph to go down a bit.

Dr Anastasis: One would hope so. Energy efficiency programmes are in place, but they seem to be remarkably inelastic. The 0.8 per cent per annum figure for demand growth is taken, on the whole, from Government statistics. Perhaps it is a historical benchmark and we are just saying that it will perhaps stay the same as we go forward. However, to us at least it seems that people are reluctant to use less energy than they have done previously. That situation appears to be remarkably inelastic. I do not think that calculations have been done for the price that energy would have to be before people started thinking about, for example, switching off a spare bulb in a room or running their heating a bit lower and putting on a pullover. I do not think that people really understand that dynamic.

Currently, energy costs are low in terms of people's disposable incomes. The costs are not a huge hit to many people. That is not to say that there is not fuel poverty and that it is not a big issue—it is. Nonetheless, all the evidence that I have seen suggests that people appear to be remarkably resistant to reducing their energy needs in the home, for travel or whatever.

Mr Stone: Given that your corporate good selves have an interest in an increasing market in a profit and loss sense, can we draw from that that the UK and Scottish Governments should be doing far more to address the fundamental issue of energy saving?

Dr Anastasis: That is a question for Government rather than for us. What I will tell you is that Government has tried extremely hard: it has established the Energy Saving Trust and the Carbon Trust and incorporated all kinds of energy efficiency initiatives in its programmes—for example, the climate change programme for the country. However, the real issue is people's behaviour, which currently seems to be against making energy savings. As I said, one would need to ask how expensive energy would have to be before people took note of it and did something about saving it.

The Convener: I have further questions. You compared our intermittency situation with Denmark's relative ease of connections with other countries to balance out its intermittency problem. I think that in your written submission you relate us more to the Irish situation. What would we need to do to make our grid less vulnerable? Specifically, what would we need to do to increase the amount of intermittent renewables that we could use without causing grid instability? Is it simply a matter of having to build more interconnections to other power producers or is there anything that can be done within the country to make the grid more stable?

14:45

Dr Anastasi: Clearly, it would help if there were better connections south, as then there could be a

two-way flow of energy. The standard solution would be to have some kind of stand-by plant. In Denmark, for example, some generators are paid to sit there and wait until they are needed. We have only recently started to address some of the costs that we are talking about. There is a clear recognition that, if there is to be a large amount of intermittency in the grid, there must be considerably more stand-by plants. A stand-by plant would probably be gas-run, as that can cycle quite quickly. Alternatively, it could be a coal-run plant, as was alluded to earlier, provided that it was possible to take some of the slightly high-load factors out of the process. However, both of those solutions have environmental costs. They also have physical costs in that it is expensive to maintain a plant that sits around and does nothing until it is needed and, of course, that cost would have to be borne by the consumer.

The Convener: I take it that our other neighbours on the continent are simply too far away for interconnections to be a sensible proposal.

Dr Anastasi: Interconnectors with England could be strengthened. People are trying to make them quite a bit better than they were before. At the moment, there is relatively little storage in this country and only one plant makes use of pump storage to an extent that is worth talking about. Other forms of storage have been mooted, but they are much longer-term proposals concerning storage in hydrogen or some other form and are not practical at the moment. The two methods that I have suggested are probably the best that one could hope for at the moment.

The Convener: In relation to Denmark, paragraph 7 of your paper says that

"a recent audit report of the Danish wind industry has produced conflicting views on the net gains to the economy of the industry".

I am not familiar with that report. Could you expand on that point?

