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Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Thursday 13 September 2012

Session 4

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Scottish Parliament

Thursday 13 September 2012

[The Presiding Officer *opened the meeting at 11:40*]

Scottish Government Question Time

General Questions

The Presiding Officer (Tricia Marwick): Question 1, from Margaret Burgess, has been withdrawn, as Ms Burgess now has ministerial responsibilities.

Welfare Reform (Food Parcels)

2. Richard Lyle (Central Scotland) (SNP): To ask the Scottish Government what its response is to Citizens Advice Scotland's report suggesting that the number of Scots receiving food parcels from charities has doubled in the last two years due to changes to the benefits system. (S4O-01267)

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): It is clear from the report that the United Kingdom Government's welfare reforms are already having a negative impact on the most vulnerable people in our communities and placing them at greater risk of poverty. That underlines the urgent need for decisions about welfare to be taken here in Scotland. Until that happens, the Scottish Government will, of course, continue to do all that we can within our current powers to support families and individuals during these difficult economic times.

Richard Lyle: Will the cabinet secretary undertake to raise the Citizens Advice Scotland report with the relevant minister in the UK Parliament to ensure that that fact is highlighted? Does she agree that the welfare cuts that the UK Government is introducing will drive more Scots into poverty and that it is only through Scotland becoming an independent country that we can and will look after all who live here?

Nicola Sturgeon: I assure Richard Lyle of three things. First, I will raise the Citizens Advice Scotland report and its findings with UK Government ministers. Secondly, I hope to meet representatives of Citizens Advice Scotland shortly to discuss the report in more detail. Thirdly, I agree with Richard Lyle about the impact of the welfare reforms.

We share the grave concerns that the Welfare Reform Committee raised in relation to the Welfare Reform Act 2012 and the impact that it will have on some of our poorest and most vulnerable people. For example, a recent Institute for Fiscal Studies analysis suggests that the changes will mean that an additional 700,000 children across the UK will be living in poverty by 2020. That is unacceptable, and it underlines the need for Scotland to be an independent country with the power of decision making over these vitally important matters.

Robroyston (New Railway Station)

3. Paul Martin (Glasgow Provan) (Lab): To ask the Scottish Government whether it will support the building of a railway station in the Robroyston area of Glasgow. (S4O-01268)

The Presiding Officer: I call the Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities.

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): My apologies—it should be Keith Brown.

The Presiding Officer: My apologies—my script tells me that Nicola Sturgeon was to answer the question. I call Keith Brown.

The Minister for Transport and Veteran Affairs (Keith Brown): The Scottish Government welcomes proposals—[*Interruption.*]

The Presiding Officer: Please can we have Mr Brown's microphone on?

Keith Brown: The Scottish Government welcomes proposals for new stations such as Robroyston, which could be considered under the £30 million station investment fund that will operate from 2014 and which aims to lever in third-party funding.

Paul Martin: Given the importance of encouraging local communities to use public transport, and the fact that the developer is willing to provide the necessary funding to ensure the development of Robroyston railway station, I would welcome a more detailed reply from the minister to advise whether the Government will ensure that that particular project is taken forward.

Keith Brown: My apologies—I assumed that the member knew more about the background than he does. He will be aware that Glasgow City Council has attached a condition to the application that requires a STAG—Scottish transport appraisal guidance—appraisal to be undertaken. The evidence of that appraisal has not yet been presented to Transport Scotland, which is waiting for it.

I am aware that one of the viable options would be for a new station to be created once the Cumbernauld line is electrified.

It is unfortunate that the member has taken the approach that he has, because each time that he has asked questions on the subject or asked to meet me we have taken a positive approach, and we remain positive about it. We would not be investing £40 million in the fastlink project or £300 million in the Glasgow subway if we were not positive about public transport services in Glasgow. We are positive about the proposal, but there are processes that must be gone through first.

Winter Festivals Programme 2012-13

4. Joan McAlpine (South Scotland) (SNP): To ask the Scottish Government what key events are planned for the 2012-13 winter festivals programme. (S4O-01269)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): Scotland's winter festivals celebrate our nation's rich culture and heritage and showcase Scotland on an international stage. Negotiations with event organisers are on-going, but we will publish the winter festival programme of events later this autumn. Through EventScotland, we will support a broader geographical spread of events than last year, engaging Scots the length and breadth of the country in winter festival celebrations including St Andrew's day, Christmas, hogmanay and Burns night.

Joan McAlpine: As the cabinet secretary knows, the year of creative Scotland started with the big Burns supper festival in Dumfries. Burns night is one of the lynchpins of the winter festivals programme. Will she do everything that she can to encourage further investment in the big Burns supper in Dumfries so that it is the key Burns event in the winter festivals programme, given that Burns lived so much of his life—and, indeed, died—in Dumfries?

Fiona Hyslop: As an Ayrshire lass, I must be careful about designating any key areas for Burns celebrations. I was very impressed with the big Burns supper when I attended it in January, and I know that Joan McAlpine is an enthusiastic champion of it. Bearing in mind that 10,000 attendees were at the big Burns supper in Dumfries at that time, I think that the quality of the productions will be very attractive to investors. In championing the big Burns supper, Joan McAlpine is supporting another Burns event that we will come to love in years to come.

Accident and Emergency Units (Waiting Times)

5. Margaret McCulloch (Central Scotland) (Lab): To ask the Scottish Government what the reason is for the reported rise in the number of people arriving at accident and emergency units who were not admitted, discharged or transferred within eight hours. (S4O-01270)

The Cabinet Secretary for Health and Wellbeing (Alex Neil): Since 2010-11, 16 hospitals have reported a reduction in the number of people arriving at accident and emergency units who were not admitted, discharged or transferred within eight hours. Twenty-two hospitals reported an increase in that number. Most of the increase has been concentrated in a small number of hospitals, with one hospital accounting for nearly half the increase. The Scottish Government has been providing tailored performance support to those hospitals to identify the root causes of delays and to implement effective strategies to address the issues.

Margaret McCulloch: I welcome the cabinet secretary to his new post.

There is no doubt that, across the chamber, we are all right behind the front-line staff in our A and E units, but we must ensure that the system is geared towards supporting those staff, even when it is under pressure. What impact does the Scottish Government believe that its decisions to cancel minor injuries units and to let nursing jobs go from the national health service throughout Scotland are having on the front line? What steps are being taken to control the number of patients who are experiencing the longest waits at A and E units, which doubled under the previous health secretary?

Alex Neil: I thank the member for her congratulations.

So far, the work that has been undertaken with those hospitals indicates that none of the reasons that the member has outlined is a major contributing factor to that increase. It would have been much worse if the Labour Government's proposals to close the accident and emergency units at the Monklands and Ayr hospitals had gone ahead. That would have made the problem much worse.

Jackie Baillie (Dumbarton) (Lab): I was going to welcome the cabinet secretary to his post, but I have thought better of it in the light of his comments. Does he agree that it is unacceptable for the number of people who are waiting in A and E units for more than eight hours and more than 12 hours to double? I have heard what he is going to do about that, but I would be interested in knowing the reasons for the doubling in the number of people who wait for that length of time. Does he not agree that, as NHS staff are

increasingly finding, it is the SNP cuts to both staffing numbers and the overall NHS budget that are causing those long waits?

Alex Neil: I thank Jackie Baillie for her non-congratulations. She has a cheek talking about cuts when Alistair Darling was the one who implemented the cuts, which were deeper and tougher than those that took place under Margaret Thatcher.

I also say to Jackie Baillie that she should at least deal in the facts. Over the past few years since we came to power, there has been a net increase of 2,500 in the total manpower in the NHS in Scotland. We are delivering a more effective service, with higher throughput and better outcomes for our people.

Commonwealth Games (Benefits Outside Glasgow)

6. Hanzala Malik (Glasgow) (Lab): Good morning, Presiding Officer.

To ask the Scottish Government how it will ensure that cities and towns beyond Glasgow benefit from the 2014 Commonwealth games. (S4O-01271)

The Presiding Officer: Good morning, Mr Malik. I call Alex Neil.

The Cabinet Secretary for Health and Wellbeing (Alex Neil): The Scottish Government is committed to creating a lasting and positive legacy for the whole of Scotland from Glasgow hosting the 2014 Commonwealth games. The Scottish Government's legacy plan, "On your marks ... Get set ... Go: A games Legacy for Scotland", sets out a variety of opportunities that aim to create a flourishing economy, healthy individuals and an enhanced international reputation.

We continue to work closely with our national and local delivery partners to fulfil our collective ambitions to ensure that individuals, communities and businesses across Scotland get every possible benefit from the games and other major events over the coming years.

Hanzala Malik: I thank the minister for that positive response. As a Glasgow MSP, I am delighted that the 2014 Commonwealth games will showcase that great city. However, they also present a unique opportunity to sell the whole of Scotland to the world. I want the 4,500 competitors to return home to the four corners of the globe singing the praises of Scotland as an historic and holiday destination. What consideration has been given to providing athletes from the 72 competing nations with concessionary travel within Scotland and what consideration has been given to Scotland's marketing ability?

Alex Neil: One of the major areas of preparation is not only concessionary travel but ensuring that the whole transport infrastructure can accommodate the Commonwealth games. Indeed, one of the major reasons why we gave the go-ahead to the completion of the M74 after 50 years was to ensure that the transport infrastructure in and around Glasgow was fit for the games in 2014.

I share Hanzala Malik's ambition to ensure that the games are an international event and that not only the participants but those who are with them—the international media and all those who attend the games in Glasgow in 2014—go back home with a positive and upbeat image of Scotland, knowing that, by that time, we will be within a few months of voting for independence.

Aileen McLeod (South Scotland) (SNP): The cabinet secretary will recognise that Dumfries and Galloway occupies a strategic location for welcoming visitors—particularly those from Ireland and Northern Ireland—to the Commonwealth games through the Loch Ryan ports.

What consideration has been given to ensuring that the Commonwealth games legacy extends to the far south-west of Scotland so that people there can also benefit from the opportunities that arise from the games?

Alex Neil: A range of initiatives involving Scottish companies and Young Scot in youth employment, volunteering and a range of other activities is going on throughout Scotland, including in the south-west.

I will highlight one specific way in which we can do more in the south-west. If the current experiment in reducing the cost of train fares between Stranraer and Glasgow by a substantial amount—from £43 return to £15 return—works, one of the most effective ways in which we can ensure that people from the south-west and, indeed, people who use the port at Cairnryan can benefit from the Commonwealth games will be by providing a cheap, fast rail service between Stranraer and Glasgow.

Childcare Places

7. Linda Fabiani (East Kilbride) (SNP): To ask the Scottish Government how it assists local authorities ensure that childcare places are available for working parents. (S4O-01272)

The Minister for Children and Young People (Aileen Campbell): It is the statutory responsibility of local authorities to secure pre-school provision for three and four-year-olds. The Scottish Government increased the entitlement from 412.5 hours a year to 475 hours a year in 2007.

Under proposals that are currently being consulted on as part of the children and young people bill consultation, the Scottish Government will provide more free early learning and childcare hours than anywhere else in the United Kingdom and offer more flexible choices of delivery, including compressed hours and hours during holiday periods. The aim of the proposals is to improve outcomes for young children and reduce the barriers to work and training that many parents face.