Dr Anastasi: We are trying to say that, where a full analysis has been done—one of the problems in the system is that people tend to consider matters in a narrow way—it is clear that there are benefits associated with building up an industry, such as innovation, jobs and so on. It is also clear, however, that there are costs because, by their nature, developing technologies tend to be more expensive than the others on the market and need help to get down to reasonable levels. The study that you mention tried to take all of those factors into account and was, therefore, unclear. For a long time, people thought that the industry was bringing benefits to Denmark in terms of jobs, exports and so on, but when one factored in the cost of having renewables in the system—building the systems, the operation costs, the stand-by costs and so on—the situation was not as clear. That is the kind of analysis that I would like to be done in Scotland before we embark on a process of trying to reach a 40 per cent target. Of course, there will be conflicting views and any findings might be subject to significant error, but it would be better to do that analysis so that we are able to understand all of the facets that need to be taken into account.

The Convener: The renewable lobby would say that the benefit of not producing carbon would not be included in that calculation.

Dr Anastasi: Avoiding the costs of carbon is important. The emissions trading scheme will cause that benefit to come to the fore more strongly because companies will have to pay for their carbon production.

The Convener: We are talking about intermittency and so on mainly because we are thinking about wind power, which is an intermittent form of renewable energy. Paragraph 27 of your paper mentions marine technology but is pessimistic about the potential developments, saying that it is

"likely to make a relatively small contribution … in the next two decades."

Clearly, we can only guess at the likely developments, but is your estimate not a bit too pessimistic?

Dr Anastasi: I have been considering renewables for a decade or more. One is always optimistic when one looks at potentials and there is no doubt that marine energy and wind power have tremendous potential—if we can exploit them. Marine energy is, however, in the research and development phase of the innovation cycle. There are some pilot projects, we have lots of prototypes and we are trying different designs, but I do not think that we have the winning technology yet. It is not clear to me that marine energy will come to the fore in the near future. I ask the committee to consider the paper by Bert Whittington that we handed out today. He is similarly pessimistic about marine energy; in the section on research and development, he says that it will take a long time for marine energy to go through the proper cycle and to be made commercial. My personal view, which is not particularly British Energy's view, is that if marine energy makes a contribution during the next 20 years, it will be a very small one.

Chris Ballance: To follow up Jamie Stone's question, if we accept your contention that we are on a hiding to nothing if we go for conservation, do you accept that there is a case for what we might call displacement? I am thinking about the possibility of moving space and water heating away from electricity towards direct fuel heating

such as combined heat and power or biomass systems. In considering strategic energy policy and efficiency, it occurs to me that with nuclear power, only about 40 per cent of the thermal value of the fuel is turned into electricity. There is then a loss of about 20 per cent in the transmission lines, and it is converted back to heat at a rate of about 50 per cent. With direct heating such as solar panels or district heating, anything up to 80 per cent can be achieved. Is there a case for moving some electricity generation away from electricity towards direct heating? I realise that that is a difficult question for you; your company sells electricity, and I am asking you whether there is a case for you to sell less of it.

Dr Anastasi: The question is not at all difficult for me. I have been in the energy industry for a long time and I hope that I have a reasonably detached view of the issues.

There are two points. First, I do not think that you are on a hiding to nothing with energy efficiency. What I was trying to say is that we need to do much more to get a response from the market. The system appears to me to be inelastic; the issue is how to change people's behaviour. For example, in my home I have energy-saving lights throughout the house. Not many of my colleagues do that, but I know about these things and I choose to do so. What I am trying to say is that that is a behavioural thing. If we want to get conservation sorted, we perhaps need to be more innovative. Behaviour is poorly understood, and we need to put in more effort to understand why people do not do things.

Secondly, I see combined heat and power being used effectively in the nordic countries. I have visited biomass CHP plants in Finland and I was impressed by them. CHP has a role to play, but I have worries about trying to apply a technology where it is not suited. CHP is perfectly suited where one has space heating and electricity needs that marry nicely, as in schools, colleges, hospitals, warehouses or other large structures. It seems to have stalled where there is not a happy match between the heat and the electricity that is needed.

To return to where I started: I believe in a plural system whereby a relatively large number of energy carriers contribute to the grid. CHP is one of those, but I do not think that it can create all energy or even a dominant part of it. CHP can contribute, but we should try to evolve a system in which all carriers make a contribution.