Linda Fabiani: The minister may be aware that the on-site nursery at Her Majesty's Revenue and Customs in East Kilbride, which currently provides places for 59 children of working parents, has given notice of closure. That, coupled with people's admirable commitment to early learning and childcare provision, means that there is real concern in East Kilbride that the town does not have enough spare nursery capacity. That is a real worry, particularly for working parents who are concerned about work schedules and starting times. The council is, of course, endeavouring to be helpful to working parents, but can the minister offer any further assistance?

Aileen Campbell: I am aware of the issue that Linda Fabiani raises, and I know that South Lanarkshire Council is working closely with on-site nursery providers on providing the affected children with alternative full day care options in the local authority area.

The Scottish Government realises the real pressure on families to have a work-life balance. That is why John Swinney and I hosted a summit, to which business leaders were invited, to discuss more flexible working patterns and working at home, which increase productivity and staff morale. We understand that there is a real issue for parents throughout Scotland, not only in East Kilbride. I offer my support to Linda Fabiani in her work to represent her constituents, and I would be happy to meet her to discuss the matter further if she wanted to. However, I know that South Lanarkshire Council is working hard to support the children who are affected by the closure of the nursery provider.

Broadcasting (Proposed BBC Job Losses)

8. Jim Eadie (Edinburgh Southern) (SNP): To ask the Scottish Government what impact the proposed job losses at the BBC will have on broadcasting in Scotland. (S4O-01273)

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): The 35 job losses in BBC Scotland that were confirmed at the end of August are very disappointing, particularly as fully 17 of them are in news and current affairs. The BBC should be enhancing rather than reducing that area at this important time in

Scotland's history. I have written to the director general designate of the BBC to make representations on the matter, and the First Minister discussed it with him earlier this week.

Jim Eadie: Does the cabinet secretary understand the mood of despondency among BBC Scotland staff and trade unions as a result of the scale of the cuts? Does she agree that undermining the work of dedicated staff and short-changing licence fee payers in Scotland at a time when the national debate needs to be rigorous and extensive are not only damaging to the BBC's reputation as a world-class public service broadcaster but nothing short of a national disgrace?

Fiona Hyslop: I share the member's concerns. Indeed, in the context of democratic representation in broadcasting, the whole Parliament should be concerned about the level of the cuts and exactly where they are taking place. With the most momentous decision in more than 300 years ahead, diminishing BBC Scotland's news and current affairs capability in such a way is unacceptable, particularly if we contrast the £320 million that the BBC raises through licence fees in Scotland with a budget for BBC Scotland that will fall to only £86 million in 2016. It is of further concern that the distribution of the cuts in Scotland is entirely the responsibility of the BBC director for Scotland.

The Presiding Officer: Question 9, which was lodged by Mark Griffin, has been withdrawn for understandable reasons.

National Football Academy (Bidding Criteria)

10. Jenny Marra (North East Scotland) (Lab): To ask the Scottish Government when it will publish the bidding criteria for the proposed national football academy. (S4O-01275)

The Cabinet Secretary for Health and Wellbeing (Alex Neil): The bidding guidance and associated documents will be available to potential hosts in December 2012, as set out in the letter of 30 August from the chair of the national performance centre steering group. I reiterate that the whole process will be fair, open and transparent.

The Presiding Officer: Briefly, Ms Marra.

Jenny Marra: I am glad that the criteria will be published, as they were meant to be just after March. The sports minister will be aware that 5,000 Dundonians have signed up to the campaign—

The Presiding Officer: Can we get a question, Ms Marra?

Jenny Marra: I welcome the cabinet secretary's announcement.

The Presiding Officer: Briefly, cabinet secretary.

Alex Neil: I welcome Ms Marra's welcome.

First Minister's Question Time

12:00

Engagements

1. Johann Lamont (Glasgow Pollok) (Lab): I know that, like the rest of us, the First Minister will tomorrow celebrate with all of Scotland a wonderful summer of sport, which culminated in Andy Murray's fantastic victory in New York. *[Applause.]* However, my question is about today.

To ask the First Minister what engagements he has planned for the rest of the day. (S4F-00849)

The First Minister (Alex Salmond): I have lots of engagements for the rest of day, but I suspect that they will be nothing like as enjoyable as the celebration in which we will jointly engage tomorrow. The entire Parliament congratulates Scotland's Olympians and Paralympians on their amazing feat but, given the extraordinary events of this week, Johann Lamont is perfectly correct that we should send our particular congratulations to Mr Andy Murray.

Johann Lamont: Is there anything about independence that the people of Scotland should not know?

The First Minister: As is increasingly realised across Scotland and beyond, the great thing about independence is that it will give the people of Scotland the ability to determine their own affairs and to mobilise this country's natural and human resources to create a more prosperous and just society.

Johann Lamont: Yesterday, the President of the European Commission said clearly:

"A new state, if it wants to join the European Union, has to apply ... like any state."

That means that the new state of Scotland would first have to apply to be a member of the European Union. If it succeeded, we would have to adopt the euro as our currency. The First Minister has no legal advice that contradicts the President of the European Commission, does he?

The First Minister: Let me see whether I can help Johann Lamont on such matters, as I tried to help her predecessor. Scotland is not an accession state. We have been a member of the European Union for 40 years. Every single one of us is a citizen of the European Union—even Conservative Party members, whether they like it or not. We are not in the position of a country that is not part of the European Union. *[Interruption.]*

The Presiding Officer (Tricia Marwick): Order. We will hear the First Minister.

The First Minister: There must be negotiations, as I have said in the chamber before. However, the crucial point is that those negotiations would take place from within the context of the European Union.

Since Johann Lamont seems to have invented a range of things that she claims that President Barroso said—he never mentioned the euro in any of his interviews yesterday—I will tell her something that he actually said and which has not been widely quoted. His last sentence was:

“I see no country leaving and ... many countries wanting to join.”

Scotland is part of the European Union and will remain part of it as an independent country.

Johann Lamont: I listened carefully, but I did not detect an answer to my question.

The Scottish National Party's position seems to be predicated on the fact that Scotland would not be a new state. I wonder for what the SNP has been arguing for the past 100 years.

If the First Minister has advice that contradicts what President Barroso said, why does he not remove all doubt and publish it?

“Dialogue between the people and their representatives is essential in a genuine democracy.”

Those were the wise words this week of Alex Salmond's old deputy and friend Jim Sillars. Instead of telling the people of Scotland what advice he has received, the First Minister is using our money to fund a court action to stop us knowing what he knows. The Scottish Information Commissioner has ruled that

“it is in the public interest to know”

what information is being taken

“into account in developing policy in ... such a significant issue as independence.”

Surely the First Minister believes that it is in the public's interest to know the consequences of voting for independence.

The First Minister: I reiterate to Johann Lamont, so that she understands, that there is a difference between a country that has 40 years of membership of the European Union—within that context—and a country that is trying to join the European Union for the first time, as Turkey is doing.

I remind Johann Lamont, from history, that even when a country was trying to leave the European Union, as in the case of Greenland, it had to negotiate its leaving from inside the European Union. Quite clearly, Scotland is part and will remain part of the European Union and the necessary negotiations will take place from within that context. Incidentally, as has been discussed

with her predecessor, exactly the same thing applies to the rest of the United Kingdom, which, in the words of Lord Mackenzie-Stuart, will be in exactly the same legal boat.

Johann Lamont referred to the question of publication, or acknowledgment of existence of, legal advice. She must know, because she has been a minister and has dealt with exactly these things herself, what the Scottish ministerial code says on the matter, in paragraph 2.35. The fact that legal advice has been given to ministers, or the fact of its existence,

“must not be revealed outwith the Scottish Government”,

unless under some clear circumstances—

Members: Ah!

The Presiding Officer: Order.

The First Minister: I say to the Parliament quite clearly that since I became First Minister I have been referred by the Opposition parties five times under the ministerial code—

Jackie Baillie (Dumbarton) (Lab): Not enough.

The First Minister: Jackie Baillie says that that is not enough, but perhaps, given my track record of nothing out of five, I would welcome further referrals. Five times, the complaints have been comprehensively dismissed by the independent adjudicators on such matters. If I were to breach the paragraph of the ministerial code that I quoted, there would be no defence—as every minister in previous Administrations in this Parliament and Westminster has held.

I think that I have a solution for Johann Lamont that reconciles my obligations under the ministerial code and, I believe, the democratic imperative of information for the people of Scotland. We have set out our intention to publish the white paper on independence this time next year, and I give Johann Lamont my guarantee that that white paper, which will set out the full context of the independence proposition, will contain detailed assessment on the question of continuing membership of the European Union. I give her the guarantee that everything in the document will be fully consistent with the legal advice that we receive. That seems to me a reasonable solution on how we reconcile the requirements of the ministerial code with the imperative to let the people of Scotland see the full advantages of being an independent country.

Johann Lamont: I am not sure who the First Minister imagines would refer him under the ministerial code, in relation to giving us information that it is costing the state £100,000 to keep away from us—[*Interruption.*]

The Presiding Officer: Order, Mr Swinney.

Johann Lamont: It is costing £100,000 to keep the information out of the public domain.

When I was a minister, I think that I made a bit of a difference, but in all that time I never posed a question that we have decided is the most important for 300 years. We are in those circumstances, and I suggest that in such circumstances the information could usefully be revealed. Otherwise, one has to ask what the First Minister has got to hide.

We have to get this right: President Barroso is wrong; the Scottish Information Commissioner is wrong; Jim Sillars is wrong. Only Alex Salmond is right, all the time. No doubt he will soon be blaming Mo Farah, Ellie Simmonds and Chris Hoy for unemployment going up in Scotland—oh, he did that yesterday.

Meaningless assertion on the pound has descended into deliberate deception on the euro. While Alex Salmond fails to provide a single shred of evidence, President Barroso provides evidence. Scotland would have to reapply to join the EU and would have to adopt the euro, with all the disastrous economic consequences that that would have.

Alex Salmond has to understand that although, when he says something, his back benchers agree, we expect more than simple assertion. He refuses to tell the people of Scotland the truth. When is he planning to tell them—now, never, or when it is too late?

The First Minister: I welcome President Barroso's new spokeswoman to her position. Fortunately, President Barroso's actual spokesperson said yesterday that he would like to clarify matters because there were misrepresentations of what was said about the European Commission's position. No doubt the spokesman will have to clarify the misrepresentations from Johann Lamont.

President Barroso said no such thing—he said exactly what I quoted earlier:

"I see no country leaving and ... many countries wanting to join."

Johann Lamont gives me her personal guarantee: what member would report me under the ministerial code if I was in clear breach of it? Well, Tavish Scott, Iain Gray, Hugh Henry, Jim Sheridan or Paul Martin might. I put it to the chamber that if I was reported under the ministerial code for tea and biscuits in Bute house, I think that I might be reported for a clear breach under these conditions.

I offered—this is the great disadvantage of Johann Lamont reading out the question that she prepared before she has heard the answer—what I think is a reasonable solution to the matter: to

conform to the ministerial code and to provide the information that the people wish to have. *[Interruption.]*

The Presiding Officer: Order.