Christine May: I want to pick up on something that you said in response to the convener's last point: that, in 20 years' time, we will perhaps see the potential of marine energy systems and be able to assess the level of their potential contribution. Would it be a fair summary to say that, over the next 20 years, we need to examine innovative ways of combining what we can get from renewable technologies that are relatively mature; that we need progressive investment in those technologies that have the greatest potential to come on to the market; and that we need to find out what the gap is and ascertain whether there is scope for more co-firing, for example?

We have not asked you about this—it is not in your general area of expertise—but I note that there are a number of trials in co-firing for conventional thermal plants. Have you any views on those trials and on the premise that I have just postulated?

Dr Anastasi: I think that I agree with just about everything that you have said. In fact, we co-fire, although not in Scotland. Our company is looking at co-firing at our coal plant at Eggborough; we have supported that as a way of going forward. Biomass is a renewable resource so, in my opinion, it should count as such and all the benefits that come with it should be taken into account. That would help the environment.

The views that I have expressed about marine energy are my own. From a technical standpoint, it is hard to see how the necessary steps can be taken to get us from where we are today, which is the level of R and D or pilot plants, to full commercialisation. It is also hard to see what financial mechanism one could use to encourage people to move along their learning and cost curves. For those reasons, I do not think that marine technology will do much for Scotland in the short term.

I have the same view about photovoltaics. They can make a contribution, but we are lucky in that the technologies involved are closer to the market. The cells can be embedded in buildings, which should be encouraged, although it would be at a cost—as long as we are willing to bear that cost, that is fine. That leaves only two other carriers: wind, on which Scotland is well placed to make a contribution, and biomass. The latter can involve co-firing, biomass CHP plants or whatever. Even biomass is more costly at the moment, however. If I ever have any doubts about these things, I default to what the market is saying, and the market is saying that we do not want to build biomass plants at the moment. Why is it that, even with the subsidy, people are not building biomass plants? That question needs to be answered.

The Convener: Is the lead time between coming up with the idea for a nuclear plant to turning on the switch about 10 years, or is it longer?

Dr Anastasi: I would say that that is an overestimate, based on Sizewell B, which was the last nuclear power plant that was built in the UK;

Torness was the last one to be built in Scotland. Sizewell B took more than 10 years to put together, from planning to finishing. A large part of that was to do with consultations and the soft aspects of building such plants. There was a public inquiry, which took a long time. Those issues all need to be borne in mind.

If one were to choose to do so, my feeling is that one could build a nuclear plant very much quicker than that. First, the winning technology that we would adopt is well proven, so it could almost be lifted off the shelf. Secondly, one would need to bring in the technology at a price that is not far removed from the marketplace at the moment. The economics might not be favourable today, but they might be in, say, five years' time.

The Government would have to do two further things to make that happen. First, it would have to address the planning process, recognising that the plants will be built on existing sites; the planning process would need to be streamlined to take that into account. The second matter is the licensing of the technology. The winning technology to which I have alluded is a pressurised water reactor, which is used in the UK and in much of Europe and was developed in the United States. I am sure that you heard BNFL talking about its AP 1000 or AP 600 models from Westinghouse. I presume that that is the technology that one would want to adopt for this generation. As I said, the technology is well proven and stated, so I would hope that the licensing of the technology would also be streamlined. If one were able to do that, the timescales would be much shorter than 10 years.

The market would have to give a signal that would allow a private company to build a nuclear plant; if not, there would have to be a public-private partnership. We mentioned earlier that there are some interesting public issues; there would have to be a public debate of some kind.

I again urge the committee to step forward five or 10 years and see what the world might look like from a nuclear perspective. One might have a different view of nuclear with hindsight.

15:00

The Convener: Are we not whistling in the wind if we are hoping that any market will give us signals about what is going to happen five or 10 years ahead? The market has been encouraging us to consume more electricity when common sense has been telling us that we should consume less.

Dr Anastasi: That is true, but the market will signal that there are shortages when the price of gas starts to rise—perhaps to a level that is uncomfortably high. Gas will be used in all kinds of different areas, so the pressure on it will grow rather than lessen. Therefore, one could see the gas story changing. We have heard about coal and there are reserves in Scotland that one could exploit, but at a cost. That means that it is necessary to import coal into the country, and the price of coal has gone up by 40 or 50 per cent over the past year. That was very strange, but it has happened.

Major issues are associated with the system as a whole. When I talk about looking five or 10 years ahead, I am saying that although people have a certain view of nuclear at the moment, with hindsight—when lessons will have been learned from different countries—one might have a different view of nuclear and whether it is an attractive option.

The Convener: There are no further questions. I thank you very much for your evidence, which has been very helpful.

Dr Anastasi: Thank you for giving me the opportunity to attend.

The Convener: We now move on to agenda item 2, which is also on our renewable energy inquiry. Members have a paper on possible case study visits.

The committee has received approval to undertake three case study visits, each of which is for three members to attend. The idea is for us to see some developing renewables technologies and perhaps meet some small businesses involved in the sector. I stress that the details and itineraries that are included in the paper are indicative. Once members are selected for the various destinations we can shape the itineraries to suit members' preferences.

Christine May: Can we mix and match?

The Convener: The costings were based on the idea that a member would not be in Orkney one day and Galloway the next. Apart from that, we will try to accommodate all members.

Chris Ballance: I was pleased to see that included in the list is the Office for Natural Power, which I am sure that you know about.

The Convener: That is why it is there.

Chris Ballance: It has small hydro schemes, solar schemes and energy conservation schemes and is a consultant for marine technologies. However, I am confused by the statement in the paper that we should visit it "if there was time" and that the highlight of the visit should be Chapelcross nuclear power station. I wonder whether that is the right order of priorities for an inquiry into renewable energy.

The Convener: I have to say that the proposal in annex B is not one that the committee clerks have drafted themselves. You will notice the

statement at the top of annex B that it is a proposal from Scottish Enterprise. It has a particular agenda, which is understandable in view of the contribution of Chapelcross to the Annan and district economy and the challenges that are posed by the potential rundown of the site. As I said, the specific timetable will be tailored to suit members' particular interests.

Chris Ballance: I argue strongly that there is no reason for us to go to see Chapelcross, which is barely a generator of nuclear power. It is about one sixth the size of Torness, 45 years old, four generations out of date and about to be closed down. I suggest that instead we visit the hydro power visitor attraction at Tongland, near Kirkcudbright, which is far more relevant to our inquiry into renewables.

Christine May: I want to express entirely the opposite point of view. I have read the proposal, which I realise was presented to us as justification for visiting Chapelcross. However, page 4 of the paper describes what BNFL is trying to do at the site, including reskilling the work force and using other types of power generation. To be fair, we cannot ignore nuclear energy and hope that it goes away. We would do better to inform ourselves by going to see Chapelcross, rather than working on our presumptions, assumptions and prejudices. Like everyone else in the room, I have those, but if possible we should visit both facilities.

Chris Ballance: No one is suggesting that we should ignore nuclear energy and hope that it goes away. However, at Chapelcross, BNFL is considering the development of the nuclear decommissioning agency and bringing that to Scotland. That may or may not be a laudable objective. In theory, I have no problem with having the nuclear decommissioning agency in Scotland—it must be located somewhere—but I am not convinced that the matter is relevant to an inquiry into renewable energy. It is less relevant than a small-scale hydro scheme, for example.

The Convener: Both are relevant. Although this is a inquiry into renewable agency, we are conducting it in the context of our overall work as the Enterprise and Culture Committee. Scottish Enterprise has put together its proposal with that in mind. I have heard what members have to say. My idea is that we should see as much as possible in the area, so that we can cover all aspects of the energy portfolio as broadly as possible.