The First Minister: On the publication of the white paper—a full year before the decision on the referendum—continuing European Union membership for an independent Scotland will be examined in great detail. Everything in that white paper will be fully consistent with and informed by the legal advice that we receive. That seems to me to be a pretty reasonable proposition, and folk in Scotland will be looking forward to reading that white paper—the passport to independence and freedom.

Prime Minister (Meetings)

2. Ruth Davidson (Glasgow) (Con): To ask the First Minister when he will next meet the Prime Minister. (S4F-00837)

The First Minister: Next week.

Ruth Davidson: I have a question about something much closer to home—perhaps the First Minister will not hide behind Government lawyers, ministerial codes or European spokesmen.

When the First Minister's deputy, Nicola Sturgeon, launched her new patient management system for appointments in Scotland's national health service—I am sorry, but here is another quote—she assured us that

"Communicating with patients is one of the areas that I am absolutely determined the NHS will improve on and this new system will help us achieve this."

The system comes at a cost of £44 million.

If we look at just one health board, NHS Ayrshire and Arran, we see a system in meltdown—so much so that the board has had to cancel more than 7,500 in-patient appointments since the system's introduction. Those appointments have been cancelled by the health board, not by patients. Does the First Minister still have confidence in a system that, from inception to implementation, is entirely the product of his Government?

The First Minister: A resolution to the patient management system's issues is under way. I say to Ruth Davidson that the issues with new information technology in the Scottish health service pale into insignificance when compared with the extraordinary difficulties that are being experienced by her Administration south of the border.

Perhaps the test of Nicola Sturgeon's management of the health service is the wishes that she received when leaving the post last week.

I have a selection of quotes from the Royal College of Nursing Scotland, volunteer services, the UK Sepsis Trust and a health columnist, with every single one of them complimenting her on the fantastic job that she did as Scotland's health secretary. I also have a selection of quotes about Andrew Lansley leaving his post in England, and not a single person—not even his colleagues—congratulated him on the job that he did as the UK health secretary.

Ruth Davidson: Nicola Bevan got a card so everything is all right—fantastic.

The 7,500 figure that I raised in my first question is shocking, but that is not half or even a tenth of the story. If we include out-patient appointments, since the system's launch in NHS Ayrshire and Arran, a staggering 110,000 appointments have been cancelled by the NHS. For one in eight people who thought that they were going to get help, suddenly the phone goes and the patient is told, "The doctor cannot see you now."

At the launch of this shambles, the Deputy First Minister also said:

"This new system will be much more efficient, faster and more secure".

She said that it would also be better for the environment. Well, it is not better for patients.

There is nowhere for the SNP to hide and there is no one else to blame—the First Minister should not look south of the border. For once in his life, will he take some responsibility, order an investigation into this chaos and get it sorted as a matter of urgency?

The First Minister: The difficulties that have been encountered are in the process of being sorted.

I will take responsibility, as will Nicola Sturgeon, for the statistics that were released last week that show that we have the lowest waiting times in the history of the national health service in Scotland and that the key targets on healthcare are being observed.

The member tells me not to look south of the border. Why should not we look south of the border? There is a contrast between a public health service in Scotland that is performing at an extraordinarily high level for patients and a health service south of the border that is being dismantled and which will not even be a national health service at all.

Yes, we will take responsibility. We will take responsibility for the extraordinary achievements of the staff in our national health service, who are performing exceptionally well under extraordinarily difficult budgetary conditions. This Government does not have just a commitment to protect the

budget of the national health service; unlike the member's party, we are committed to having a national health service.

The Presiding Officer: Jamie Hepburn will ask a constituency question.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): The chamber will be aware of the proposed merger between AG Barr, which is based in my constituency, and the Essex-based firm Britvic. Does the First Minister agree that, given the iconic Scottish brands that are involved, if any merger goes ahead, such a company should be headquartered in Scotland and that production should remain an on-going concern at the Cumbernauld site?

The First Minister: Yes—it is certainly right and proper of Jamie Hepburn, as the constituency member, to raise those issues. However, he will know about, as I do—I have monitored them closely—the positive statements from AG Barr on the future of the company if the agreed merger goes ahead. There is every indication that the strength and excellence of that company, its history and its iconic status, and the excellence of its staff, will ensure that it remains and expands its operations in Scotland.

Cabinet (Meetings)

3. Willie Rennie (Mid Scotland and Fife) (LD): To ask the First Minister what issues will be discussed at the next meeting of the Cabinet. (S4F-00839)

The First Minister (Alex Salmond): Issues of importance to the people of Scotland.

Willie Rennie: No matter what the First Minister says about Europe, there is a great deal of confusion about his plans for Scotland in the European Union. Asserting something does not make it true. The First Minister says that he is right and that Scotland will continue to be a member of the EU, but what if he is wrong?

The First Minister: I have set out to Johann Lamont what I think is an excellent way to resolve the request for information—the publication of the white paper.

As Willie Rennie asks the question, he will have heard his former colleague Lord Wallace support the Scottish Government's position on the legal advice. Lord Wallace pointed out that he would face exactly the same circumstances as a Westminster minister. Given those comments—which I can quote to Willie Rennie if he wishes—I am quite certain that he will understand that giving the assurance that the information that the white paper will contain will be consistent with the legal advice provides a satisfactory solution that reconciles the provisions of the ministerial code

with the imperative of providing information to the people of Scotland.

Willie Rennie: There is clearly a dispute about that legal advice and, if voters opt for independence, they may well find out that we have lost the rebate and that we will be forced to join the euro and the Schengen agreement. That is the reality. That is the consequence if the First Minister is wrong. When will he get clarity on the issue? When will he start negotiations and discussions with other EU members about the way ahead? We need clarity. We cannot just take a step in the dark, based on his assertions.

The First Minister: I am slightly perplexed by Willie Rennie and not for the first time. I thought that the call was for the Government to clarify the issue by the publication of legal advice. He seems to be doubting the legal advice even before it is published. The process of publishing a white paper consistent with legal advice will satisfy even Willie Rennie.

A number of extraordinary scenarios have been put forward. The most popular was that many countries across Europe—or some countries—were itching to stop Scotland being a member of the European Union. [*Interruption.*] People say that nobody has said that, but it has been said before. We have been told that the Spanish were waiting to object to an independent Scotland continuing in membership. I draw Willie Rennie's attention to the comments of the Spanish foreign minister on 24 February 2012—

The Presiding Officer: Order. There is too much chuntering. First Minister. [*Interruption.*] Order!

The First Minister: Mr Rennie could win a gold medal for chuntering, in my opinion.

The Spanish foreign minister said:

"If in the UK both parties agree that this is consistent with their constitutional order, written or unwritten, Spain would have nothing to say, just that this does not affect us. No one would object to the consented independence of Scotland."

If that is what the Spanish foreign minister can bring himself to say, surely the leader of the Scottish Liberal Democrats can find it within his heart to see the common sense behind the position that Scotland will be an equal and independent European nation.

Air Links (Heathrow)

4. Colin Keir (Edinburgh Western) (SNP): To ask the First Minister what the Scottish Government's position is on the impact on business and tourism of having only one carrier between Scottish airports and Heathrow. (S4F-00845)

The First Minister (Alex Salmond): The air links to Heathrow remain vital for business and inbound tourism. The Scottish Government wants a restoration of competition on the routes between Scotland and Heathrow as soon as possible.

Colin Keir: I thank the First Minister for his answer. Does he agree that the devolution of air passenger duty, as proposed by the Calman commission, would also increase competition on Scottish routes and be beneficial to not only my constituents in Edinburgh Western, but Scotland as a whole?

The First Minister: Yes, I agree. There is an overwhelming urgency in this matter. I will discuss aviation policy at next week's meeting of the joint ministerial committee in London. I know that the other devolved Administrations share my view that air passenger duty is an important tool for attracting more direct flights to and from Scotland.

Even if there were to be a new runway at Heathrow—and that is a matter of some extraordinary debate within the coalition and indeed within the Conservative Party—the timescale for it would be extended and elongated and it would not solve the difficulty that we have when Heathrow is clogged up, as happened during the Olympics. It is not just a case of people having difficulty getting to Scotland, but rather that people are deterred from coming to Scotland as a result of the extraordinary congestion in the Heathrow hub.

Therefore, Scotland needs more direct flights and the use of air passenger duty is an important means of ensuring more direct flights. That has broad support across the devolved Administrations and it has extraordinary support among the carriers. It was one of the recommendations of the Calman commission and I hope that I can carry the support of this entire Parliament in making that case in London next week.

John Scott (Ayr) (Con): The First Minister is aware of the IAG takeover of BMI and the resultant lack of landing slots available to airlines other than British Airways flying from Glasgow airport to Heathrow. He will be aware of the damaging effect this is having on business connectivity to London and elsewhere in the world from Glasgow and the west of Scotland. Does he share my view—I think he does—that the lack of competition on that route is now unfair as well as damaging to Scottish interests? Will he tell the Parliament what he can do and is prepared to do to help to restore competition and connectivity on the route?

The First Minister: I share the concerns about the need to restore competition on the Glasgow to Heathrow route. As John Scott will be aware, the situation with regard to the Glasgow route is

different to Edinburgh and Aberdeen as British Airways has been the only operator on the Glasgow to Heathrow route since April 2011, when BMI withdrew, and thus is not subjected to the competition process, which should help the situation so far as Edinburgh and Aberdeen are concerned.

This month, the Scottish Government will reiterate its support for the full implementation of the competition remedies in relation to Edinburgh and Aberdeen and at the same time raise its concerns about the lack of competition on the Glasgow to Heathrow route and what seems to us to be mounting evidence that it has been detrimental to passengers with regard to available space and, in particular, the prices that they are being asked to pay. John Scott can be absolutely certain that this subject and the evidence of what has happened to the Glasgow to Heathrow route since the absence of competition will be very much part of my presentation at next week's joint ministerial committee meeting.

Patrick Harvie (Glasgow) (Green): In promoting this policy of cutting air passenger duty to stimulate more flights, the minister Fergus Ewing and VisitScotland admitted at this week's meeting of the Economy, Energy and Tourism Committee that they had not even bothered to explore the policy's compatibility with legally binding climate change targets. Will the First Minister agree to do what Fergus Ewing refused to do and write to the United Kingdom Committee on Climate Change, asking it to investigate the policy's impacts on climate change before he promotes it further?

The First Minister: It is our responsibility to put forward an estimate in that respect and we will do so. However, although I accept Patrick Harvie's position that we should build an evidential base for what is, to me, an apparently commonsense proposition, I suggest that in many cases having a direct flight between two destinations can be more environmentally efficient than taking two flights to get to the same destination. I would have thought that there was a commonsense argument for direct flights in environmental, convenience, economic and business terms but, as I said, I accept that we should build an evidential base for our case. That is our responsibility and that is what we will do.

Food Banks

5. Drew Smith (Glasgow) (Lab): To ask the First Minister what steps the Scottish Government is taking to address the growing demand for food banks. (S4F-00851)

The First Minister (Alex Salmond): The recent Citizens Advice Scotland publication "Voices from the frontline... The rising demand for food parcels"

makes it clear that the damaging welfare cuts being imposed by the United Kingdom Government are already having a negative impact on the most vulnerable people in our communities and placing them at greater risk of poverty. The report also underlines the urgent need for decisions about welfare to be taken in Scotland.