Chris Ballance: I am happy to support that, but I suggest that the priority should be an organisation such as the Office for Natural Power. That is far more relevant to the inquiry that we are conducting at the moment. I would be happy to say that we will go to the Office for Natural Power and to Chapelcross at the end of the day, if there is time. Scottish Enterprise has the balance the wrong way round.

The Convener: The itinerary will be geographically logical. We will not zigzag all over Dumfries and Galloway.

Although the paper invites members to indicate their preferences, I do not want them to shout out bids now. It would be helpful if members indicated their preferences by e-mail. There are various renewable energy consultancies in Scotland and it is possible for us to arrange an informal briefing in Edinburgh on specific areas. I take it that that would be acceptable to members.

Mike Watson (Glasgow Cathcart) (Lab): I am not sure what you are suggesting. Should we indicate to you which of the three case studies we would prefer to be part of?

The Convener: That would be helpful.

Mike Watson: Three members will go on each visit.

Christine May: Do you want our second and third preferences?

The Convener: It would be helpful if you could indicate those, as all members may want to go on the same visit. We have not yet arranged dates; we will do that in consultation with members once they have indicated where they would prefer to go. The more flexible members can be in their preferences, the easier it will be for us to arrange the visits. Do members agree to the recommendations?

Members *indicated agreement*.

Budget Process 2005-06

15:09

The Convener: Agenda item 3 is budget scrutiny for 2005-06. Quite a few members have served on the Finance Committee at different stages and will know that, in previous years, committees have had difficulties in scrutinising the budget.

Given that the committee has already considered many areas connected with the enterprise side of its work and that we cannot consider the whole budget process anyway, it might be useful to examine the arts and sports side of the budget. After all, there has been considerable media interest in the funding of Scottish Opera and Scottish Ballet and in the Scottish Football League and the National Lottery's contribution to sport. I think that those would be reasonable areas for consideration.

I see that Jamie Stone is champing at the bit to get in.

Mr Stone: I absolutely agree with your comments, convener. However, could you add the Scottish Community Drama Association to that list? We have all received representations about the fact that it has lost its £40,000 funding.

Chris Ballance: I have lodged a motion on that matter.

Mr Stone: Oh, have you? Have I signed it?

The Convener: Please do not start any conversations.

Mike Watson: The suggestion that we should concentrate on the arts and sports elements of the budget is very sensible and worthy of support. After all, the committee has not really directed its attention to those matters since it was established nine months ago. I also like the idea of inviting the Scottish Arts Council and sportscotland to give evidence to the committee. Indeed, we should also invite other bodies to do so. Although I acknowledge Jamie Stone's comment about the Scottish Community Drama Association, I have noted a number of other organisations that we might consider under the headings of arts and sports to ensure that we get a spread of opinion.

That said, although I would be happy to hear from the SCDA—indeed, the 7:84 Theatre Company was another company that occurred to me—we need to avoid hearing only from those organisations, because they will simply end up making a plea to have their funding restored. Although in that respect both companies have very worth while cases that must be heard, we are not the people to whom they should make those cases. I do not want the committee to be diverted in that way.

As far as sport is concerned, it might be useful to hear from the Scottish Institute of Sport, which is based in Stirling, and Scottish Disability Sport as an umbrella organisation. As for golf, the Executive is rolling out a plan to give every nine-year-old some experience of golf. I am not sure about the deadline for that initiative—I think that it is to be rolled out by 2007—but it is certainly part of the run-up to the Ryder cup in 2014. As a result, it might be appropriate to hear from the Scottish Golf Union.

Women's football is the biggest growth sport in Scotland, and it might be interesting to hear from some of its representatives. Moreover, we could hear from a couple of minority sports such as judo or cricket—we could not describe women's football as a minority sport—which have made a case for funding but do not believe that they receive money that is appropriate to their coverage.

With regard to the arts, I think that the Dundee Repertory Theatre is a good example of how a local authority has linked itself with a theatre to draw in more funding. The theatre has also played a part in the regeneration of Dundee's inner city by helping to establish a cultural quarter with the Dundee Contemporary Arts centre.

Finally, we cannot really deny that we should hear from Scottish Ballet/Opera. I say Scottish Ballet/Opera, because of course the same board covers both companies. However, any such discussion would not be in the context of pleas for funding; instead, the bodies could indicate how the crisis that has emerged again this year could be avoided in future.

I merely throw those suggestions into the pot for members' consideration.

Christine May: I am largely interested in what are called minority sports such as quad biking, trail biking and so on. Given Jamie Stone's point about the community drama folk, I have a question for the Scottish Arts Council and sportscotland that is appropriate and which centres on the strategies that they have in place to deal with less mainstream activities. In other words, what about those groups—and, in the case of the National Lottery, individuals—that want only a small amount of funding, but for whom that tiny amount is essential to keep them going? An issue about minority sports that are not priority sports was raised recently with me by folk who had had their funding withdrawn altogether.

I agree with Mike Watson about Dundee City Council. Perhaps we might frame our questions in the context of the effect of local cultural strategies on regeneration. Although Dundee City Council has been very good and is perhaps the leading

example in that respect, a number of other local authorities have introduced such strategies.

Mike Watson: Indeed. In fact, I would also mention Fife Council in that context, particularly in relation to traditional music. For instance, Sheena Wellington was employed by that council as a traditional music development officer.

Christine May: The title was traditional arts development officer.

Mike Watson: Sheena Wellington might be worth speaking to not only as an individual, but as a representative of Fife Council.

Christine May: We should also take into account the work that has been done in Glasgow.

15:15

Chris Ballance: I agree to the proposals, with the proviso that we do not see ourselves as having discharged our duty on those areas of our remit by carrying out the budget scrutiny.

Brian Adam (Aberdeen North) (SNP): I am happy to consider those two general issues. Mike Watson gave us an interesting list, but a general debate must be had about how much funding for sport and the arts should go to national bodies and how much should go to communities. That is particularly true of the arts. We need to consider whether there is a proper balance in the distribution of funds to support arts throughout the country. That is a significant debate, but I am not sure that the proposals for potential witnesses would give us a flavour of it.

Mike Watson: In fairness, a lot of local authority funding goes into community projects.

Brian Adam: I accept that. However, Scottish Arts Council funding is supposed to be national, but it is not distributed in an even-handed way throughout the country. On sport, it would be wholly inappropriate for us to ignore national issues and to concentrate only on what are seen as minority sports. We need to address sport nationally as well.

Murdo Fraser: I am surprised that Brian Adam did not mention the impact of London's bid to host the Olympics and what that might mean for sports funding in Scotland. That issue will clearly be on the political horizon and we should touch on it.

The Convener: I have a question for the First Minister on Thursday on that very subject.

Mike Watson: That will deal with the issue, then.

The Convener: I am sure that it will settle the matter.

Clearly, the recommendations on page 4 do not exclude our taking oral evidence from other bodies if we think that the written evidence merits it or is of particular interest. However, there is a limit to the number of organisations that we can interview and we could get into difficult questions of balance. I hear what members say: we will tailor our questions to the Scottish Arts Council and sportscotland in the light of what has been said.

Mike Watson: Given the issues that we have chosen to consider, the Minister for Tourism, Culture and Sport will be the appropriate minister to have before us. Will we also take a general approach and hear from the Deputy First Minister and Minister for Enterprise and Lifelong Learning, or is that not necessary at this stage of the budget process?

The Convener: That is up to the committee, but the view that we took at an earlier meeting was that, during the four-year cycle, we hope to consider the budgets in turn. Many of them simply involve handing out cash to other bodies, which then spend it. I am sure I have put the matter far too crudely, but that is what happens in accounting terms. I do not think that we will ask the Minister for Enterprise and Lifelong Learning to give evidence, unless members insist.