The Scottish Government is doing what it can to protect Scotland from those Tory policies within the powers that it has. For example, we are now working closely with the Convention of Scottish Local Authorities and individual local authorities to develop new social fund arrangements that will better support those who repeatedly find themselves in crisis and have to rely on food parcels.

Drew Smith: Benefit issues are indeed the reason most often given for needing a food parcel; however, a significant percentage increase last year was as a result of unemployment. The Scottish Government has important powers to assist job creation and could do more to promote the living wage to help the 50 per cent of those receiving food parcels who are actually in work. When will the First Minister set out his plans with COSLA to use the new powers and resources that he is getting through the successor to the social fund specifically on crisis loans to tackle a situation that the new head of Citizens Advice Scotland, Margaret Lynch, has rightly described as "Dickensian" but which this Parliament should understand as a call to action?

The First Minister: Obviously we are having discussions with COSLA with a view to publishing what we will try to do. Drew Smith should give some credit to COSLA and this Government on these matters; after all, as a result of the discussions, we have found a way of mitigating the harmful impact of the cuts to the council tax rebate. Council tax benefit has, of course, been transferred to Scotland but, as everywhere else, there has been a 10 per cent cut in the overall amount. The work that we are doing with COSLA to protect people against that cut should be acknowledged; indeed, we will do the same thing with COSLA in working to mitigate the impact of the social fund changes.

I have to say to Drew Scott—

Members: Drew Smith!

The First Minister: I beg the member's pardon. As far as the belief that we have the ability to change, mitigate and transform the whole range of benefit cuts that are coming down the road from the UK Government is concerned, I have to tell Drew Smith that that will simply not be possible. As currently envisaged, the UK Government's benefit cuts—which Margaret Curran said last week would have a "brutal effect in Scotland"—will

have consequences that are outwith the capability of our budgets to deal with. The solution—and Labour members had better understand this—is for this Parliament to have control over such matters so that we can devise policies for the benefit of the Scottish people.

College Places (Demand)

6. Murdo Fraser (Mid Scotland and Fife) (Con): To ask the First Minister how the Scottish Government will ensure that colleges are in a position to respond to the rise in demand for student places. (S4F-00841)

The First Minister (Alex Salmond): Despite the cuts that the UK Government is making to the block grant, we are continuing to fund colleges in a way that will allow them to maintain student numbers. Alongside that is a crucial commitment—unprecedented across these islands—that every 16 to 19-year-old in Scotland is guaranteed an offer of a suitable place in education or training through the opportunities for all programme.

Murdo Fraser: This week, we have heard the news that more than 10,000 students are on waiting lists for college places. According to John Henderson from Scotland's Colleges, the First Minister's Government cut the college teaching budget by 8 per cent last year and 10 per cent the year before. Larry Flanagan, general secretary of the Educational Institute of Scotland—the First Minister is fond of quoting him—said:

"It is clear there has been a reduction in funding to colleges and no amount of sleight of hand on the part of the Government can alter that".

Given the soaring demand for college places, will the First Minister ensure that the colleges budget is protected from any further cuts?

The First Minister: Regarding the survey that Murdo Fraser quoted, college places are still available in Scotland. Let us look at a specific example. One of the colleges that were mentioned this week in *The Herald* as having a significant waiting list is now advertising places across the national press and across a broad range of courses. The key commitment that we have given—and that we shall stick to—is that we will sustain student numbers at 116,000 over the coming year. Against the circumstances of budget cuts, that is an extraordinary commitment.

Yesterday we heard of the ability to look at the comparisons with the number of people employed in Scotland's colleges on a full-time equivalent basis. The information is from the colleges themselves, in Scotland, England and Wales. Over the period that this Government has been in office, there has been a rise of 217 full-time equivalent staff employed in Scotland's colleges.

The position in England is a fall of 18,138. That is a 2 per cent rise in staffing in Scotland compared to a 13 per cent decline in England. Given the ravages that the Conservative Government and its Liberal allies are implementing on colleges in England, many people might think that Murdo Fraser has a barefaced cheek and a brass neck for posing as a champion of Scotland's colleges.

Fife Diet Food Manifesto

The Presiding Officer (Tricia Marwick): The next item of business is a members' business debate on motion S4M-03046, in the name of Claire Baker, on welcoming Fife diet's new food manifesto 2012. The debate will be concluded without any question being put.

Motion debated,

That the Parliament welcomes Fife Diet's new food manifesto for Scotland, which it considers an important contribution to the debate on food sustainability; highlights the manifesto's aims of connecting the way that Scotland grows, produces, distributes and consumes food with its climate change targets, connecting the environmental policy framework to its health and wellbeing initiatives and looking afresh at the values that underpin how it organises its food economy; considers that Scotland's food and drink policy is not only about export growth, but also about nutrition and health indications in communities across Scotland, and values the work of Fife Diet in engaging with communities and raising the debate about how Scotland achieves collaborative gains between community, food and health, affordability and sustainability.

12:34

Claire Baker (Mid Scotland and Fife) (Lab): I welcome Paul Wheelhouse to his new ministerial role. I very much look forward to working with him.

I am pleased to be able to have this debate today and to bring the work of Fife diet and its excellent food manifesto to the Scottish Parliament. Fife diet, which is a network of people who are interested in local food, was established in 2007. It does much good work throughout Fife and beyond, helping to set up allotments and community gardens, running education programmes and, most recently, setting off around the country in its seed truck, delivering a selection of free public workshops on food and climate change. However, today I want to highlight Fife diet's excellent food manifesto, raise some debate about our relationship with food—the way we eat, the way we grow, the way we trade—and introduce the practical and challenging ideas that are in the manifesto.

I am pleased to hold the debate in the final days of Scottish food and drink fortnight, which has given producers an opportunity to showcase the best of Scottish food and drink locally and internationally. However, the same fortnight has seen Citizens Advice Scotland report a doubling of demand for food parcels and Save the Children report that one in six children in Scotland goes to bed hungry. The reasons for both those figures are complex, although we can point to some obvious pressures. However, both tell us that we need to question our country's food economics, and the food manifesto challenges policy makers to do just that.

First, I want to congratulate Fife diet on producing the manifesto. I imagine that many of us who have worked on party manifestos know how difficult that can be, but Fife diet has managed to produce an engaging, thought-provoking and vibrant manifesto—if only we could all achieve that. It is the fruition of many years of work on sustainable food practices and has involved other partners, as well as discussion groups.

In the best tradition of artists' manifestos, the food manifesto is

“a document of an ideology, crafted to convince and convert.”

It describes our food market as one that is monopolised by a handful of companies while we struggle to meet our health and nutrition targets. It brings forward ideas about how we grow, consume and distribute food against a backdrop of the real health and environmental problems that we face.

Organised around four themes—low-carbon communities, culture and education, innovation and enterprise, and health and wellbeing—the manifesto acknowledges the progress that has been made through the climate challenge fund but argues that food and its importance to Scotland are about more than increasing sales and exports. It challenges export growth as our main measurement of food success. Changing the way that we think about food is partly about questioning what we value.

The food manifesto states that the Scottish Parliament has made bold moves to address smoking and alcohol, but argues that our approach to the public health challenges of food lacks the radicalism and foresight that are seen in other areas. The way in which we grow, distribute and consume our food creates 31 per cent of our greenhouse gas emissions; however, the manifesto argues, our food policy is not linked to Scotland's ambitious climate change targets.

The manifesto identifies lots of the problems, but it goes further and offers solutions—some radical, some practical. In a time of economic restraint, those solutions are not about more money but about changing the way in which we do things with the aim of delivering health and environmental opportunities for the wider community. It proposes that the idea of food sovereignty should replace the idea of food security as the guiding principle of policy, and explores opportunities for collaborative gains between the agendas of community food and health, affordability and sustainability.

The food manifesto sets out 20 challenges to policy makers, starting with the soup test, which is a proposal that no child should leave school without knowing how to make a pot of soup. That

is a simple idea but one that brings together lessons in sociability and life skills, affordability, seasonality and locality, as well as health. I heard one of the founders of Fife diet, Mike Small, discussing the idea on BBC Scotland's "Call Kaye" a few months ago, and was surprised at how defensive some of the comments from callers were. I think that the soup test is a good idea, and many schools are already doing similar work—I have enjoyed my six-year-old's sweet potato soup. The idea is not overly prescriptive, but it captures the imagination and has the potential to involve young people in bigger issues in a more accessible way.

Yesterday afternoon, we debated the proposed community empowerment and renewal bill, which has the potential to take forward ideas that are included in the food manifesto, such as a community right to grow, with a legal presumption in favour of people growing food on land that is lying unused.

The manifesto also takes on areas in which it is fair to say that there is less consensus. It proposes a soda tax, an idea that was promoted by my colleague Richard Simpson last year and which immediately became known as an Irn Bru tax—that reveals the challenges around debating some of these issues

However, the statistics in the manifesto show that Scotland has the highest obesity rate in Europe; that between 2003 and 2010 the percentage of obese men and women rose to nearly 30 per cent; that 13 per cent of girls and 16 per cent of boys are obese; that the conservative trend is that, by 2030, 41 per cent of adults will be obese; and that the cost to the national health service at that time could be as high as £3 billion. We need transformational change to reverse some of those figures, as well as a frank debate.

A moratorium on supermarket expansion is the manifesto's radical answer to delivering on the national food and drink policy of creating a more secure and resilient food system that is based on diversity of food supply. In Fife, supermarkets take approximately 80 per cent of food retail spending, while local food markets account for just 0.5 per cent of total sales.

As members of the Scottish Parliament, we should be challenged to think about whether that is the right balance and whether we can do more to increase local sourcing. The manifesto argues for elevating food to the climate change agenda by introducing specific annual food emissions targets and provides an analysis of our food infrastructure. With issues such as the possible closure of Hall's of Broxburn, our infrastructure is going by the day, so we must find ways to build resilience into fragile supply chains.

The manifesto argues for sustainable public procurement. The Government will be aware of concerns that the proposed procurement reform bill does not adequately address sustainability and that that is a shift away from the intention that was set out in the Scottish National Party's manifesto last year.

Those are some of the difficult proposals, but there are others on which quick progress could be made. They include the establishment of a food leadership team; the creation of new food indicators that reflect the range of important measures; a national campaign for a seasonal five a day; the expansion of Blasda, a national local food festival, as a celebration of food sovereignty; school farms; a Scottish orchard; and farm apprenticeships.

I am pleased to have been able to bring the food manifesto to the Parliament. As individuals and as a Parliament, we might not agree with everything in it, but it is a document of ideas to stimulate discussion and provoke new ways of understanding Scotland's food economy. The manifesto is an opportunity to celebrate our quality produce while questioning how fair access is and whether power is located in the right place. Therefore, although the debate might be the Parliament's introduction to the manifesto, I hope that it is only the start of the discussion.

12:42

David Torrance (Kirkcaldy) (SNP): I welcome to the Parliament Mike Small, Fergus Walker, Meg Elphee and Jessica Ramm. I congratulate Fife diet on the launch of its new food manifesto for Scotland 2012, which aims to connect to our climate change targets the way in which we grow, produce, distribute and consume our food. The manifesto connects our environmental policy framework to our health and wellbeing initiatives and encourages us to look afresh at the values that underpin how we organise our food economy.

All Fife diet's policies fall into four themes: low-carbon communities; culture and education; innovation and enterprise; and health and wellbeing. The manifesto contains 20 initiatives that are designed to encourage more joined-up thinking about how we grow, consume and distribute our food and to create real urgency around the health and environmental problems that we face.

I will focus on two of the initiatives that appeal to me personally: the soup test and the right to grow. The soup test is about ensuring that no young person leaves school without knowing how to make a pot of soup. At present, the majority of 18 to 25-year-olds—about 57 per cent—leave home without the ability to cook a simple meal. The

ability to make a simple pot of soup has multiple advantages. It provides sociability and life skills and is an affordable activity with the obvious benefit of consuming fresh and unprocessed vegetables. All the evidence suggests that, once an individual masters the basic skills of food preparation, they have the potential to look after themselves and others. The soup test fits into the curriculum for excellence and the eco-schools Scotland initiative and allows schools and local authorities to discover and explore more about their Scottish food heritage.

The right to grow initiative is about making land that is lying unused available to local groups and communities for local food production. I welcome that initiative, which will enhance the local environment and revitalise abandoned land. In the Kirkcaldy area, there is a shortage of available land for allotments and there has been a significant increase in the number of people on allotment waiting lists. Those are all people who are willing to grow their own food and increase local food production, thereby reducing their carbon footprint, but they are unable to do so. I support the suggestion that land for growing should be a central part of the Scottish Government's food and drink policy.

Scottish food has recently seen a revival, with an increased interest in Scottish produce. That has been helped by the support of the Scottish Government and the role of the climate challenge fund in supporting Fife diet's work. More than 250 communities from all over Scotland have been able to shrink their carbon footprint with the help of £9 million in funding from the climate challenge fund. They have reduced their CO₂ emissions by an estimated 700,000 tonnes. The way in which we grow, distribute and consume our food creates 31 per cent of our greenhouse gas emissions, which is why it is important to support local projects that try to tackle that problem.

Fife diet, which was started as a small group in 2007 by Mike and Karen Small, now has more than 4,000 members and is Europe's largest local food project. It supports various schemes, including community growing areas around Fife, and it has a huge influence on many local groups.

Growing local produce that is affordable, sustainable and distributed locally promotes low-carbon communities, culture and education, health and wellbeing, and innovation and enterprise. It is undoubtedly worth promoting and I therefore warmly welcome Fife diet's food manifesto and wish the group every success in the future.

12:45

Nanette Milne (North East Scotland) (Con):
As well as publicly acknowledging Paul

Wheelhouse's elevation, I would like to thank Claire Baker for bringing this motion before Parliament.

As a non-Fifer, I was not aware of the existence of Fife diet until I was asked to take part in the debate. It has therefore been very interesting to listen to the debate and to learn about the group's innovative and imaginative work.

We all agree that there is a greater recognition these days of the importance of local produce to people's diets and to their wellbeing. In June, I was invited to be the opening speaker at the Scottish Allotments and Gardens Society conference in Dunblane, where one of the discussions focused on the health benefits of home-grown food. It became apparent that there was a general consensus that locally produced food not only contributes to healthy eating—helping to combat the risks of obesity and the sedentary lifestyles of so many people today—but simply tastes better. I have fond memories of the delicious produce from my father's allotment when I was a young girl.

At the conference, it emerged that the other key benefit that is derived from growing your own is that it helps to reduce people's carbon footprint and so contributes in a small way to the battle against climate change. In that respect, I am aware that Fife diet sees that as one of the pillars of the organisation through its work with Holyrood 350, a group of people from across Scotland who are actively striving to reduce their communities' carbon footprint.

I acknowledge the significant role that is played by the increasing presence in Scotland of farmers markets in promoting local produce—an initiative, I believe, of my colleague John Scott. In Edinburgh, we saw the establishment recently of a farmers market in Stockbridge and an application for a market on the Meadows. There are at least six or seven monthly farmers markets in communities throughout my area of Aberdeen and Aberdeenshire—no doubt there are many others across the country.

Turning to the essence of the motion, namely Fife diet's food manifesto, there are certainly some ideas contained in the manifesto with which I agree—I will focus on a few in the short time available.

Earlier this year, as a member of the Public Petitions Committee, I listened to a very strong case that was put forward by John Hancox of the commonwealth orchard—he asked for help to make it easier for people to grow food on underused ground that is owned by public bodies and private businesses. Although we would need to look closely at the legality of such moves and avoid accusations of land grabs, as well as taking

into account the views of organisations such as RSPB Scotland and Scottish Natural Heritage, there is a very powerful and growing argument in favour of greater community use of unused land.

As has been mentioned already, back in June the Scottish Government launched a consultation on its proposed community empowerment and renewal bill, which was debated at its preliminary stage yesterday. The bill aims, among other measures, to allow communities acting responsibly to take advantage of unused land for community benefit. Like Fife diet, we await the final outcome of the consultation with interest.

Another area of interest in the manifesto is the emphasis on eating what is termed a “seasonal 5 a day”. Although I do not believe that there should be any barriers that stifle choice, I believe that the concept of eating, for example, rhubarb in the spring, raspberries and strawberries in the summer, and apples and pears in the autumn and winter has merit. I reiterate that that should not be prescriptive, but I am sure that people would agree that fruit in season not only tastes better but is of greater nutritional value. Recently, I have to a large extent adopted that pattern myself.

Although I do not support all the measures that are identified in Mike Small’s manifesto, I certainly pay tribute to his contribution to the debate on how Scotland can be a healthier nation through how we produce our food. Mr Small’s organisation may be called Fife diet, but his Aberdeen-born passion for food shows throughout the document.

12:49

Roderick Campbell (North East Fife) (SNP): I congratulate Claire Baker on securing the debate and welcome the opportunity to discuss Fife diet in the presence of Mike Small and his colleagues. I also welcome my friend and colleague Paul Wheelhouse to his new position.

As Fife diet has grown over the past five years from a one-year experiment to a network with a growing membership—it currently has 4,400 members—the clear message has been that the environment and food policy are inextricably linked. However, at the root of this remains its importance to people’s health and the regionalisation of food production and consumption.

Fife diet’s latest manifesto highlights several ways to improve not only the regionality of food and the success of buying locally sourced produce, but people’s health, through both the style of diet involved in eating Fife-based goods—a low meat intake and a high consumption of seasonal produce—and the diet’s long-term goal of reducing CO₂ emissions. Both those aspects represent the benefits that individuals and families

can reap from being part of the diet. However, the diet is about more than individuals; it is about helping communities to survive.

Currently, full details of only the first 10 points of the diet’s manifesto are available online, but I am assured that the second 10 points will be available in the not-too-distant future. From the first 10 points, it is evident that the manifesto is designed to be not only a Fife manifesto, but one that can be translated nationally, with aims such as a “seasonal 5 a day” and the decentralisation of food infrastructure.

In North East Fife we are blessed with fine local produce, from strawberries and potatoes to venison and fresh fish—and even ice cream and beer. It is right that we make the most of what is available on our doorsteps. That is not to say that we should stop purchasing any food from beyond our local authority boundaries—I believe that Mr Small would agree—but we should be encouraged to use resources that are already nearby and to explore what can be grown in the region. With places to eat such as the Anstruther Fish Bar and the Peat Inn, it is reasonable to ask why anyone would choose to eat anywhere else anyway.

On a serious note, our local and regional food systems are under threat—no more so than in my constituency, where there is a planning proposal that, if it were passed, would close the St Andrews abattoir. That could result in animals being transported far outwith North East Fife to be processed if no local alternative is available. Although that is currently a sensitive matter, it has the potential greatly to affect meat farmers and local businesses throughout my constituency. Regardless of that, the problem remains that overreliance on a small number of large abattoirs, mills and dairy processors makes us all the more vulnerable to fluctuating food prices. Although the consumption of locally sourced goods would not protect us from that, it would offer some help.

It is clear that the aims of the Fife diet are to improve people’s health and reduce everyone’s “carbon footprint”. I understand that Mr Small has called regional eating only one step of many, and there is more that we can do to help ourselves and our environment, but ultimately it comes down to what we as individuals, families and communities are able practically to achieve. I welcome the publication of the manifesto and its relevance to North East Fife, and I hope that it continues to provoke debate about food and the environment well beyond this debate.

12:53

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I join others in congratulating Claire Baker on securing the debate and welcome Paul

Wheelhouse to his ministerial position. I also congratulate the Fife diet organisation on producing such a high-quality and challenging manifesto.

One of the greatest health threats that faces Scotland today is the population's obesity problem. In 2010, 32.5 per cent of children had a body mass index outwith the healthy range. Statistics from the 2010 Scottish health survey suggest that 27 per cent of people between the ages of 16 and 64 are obese—the figure is up from 17 per cent in 1995. That unfortunate trend means that the figure could reach 40 per cent by 2030. The number of adults in Scotland who are deemed to be overweight—with a BMI greater than 25—has now reached 65 per cent. Being overweight can not only restrict severely a person's ability to lead an active life, but have dire consequences for their health and lead to many other health problems, including the development of cancer.

An individual can take action on preventing obesity, therefore it is paramount that urgent and decisive action is taken to support the correction of the dangerous trends of overeating, eating the wrong things, not eating the recommended amount of fruit and vegetables and not doing regular exercise. The Government's commitment of £7.5 million to that area is frankly a pittance in the attempt to stem the tide.

For those reasons, I welcome the timely publication of the Fife diet food manifesto, which promotes and explains healthy eating in a simple easy-to-understand document.

Last year, I lodged a motion to applaud France for introducing a soda tax, to which I notice the manifesto refers. New York has followed up its requirement for every food outlet to publish calorie values with an attempt to get rid of large bottles of sweet soda drinks. Scots consume 23 per cent more sugary drinks than the UK average. Noting that one quarter of Scots' daily calorie intake is consumed in that form, Professor Naveed Sattar stated:

"What you drink can be as damaging to the body as what you eat and there is no question that consuming too many sugar-sweetened drinks can greatly contribute to abdominal obesity and, therefore, increase your likelihood of developing health conditions such as type-2 diabetes and cardiovascular disease."

He went on to say:

"Some varieties of drinks such as pure fruit juices and smoothies, which are perceived"

and advertised

"as 'healthy' options are also very high in sugar."

Denmark has introduced a tax on saturated fat, which we should look at. It banned trans fats five

years ago, but the Government and other parties in Scotland refused to support my member's bill on that subject, which I find regrettable.

There are some encouraging signs, and people's consumption of five portions of fruit and vegetables a day has shown some slow improvements since 2001. However, I advise the Government that those figures have now reversed and urgent action is required.

NHS Fife and Fife Council are working on developing more opportunities for growing food. I took part in a seminar at Stratheden hospital on that area, and some of its innovative approaches should be developed in the proposed community empowerment and renewal bill. The use of smaller brownfield sites and contracts to bring back into use underutilised gardens—

The Presiding Officer: The member needs to bring his remarks to a close.

Dr Simpson: We need to develop such initiatives. I welcome the Fife diet food manifesto, but I call for further action. I am sorry that there is no health minister present to back up Paul Wheelhouse, but I hope that he will communicate strongly to the minister the wishes of us all to improve the situation.