Mike Watson: Fine.

The Convener: The clerk has reminded me that the issue might depend on what is produced in the budget. If the minister decides to scrap Scottish Enterprise's budget and spend the money on something else, we might ask him along—to congratulate him, in Murdo Fraser's case.

Murdo Fraser: We live in hope.

Mike Watson: Although we are not taking evidence on aspects of the Minister for Enterprise and Lifelong Learning's portfolio, from memory, last year we had a session on the general figures—it was not in great depth. Perhaps we ought to reserve the right to do that if we feel that that would be appropriate.

The Convener: We can do so if we think that the budget is interesting enough to justify that. Obviously, all budgets are fascinating, but if we think that the enterprise part of this one is particularly interesting, we will invite Jim Wallace along.

Do members agree to the recommendations in the paper?

Members *indicated agreement*.

Mainstreaming Equalities

15:19

The Convener: Agenda item 4 is on mainstreaming equalities. The Equal Opportunities Committee in the previous session of Parliament produced a report with certain recommendations, three of which impinge directly on committee work. Members have a paper that lists those recommendations.

My feeling is that we should simply agree to take account of those guidelines in how we plan and implement our work programme, but I would be glad to hear members' views on the issue.

Chris Ballance: It might be possible to make some practical application of the recommendations. I notice that recommendation 4 of the Equal Opportunities Committee's report talks about developing

"a database of Equal Opportunities … consultees which would be accessible to all Committees."

Perhaps we should invite one of the consultees to give an equal opportunities view of every inquiry that we undertake. For example, although I do not have a clue whether this is true statistically, my impression of our current inquiry is that seven or eight of our 10 witnesses were men. I also do not have a clue whether there is anything that an equal opportunities consultee would want to say about the development of electricity supply in Scotland, but if we do not consult them or at least ask for an input, we will continue not to find out.

Christine May: I have a similar point, which I suppose relates to questions 5 and 6 in the checklist on page 4 of the paper. It occurs to me that if we are to ask the Scottish Arts Council and sportscotland, for example, to talk to us, one of the issues that we might want to raise with them is what they have done about implementing an equalities strategy.

On the power suppliers and those who are developing renewable energy projects, we might want to question them about what they have done in relation to equalities for minority ethnic communities. How is their information being disseminated so that those communities have access to the same level of information as everyone else? What are they doing about communities that include people with disabilities? I am thinking not just about the stereotypical equalities debate—the male-female thing—but about those communities that are excluded from the mainstream norm and how they are dealt with and reached.

The Convener: I take the point, but it is up to each member to raise such issues in their questioning. I want to get away from the idea that we would just include a checklist in our work. If we were to do that, all that we would to is tick a box—the exercise would not have much meaning beyond that.

Christine May: Perhaps we should remind ourselves that, whenever we are interviewing witnesses, one committee member should undertake to remember the point and, if appropriate, ask the question.

The Convener: I could not agree more. I do not think that we should set up a formal procedure. Members should be conscious of equalities at all times.

Mike Watson: The checklist is very useful. As the convener said, it hits on some of the areas that those of us on the Finance Committee came into contact with as a result of the Engender women's budget group raising the sort of issues that are listed in the checklist, particularly the differential impacts on various groups of aspects of Executive policy. Engender said that the impacts should be fed in at the policy stage rather that at the budget stage in order for the policy to be fully reflected in the way that budgets are allocated.

In relation to our examination of the budget, it might be useful for us to ask the ministers concerned to give us written answers to the questions. We could ask them how the points in the paper are being met in their area of the budget. That would enable us to arrive at a base from which we could frame questions that we feel are necessary or highlight any areas on which we think that more work needs to be done.

The Convener: Okay. We have taken a note of that point.

Taking account of the points that have been raised, do members agree to the recommendations in the paper?

Members *indicated agreement*.

Meeting closed at 15:23.

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