12:57

Joan McAlpine (South Scotland) (SNP): I congratulate Claire Baker on bringing the debate to the chamber, and I welcome my colleague Paul Wheelhouse to his new position. I also congratulate Mike Small on bringing the Fife diet food manifesto to the attention of the Parliament and the wider public. He has made a huge contribution to the debate on sustainable food and wider debates in Scotland in the past few years, and it is good to see him in the public gallery.

Unlike many members who have contributed to the debate, I am not from Fife, although I enjoy visiting that corner of our country. However, my thoughts turned to Fife when I was on holiday in Italy this year. The links between the Veneto and the east neuk might not be immediately apparent, but Mike Small sent me his food manifesto before the recess, and travelling around Italy made me think about food culture and national and regional identity, and how those things can serve our health and economic needs.

The slow food movement began in Italy and, along with France, it is probably the European country that comes closest to meeting the food manifesto's aims. As an environmentalist, Mike Small will be pleased to hear that I had a very carbon-efficient holiday in Italy, travelling around by bus and train between Verona in the north and Puglia in the south.

In the hundreds of miles that we covered, we did not see a single supermarket. I am sure that there must be some, but in Scotland it sometimes seems that you cannot turn a corner without happening on a megastore, whereas in Italy it is very different. The results were immediately apparent in the presence of independent retailers, and food retailers in particular. Although Italy is facing severe economic challenges at present, its small towns do not suffer from the scourge of empty shops as ours do. Likewise, fast-food outlets are few and far between.

The food manifesto's section on decentralising our food infrastructure points out that while large plant bakeries supply more than 90 per cent of the UK market, craft bakeries supply 90 per cent of bread in Italy.

Centralisation in the UK is relevant also to the recent concern around the dairy prices that are being paid to farmers, many of whom are found in the South Scotland region that I represent. Six processors control 93 per cent of UK dairy processing. It is good news that the Scottish Government has given a £100,000 grant to dairy farmers together. I also welcome the fact that, through the climate challenge fund, the Scottish Government has done much to promote food sustainability in local communities, including the Fife diet. In the south of Scotland, another local food initiative, Let's Live Local, has managed to develop some interesting initiatives thanks to that funding, such as money for allotments, Moffat landshare and a food sharing event at which local growers can advertise their surplus produce.

I welcome the food manifesto's acknowledgement of the role of public procurement in developing a local food economy. I very much look forward to the procurement bill being introduced later this year and the effect that it will have on ensuring that local suppliers to public bodies are considered for health reasons as well as on the basis of cost.

13:01

Claudia Beamish (South Scotland) (Lab): I add my congratulations to the new minister. I am looking forward to working with him on my own brief and to challenging the Scottish Government constructively where we see that necessity.

I welcome the Fife diet debate that Claire Baker has secured. It helps to focus our attention on a range of proposals that, taken together, could lead to a new food economy. It is also timely, given the urgent concerns about food poverty, which have been highlighted by other members as well as by Citizens Advice Scotland and the Trussell Trust, which reports a 100 per cent increase last year in the demand on its network of food banks. The

trust aims not only to have food banks, but to feed communities and to help to empower them. Access to fresh, affordable food that is sustainably grown should not be seen as a charity for those on low incomes. That is one of the reasons why I believe that the Fife diet is absolutely fundamental—as are other such initiatives throughout Scotland.

In my region—which is also the new minister's region—there are some fantastic projects, such as the Women's Royal Voluntary Service project in Lesmahagow in which volunteer drivers deliver fresh, affordable food to pensioners. In the Douglas and Nethan valleys, the healthy valleys initiative brings together voluntary and public sector organisations to reduce health inequalities and to promote positive lifestyles. It has run events including "Dads can cook", which aim to demonstrate a balanced and healthy diet and to improve access to fresh produce through the Clydesdale community food market and the market bus.

As an organic vegetable gardener, I know the pleasurable taste of tomatoes, although this year many of them have been green because of the lack of sunshine and I have had to find recipes for green tomatoes on the internet. The Fife diet stresses the right to grow, which is something that the proposed community empowerment bill will help with. We need to look at that further. Nanette Milne mentioned farmers markets, and there are some in Dumfries. There are also community markets such as that in St Abbs, in Berwickshire.

Today, we have heard of initiatives across Scotland, but how can such action be taken on a more strategic level? How can we make fresh, affordable food accessible at a fair price countrywide? It is a question of scale, and the necessary changes cannot happen without a strong continuing lead and support from the Scottish Government and all levels of government. I call on the Scottish Government to go further in supporting the changes that we need, so that the dots are joined up.

I was talking with Pete Ritchie of Whitmuir Organics in West Linton yesterday. The farm shop and restaurant there sell organic produce and he knows farmers who have pallets of vegetables that they want to sell locally, but the supply chain does not exist. He stressed that a lasting legacy of the Commonwealth games could be the creation of sustainable food supply chains on a city-wide basis. The Scottish Government could then possibly go on to work with City of Edinburgh Council, which is starting to work on a sustainable food project, and build on that by developing partnerships with local authorities, communities and producers in Scotland's seven cities. Thus, urban and rural Scottish communities that ask for

these opportunities could be helped by the Scottish Government, which could do more to facilitate the structural changes that are needed to help low-income families and communities in particular. I ask the minister to consider those points in his closing remarks.

13:04

Alison Johnstone (Lothian) (Green): I, too, welcome Paul Wheelhouse to his vital ministerial role, welcome the authors of the Fife diet to the chamber and thank Claire Baker for giving us the opportunity to debate the food manifesto.

The Fife diet initiative understands the problems that society faces across a wide range of issues, from the growth and distribution of food to the impact of some of the junk foods that too many Scots consume. However, the manifesto is about far more than food. It connects a host of challenging policy areas and gives us a practical means with which to address them, but it is no hair shirt manifesto. It is bursting with positive ideas that will empower individuals and their communities. It will bring people together through community growing projects, improve our woeful national health record and highlight all that is good about seasonal Scottish produce.

The Fife diet food manifesto is not a call to a utopian vision of the good life. It calls for a soda tax and highlights the impact of sugar-sweetened beverages, some of which contain known animal carcinogens. It is, to be frank, astonishing that children can easily access such drinks and that they are considered a treat. Children are also bombarded with advertising for such drinks—ironically, often linked to healthy sporting pursuits.

The Government is making determined progress in tackling our national problems with tobacco and alcohol, while acknowledging that there is more work to do. However, as the manifesto points out, we are the third-fattest country in the world. We are beaten to the unwanted title only by the United States and Mexico, but we are leading the way in the fatness stakes in Europe.

The Fife diet manifesto joins up policy in a simple and effective way. For example, making soup is a simple activity but is outwith the experience of too many young Scots. It teaches about selecting produce and budgeting and enables the cook to avoid the sugars and additives that are too often unavoidable in many well-known brands. That simple task increases self-reliance and, therefore, self-esteem.

The manifesto calls for a right to grow, reflecting the huge and unmet demand for allotments or, simply, any space to grow our own produce. That call fits well with calls to push on with land reform and to ensure that the proposed community

empowerment and renewal bill provides further opportunities to local groups.

The diet also focuses on the challenge of encouraging Scots to consume even only five pieces of fruit or veg a day. In Canada, the target is 10; in Japan, it is 17. We have a real cultural barrier to overcome. Engaging people with local food, increasing access to it and increasing its affordability are essential to achieving that change.

The diet understands the impact that current inefficient methods of production, consumption and distribution have on climate change. Refrigerating food and shipping it around the globe mean that we consume scarce resources and pump out CO₂ into the bargain. However, planning committees throughout the country jump for joy every time a new supermarket proposal is announced.

A decentralised, local food infrastructure is the only way to increase food security and build the truly resilient local systems that we need to positively confront the dual challenges of peak oil and climate change. Promoting sustainable public procurement enables the development of different scales of mills and abattoirs, so there are real opportunities to create jobs, increase the provision of affordable fresh food and improve animal welfare.

Our current policies have given power over food growth and distribution to the mighty few. As Albert Einstein said:

“Any intelligent fool can make things bigger, more complex ... It takes a touch of genius—and a lot of courage—to move in the opposite direction.”

As we strive to close the gap on climate change targets and face the challenges of peak oil, good health and increased obesity, moving in the right direction is simply common sense.

The Fife diet food manifesto is a manifesto for a more connected, healthier and better Scotland. We should learn from and embrace it.

13:09

The Minister for Environment and Climate Change (Paul Wheelhouse): As Stewart Stevenson is in the chamber and it is my first opportunity to speak as a minister, before I move on to address the substance of the debate, I will—if Claire Baker will forgive me—take the opportunity to highlight the fact that I admire him hugely for his intellect, wisdom and approachable manner with members, staff, colleagues and stakeholders. We should recognise the huge contribution that he has made to furthering the climate change agenda, the climate justice agenda and other issues. I thank him for his work. I know that I have huge boots to fill, and I assure

members that I will throw myself into the role with great gusto.

I come to the motion, which is the important reason why we are here. A number of members have rightly welcomed the debate, and I do too. On behalf of the Scottish Government, I thank Claire Baker for lodging the motion, which highlights important issues, as we have heard in well-balanced and intelligent speeches.

It is especially fitting that the debate is taking place in Scottish food and drink fortnight, as Claire Baker said. The fortnight is our annual celebration of Scotland's wonderful larder. Events throughout the country have created a real buzz about our local food and drink, and such efforts are critical in supporting local economies throughout the country.

Scotland's food and drink are renowned around the world for their quality. Indeed, Scotland Food and Drink has highlighted plans to grow the value of the industry's exports to £7.1 billion after targets that were set three years ago were met early.

Claire Baker was correct to highlight that this is not just about food exports. Food and drink are clearly exceptionally important to this country's economic success, but they are equally important to our health and our impact on our environment. "Recipe for Success—Scotland's National Food and Drink Policy" recognised that and sought to raise the debate about food and drink in Scotland to a new level.

I welcome Mike Small and his colleagues to the chamber. He and Fife diet have an important role to play in the debate. Their groundbreaking work has brought new ideas and insight to a wide range of people. To help, they are to be supported by over £800,000 of funding from the Scottish Government from 2009 to 2015 to promote the Fife diet, develop wider support and deliver its local food solutions project. I welcome Fife diet's food manifesto and its cross-cutting community work to promote the development of a food system that better supports environmental sustainability in Scotland, and am delighted to hear that local food in Fife is thriving, with local food networks, farmers and publications such as the *Fife Larder* all contributing to promoting the outstanding produce that Fife has to offer.

Nanette Milne mentioned farmers markets throughout the country becoming an increasingly important feature of our food retail landscape. It is a testament to the dedication of Fife diet that it is connecting people to produce on their own doorstep. Indeed, that dedication of people individually and collectively will help to drive our food policy forward.

The Scottish Government is committed to pursuing collaborative and sustainable

approaches to food production and consumption. It recognises that doing so will not only reduce our impact on the environment, but help individuals to lead longer and healthier lives. As part of the recipe for success initiative, we are taking forward a number of the issues that are covered in the food manifesto, including skills development, food education, grow-your-own, environment and healthy and sustainable procurement initiatives. I have time to talk about only a few examples of that work.

To start with the grow-your-own approach, we have experienced a food revolution over the past few years. Interest in local food is growing, along with a desire to know where our food comes from. The grow-your-own approach is an important part of that food culture. It is an excellent way of getting back in touch with our food roots, origins and provenance. The Government is fully committed to supporting individuals and community groups that are interested in grow-your-own initiatives and projects.

We recognise that access to land is key to developing grow-your-own initiatives and projects in Scotland. A number of members, including David Torrance, have mentioned the linkages with the lack of supply of food allotments. In May this year, the Scottish Government announced a £600,000 package of funding for grow-your-own projects. A number of the projects that are being funded by that money will directly contribute to considering ways to provide access to land for grow-your-own purposes.

A number of members have mentioned childhood obesity, which is obviously a key issue. The Scottish Government aims to ensure that every pupil in Scotland benefits from food education by 2016. That will help our youngsters to make healthier choices and ensure that they are more aware of the importance of eating sustainably.

I am a poor example when it comes to the soup test. I think that I left school with absolutely no knowledge of how to make a bowl of soup, which is a disgrace. I am glad that we are addressing that issue, and I commend Mike Small and his colleagues for raising it.

In 2010, we funded several pilot projects that led to more schoolchildren than ever visiting farms and producers and learning about the food on their plates. They also often helped to bridge the gap between the city and the countryside. In March this year, Richard Lochhead announced the commitment of a further £2 million to food education in Scotland's schools to help every child to learn about the journey that food takes to get from plough to plate. I commend the Co-op's from farm to fork project in the Borders, of which I am sure Claudia Beamish is aware, for doing similar

work. That is based at the Hirsell estate in Coldstream, which I visited last year.

The Scottish Government is determined to play its part in rising to the climate change challenge; indeed, we want to lead that challenge. We want Scotland and its communities to be part of the solution. We remain committed to the climate challenge fund and we will maintain funding at £10.3 million per annum between 2012 and 2015. By 2015, we will have provided a total resource of £68.6 million for Scottish communities since the fund was established in 2008. To date, 273 awards have been made from the climate challenge fund to projects that contain a food element in their project plan.

I will refer to a number of issues that members raised. Under the Scottish Government's obesity strategy, we have a long-term plan, to which local authorities, health boards and industry all contribute.

Claudia Beamish made an important point about the evidence from citizens advice bureaux on the need for food banks and emerging issues. Perhaps that is a damning indictment of the impact of welfare reform on Scottish society.

Nanette Milne made an important point about eating a seasonal five a day. If we all adapted our diets to that, that would have a huge impact.

I have referred a number of times to communities. Roderick Campbell made the important point that we are talking not just about individual behaviour but about community action.

I apologise if I have not picked up all the points that everybody made. I very much enjoyed the debate, in which we heard quality speeches. I look forward to working with all the members present in the months and years ahead.

13:16

Meeting suspended.

14:30

On resuming—

Renewables Obligation Scotland Review

The Presiding Officer (Tricia Marwick): The first item of business this afternoon is a statement by Fergus Ewing on the renewables obligation Scotland review. The minister will take questions at the end of his statement, so there should be no interventions or interruptions.

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): The renewables obligation, or RO, is a vital component of our efforts to increase Scotland's renewable energy production. The mechanism is established, it is understood and it is effective. The value of the RO to Scotland, the powers that it has exercised on behalf of and with the approval of this Parliament, and the need to respect and protect those powers, are subjects that I will return to during this afternoon's debate.

Since 2002, successive Administrations have used the devolved powers to support new generation across Scotland; from onshore wind and hydro to—much more recently—offshore wind, wave and tidal projects. The devolved powers have always been used carefully and responsibly. We know and understand the value that our stakeholders place on having as much consistency as possible across the United Kingdom. However, where Scotland's needs or priorities have differed from the rest of the UK, the RO in Scotland has reflected that difference. None of that is done lightly; any change to the mechanism, particularly in Scotland alone, is based on open dialogue with all interested parties and on a careful appreciation of the implications.

I am therefore pleased to announce to Parliament that the Scottish Government is today publishing its decisions on changes to the renewables obligation Scotland mechanism. This follows a detailed consultation on the proposals, which closed earlier this year. Our review raised a wide range of issues, and sought views on some significant changes to support under the RO, as well as to the criteria against which eligibility for that support is judged.

The changes that we are proposing—which will be subject to the approval of Parliament—are as follows. First, we listened carefully to the many responses on a proposed reduction to hydro generation. Scotland has a proud world-renowned heritage in that form of power generation. Although the stations that can still be built may be on a smaller scale, their contribution to our energy

mix and renewables targets remains important. We accept that facing the development of such capacity in Scotland there are conditions and challenges that increase the associated investment risk. For that reason, we have decided to retain the hydro renewables obligation certificate band at its current level.

Our consultation also raised the issue of extra support for innovative offshore wind. Scotland has huge offshore wind generation potential, but much of that resource is located where there are far greater water depths than is the case elsewhere around the UK. It is therefore considerably more challenging and costly to exploit. A new band for testing floating turbines and other innovative offshore wind deployment in deep waters would help to tap that resource and bring costs down, and would create benefits for Scotland. We will work on the detailed structure and design of such a band and will, in due course, consult on our proposal.

On biomass generation, we asked for views on whether to restrict or remove support for large-scale wood-fuelled electricity-only and combined heat and power stations. A significant majority responded in favour of such restrictions, although others argued that biomass generation has an important role to play in meeting Scotland's electricity and heat targets. I accept that role, but I also believe that our concerns over competition for the finite supply of wood and our concerns about the strategic value of biomass heat over electricity merit the introduction of a new control. I am therefore proposing that wood-fuelled stations with a total installed capacity that is greater than 10MW and that are not good-quality combined heat and power stations will not be eligible for ROCs after 2013. That will not apply to stations that commission after April 2013 but which received consent or planning permission before our consultation was published.

Our vision for biomass is clear: it is for small and sustainable stations that are close to available local supplies and operate as efficiently as possible. In July, we announced our intention to reduce support for onshore wind by 10 per cent. I am happy to confirm that decision today, and that the band will remain at that level for the review period; that is, until 2017. As with all technologies, we will revisit that band should evidence on costs emerge that would justify such a course of action. However, we made clear in July that evidence to support a further reduction does not exist at present, and I know that that clarity was helpful in concentrating the minds of the United Kingdom Government to reach the same conclusion.

For all other areas, we intend to make the same changes that will apply across the rest of the UK. Those include proposed levels of support, subject

to a further short consultation, for higher levels of co-firing with biomass. That support will provide an option for the continued and cleaner operation of the large thermal generation at Longannet power station, and is therefore of strategic value. We will be looking at ways to ensure that the biomass fuel for such a venture is sourced from sustainable imports.

Our desire for as consistent an approach as possible means that we will also be consulting shortly in the same terms as the UK Government on issues including solar photovoltaic banding, additional cost controls for biomass generation and the future of certain types of small-scale generation technology under the RO.

This has been a lengthy process, but it was born of necessity. The changes in question will guide the development of renewables generation across Scotland for the next four years.

It has been vital that the Scottish Government listen closely, consider carefully and decide appropriately. I am confident that we have done so, and that the RO will continue to deliver new generation at an affordable cost to consumers.

I am happy to take questions regarding today's announcement.

The Presiding Officer: I intend to allow around 20 minutes for questions, after which we will move to the next debate.

Rhoda Grant (Highlands and Islands) (Lab): I thank the minister for prior sight of his statement. I welcome it and much that it contains.

I wrote to the minister regarding the renewables obligation and I am glad that he has taken on board what we had to say with regard to hydro and biomass. I hope that he has not closed the door to our third request regarding additional tariffs for the islands. Perhaps there can be on-going discussion on that point.

I welcome the announcement about a ROC for innovative offshore wind development. The minister will be aware that any delay in that regard could delay development in this area. Therefore, will he say what form the further consultation that he mentioned will take, when it will begin and when he will be in a position to announce the results of that consultation, so that we can move forward with the developments?

Fergus Ewing: I am grateful for the support of Rhoda Grant and her Labour colleagues. I pay tribute in particular to Sarah Boyack for the work that she has done on the issue over the years. The matter has been taken forward on a largely cross-party basis, which is to be welcomed.

On the point about tariffs for the islands, that is more a matter for debate later in the afternoon. If I

may, I will not comment on it at the moment, but will address it in my remarks in the ensuing debate, because it is not within the ambit of the announcement on ROCs that I have made.

Rhoda Grant asked about the timescale for the consultation on the proposed banding for innovative offshore wind development. It is our intention that a consultation paper be issued in October, and that the parties that are most directly involved in considering those potential innovative solutions will be consulted, as will the whole renewables sector and all those who are involved in bringing down the costs of offshore wind developments, whether fixed or floating. In particular, I hope that that will be of interest to companies and organisations that might be considering developing, or working with Scotland-based companies to develop, some of the ports and harbours around our shores. I should not really get into specifics, but there is at least one well-known port—I see that Rhoda Grant is thinking of it as I speak—that might benefit from such development.

We want to develop our renewables potential and create jobs in Scottish ports, towns, harbours and islands. That will be aided by the work that we want to do together with Rhoda Grant and her colleagues to take forward a specific Scottish solution to encouraging the innovative technology that is appropriate for deeper waters. Therefore, solutions that are not fixed to the seabed must be explored fully. We will take forward that work in the timescale that I have indicated.

Mary Scanlon (Highlands and Islands) (Con):

I, too, thank the minister for providing an advance copy of his statement, and I congratulate him on being able to read Rhoda Grant's mind.

The Scottish Conservatives fully welcome the statement. We welcome the retention of the hydro ROC band at its current level, given the conditions and challenges that hydro developments face. We are pleased to hear of the further consultations and the positive engagement with the UK Government on solar PV banding and certain types of small-scale generation.

My first question was to be on when the consultation on the innovative offshore ROC will start, but that has been answered. I welcome the fact that the consultation is to start as soon as next month.

My next question is on biomass. Given the finite supply of wood, the measures that are to be taken on ROCs for biomass appear to be sensible. However, is there any potential for flexibility regarding biomass development plans that received planning permission during or after the consultation, and which might have incurred considerable preparation costs?

Fergus Ewing: I welcome the comments of Rhoda Grant—

Members: Mary Scanlon!

Fergus Ewing: I am pleased that in Scotland and south of the border, we have maintained support for onshore wind.

On the points about timing, in my statement I referred to the fact that applications that have already received planning permission will be treated differently, which is fair because they were made before the current consultation—they got in under the radar, if you like. That is the correct approach.

Mary Scanlon is perfectly correct with regard to biomass. We have listened carefully to the interests of the timber sector in the broadest sense. A huge number of people are employed in that sector in Scotland, particularly in the area that she and I jointly represent. Leading Scottish companies such as BSW Timber Group—or Brownlie's—in Boat of Garten and Fort William; John Gordon & Son in Nairn; and James Jones & Sons in Forres and many sawmills throughout the country have been concerned that very large-scale biomass for electricity only would consume much of the limited and finite source of timber in Scotland, and in so doing would receive a subsidy that is not available to sawmills. Of course, as Mary Scanlon well knows, Norbord has a substantial plant near Inverness.

It is fair to say that we listened very carefully indeed to the views of those companies and to the views of the other respondents to the consultation—there were 139 in total. We also listened carefully to the views of members of all parties who wrote to us to raise environmental concerns about large-scale biomass for electricity only. We took all that into account; the preponderance of views that were expressed to us from representatives and in the consultation said that a 10MW cap is appropriate. That will still allow smaller-scale community biomass schemes to operate successfully in the Highlands. Mary Scanlon and I know that many companies operate well in that field. It is reasonable to mention HWEnergy, which has installed about 200 biomass boilers. I know that because I kind of opened one at the Black Isle Brewery last Friday.

Mike MacKenzie (Highlands and Islands) (SNP): I welcome the statement and I am sure that it will provide support and reassurance to the renewables industry.

The minister mentioned at the start of the statement the importance of wave and tidal generation. Can he remind members what support the Scottish Government is giving to those technologies and what their potential impact would be across the Highlands and Islands region?

Fergus Ewing: Mike MacKenzie is absolutely right to draw attention to the importance of wave and tidal generation. I had great pleasure in attending with my United Kingdom counterpart, Greg Barker, the opening of the marine energy park in the Pentland Firth and Orkney waters, in the summer. I am therefore particularly pleased that the review outcome for wave and tidal generation is extremely positive on both sides of the border and that the UK is following Scotland's lead in setting higher ROC levels—five ROCs up to a 35MW project cap in respect of wave and two ROCs above the cap.

The scale and potential of wave and tidal energy in Scotland are truly immense. The developments that are being contemplated are world beating. If they go ahead, they will be massive projects with huge potential to help sustain and foster job creation in many of the most rural areas and the islands. It is a massive opportunity and I am delighted that, together with our UK colleagues, we have achieved the result of incentivising those forms of energy. Scotland has a huge proportion of the potential of wave and tidal power—not just here, but in the whole of Europe.

Ken Macintosh (Eastwood) (Lab): I echo the broad welcome for much of what is in the minister's statement.

On the minister's proposals for energy from waste—in other words, incinerators that generate electricity—the minister has, rather than reduce the ROC by 50 per cent, as was initially proposed, retained the current level of support, according to the information on page 9 of the booklet accompanying the statement. Can the minister either expand on or clarify his intentions as regards incinerators? He will be aware of the anxiety that many such proposals create in communities across Scotland. Without being too parochial I ask: does he support large-scale incineration from waste, as has been proposed in my own constituency in East Renfrewshire?

Fergus Ewing: I should not express a view about specific projects. That is not dodging the question, it is because projects may, with respect to planning, come before ministers. We heard earlier today about the ministerial code, so I adopt those remarks.

In response to the question about why the Scottish Government continues to support energy from waste incineration under the RO, the RO has only ever supported energy from waste stations that capture and use the heat that is produced. That will remain the case. The fact that we have decided to do that reflects the responses that we received on the matter throughout the consultation. We also bear in mind—as Ken Macintosh will appreciate—that without that support those stations would, in fact, still be built,

but many of them would operate much less efficiently. For those reasons we decided, following consultation, to maintain support at the current level of one ROC.

The Presiding Officer: Many members are requesting to ask a question of the minister. I ask members to keep their questions brief and the minister to keep the answers brief. Then, hopefully, we will get through everybody.

Angus MacDonald (Falkirk East) (SNP): I appreciate that the minister is unable to comment on live planning applications. However, he will be aware of my constituency interest in the Grangemouth biomass proposal. Can the minister expand on the impact of his statement on combined heat and biomass projects?

Fergus Ewing: Angus MacDonald is right—I cannot and will not comment on specific proposals that may come before me or my colleagues.

I have already explained in my response to Mary Scanlon the general thinking behind our decision on biomass, and putting the cap at 10MW. However, the cap applies to projects that involve producing electricity only—in other words, using biomass only to generate electricity—and does not apply where there is combined heat and power. Where there is combined heat and power and the heat can be used for industrial purposes to perhaps assist a large user of heat to defray and reduce energy bills, that provides an additional valuable contribution—potentially extremely valuable—especially to companies that currently have very high bills and which would seek thereby to reduce them.

We intend to hold a brief consultation on the precise details. That is a chance for stakeholders to put final arguments on, for example, the size of the cap. The 10MW capacity ceiling was based on work that was conducted for us by the Forestry Commission's forest research, North Energy and Xero Energy Ltd.

I will try to follow the Presiding Officer's admonition, so the last thing that I will say is that the proposal does not put an automatic halt to any project. Generators of any size can still proceed if they can—as they should—capture and use the heat.

Claudia Beamish (South Scotland) (Lab): The statement mentions the reduction in ROCs for onshore wind but does not mention the proposal on page 10 in the banding review to close the band

“to new projects at or below 5MW from 1 April 2013, subject to consultation”.

I seek clarification from the minister that small-scale generation will continue to be supported so that there is an incentive for all communities to

invest in the technologies. What technologies will be included in the consultation? What is the timescale for the consultation?

Fergus Ewing: I am pleased that there is such a consensus in support of maintaining onshore wind support at 0.9 ROCs. Claudia Beamish is correct to say that there will be closure of the band to new projects at or below 5MW from 1 April 2013. However, that will be subject to detailed consultation. I hope that that consultation paper, too, will be issued around October—I say “around October” rather than “in October”, because that is slightly different. We need to take, I say with respect, a little time to make absolutely sure—I think for some of the reasons to which Claudia Beamish alludes—that we get this right, because the overriding concern is to continue to incentivise support for smaller projects.

Liam McArthur (Orkney Islands) (LD): I add my thanks for advance sight of the statement and join the general welcome for much of the content.

The minister is right to illustrate the importance of consistency across the UK, alongside the important flexibility that he is afforded through devolved powers.

Section 9 of the report, on solar PV, refers to “the changing picture on PV generation costs, which suggests that these have fallen considerably”.

I appreciate that he will put the proposals out for further consultation, but given his previous criticisms of the UK Government’s decisions on solar PV, can he give the industry any advance indication of his early thinking about his intentions?

Fergus Ewing: Solar PV has potential in Scotland, although perhaps not on a commercial scale. In common with the rest of the UK, solar PV installations have qualified for a band of two ROCs since 2009 and our proposal had been that that level of support be maintained. However, we have also noted the evidence that the UK Government has gathered on the changing picture on PV generation costs, which suggests that those have fallen considerably, which means that we need to look again at the ROC banding for the technology.

It is reasonable for me to say that when I made my previous remarks in the chamber about the UK Government’s decision to reduce support for solar PV, I did so in a moderate way. I acknowledged at the time that there was a rationale for the decision to reduce that support, albeit that the method that the UK Government had chosen to use to implement it was—shall we say?—somewhat controversial.

Revised proposals for solar PV will form part of a consultation that the Scottish Government will publish this autumn.

Chic Brodie (South Scotland) (SNP): I, too, welcome the minister’s statement. He will be aware that the industry has some concern about uncertainty with regard to the UK Government’s support for renewables. Does he agree that, with this statement, the Scottish Government is delivering the necessary certainty to ensure further investment in Scotland?

Fergus Ewing: I believe and hope that people throughout the UK recognise that investor confidence and certainty is a *sine qua non* of developing our renewables sector. Today’s statement further demonstrates the Scottish Government’s credentials for providing the necessary support—using the levers that are in our power—to progress the developments that can arise only if that confidence exists.

Renewable electricity generation in Scotland stood at nearly 14,000GWh at the end of 2011, and there was nearly 5GW of installed renewable electricity capacity. Statistics show that renewable electricity generation in Scotland reached nearly 5,000GWh for the first quarter of 2012, which was an increase of 45 per cent on the first quarter of 2011. That shows that we are already achieving success and need to move on to the next stage.

The Presiding Officer: I remind members that we have very little time.

Iain Gray (East Lothian) (Lab): Page 5 of the document that accompanies the statement makes it clear that the Scottish Government intends to consult on the closure of the scheme to projects below 5MW. In my constituency, there is an innovative research and development company that is working with anaerobic digestion, and a distillery that is seeking to pilot the use of AD technology. Will the minister enlarge on his reasons for the presumption towards removing such projects from the scheme?

Fergus Ewing: The decision on the closure of bands to new projects at or below 5MW was taken having had regard to consultation responses. However, the decision will be the subject of a consultation precisely because we want to receive representations from interested parties. I would be delighted to receive representations from Iain Gray or from his constituents’ businesses, and we will consider them very carefully.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): I welcome the continued RO support for onshore wind and the special band for offshore wind development. Does the minister agree that that sends a clear signal to communities and developers that development of wind technology improves the efficiency of onshore wind, which is the key to building superefficient offshore wind farms such as

Beatrice Offshore Wind Ltd and Moray Offshore Renewables Ltd and making them world leaders?

Fergus Ewing: Yes, I do. I acknowledge that Rob Gibson has been campaigning on the issue for many decades—if I may put it thus—and he is quite right to say that we need to bring down the cost of offshore wind.

I am delighted that Andrew Jamieson has been appointed to head up the offshore renewable energy catapult. He will be tasked with reducing costs and with progressing the work that has already been done. That is excellent news.

Only 10 years ago, the largest capacity for a turbine was about 800kW; it is now 10 times that. Great progress has been made on efficiency, and I have no doubt that the costs will come down further. The expertise of the offshore oil and gas sector—from companies such as the Wood Group—will greatly assist us in finding engineering solutions to drive down costs.

Patrick Harvie (Glasgow) (Green): It is an intriguing experience to be able to say that I welcome much of what Fergus Ewing had to say. However, how can he argue that a reduction in the banding for energy from waste plants would result in plants being built without a heat element? They will be built only if they are given consent. Should we not at least reduce the ROC banding for plants that consume materials that could be recycled?

Fergus Ewing: I welcome the first part of Patrick Harvie's remarks. The Scottish Government's announcement today reflects many genuine concerns from a great many people. Many of those people are outwith the industry and have nothing to do with it at all, but are simply concerned about the effect of megaplants on the environment in their part of Scotland. The statement also reflects the interests of respondents to the consultation.

I should not comment on whether planning consent will be given to any particular plants.

James Kelly (Rutherglen) (Lab): With regard to how the scheme operates, 10 per cent of the electricity consumption is within Scotland, but 30 per cent of the ROCs are issued here. That is a clear example of how Scotland, in the UK, benefits from a UK electricity market. Will the minister describe how the scheme would be administered and funded if Scotland was to separate from the United Kingdom?

Fergus Ewing: I have every confidence that we will operate efficiently in conjunction with our friends south of the border.

The Presiding Officer: I offer my apologies to Alex Johnstone and John Wilson and regret that I was unable to call them.

Electricity Market Reform

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion S4M-04082, in the name of Fergus Ewing, on electricity market reform.

15:00

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): I begin by saying that I was sorry to see the departure of Charles Hendry as Minister of State at the Department of Energy and Climate Change—my counterpart in the United Kingdom Government. I have worked closely with Charles Hendry, who has, it is fair to say, been a friend of Scotland. He was assiduous in attending with me, and co-hosting on some occasions, important events in Scotland with regard to renewable energy. When I heard the news that he was, as he put it, retreating to the back benches—he was too gentlemanly to say whether a jump or a push was involved—I was in Aberdeen, and it is fair to say that his reputation among the oil and gas sector was extremely high. This is the first appropriate opportunity that I have had to say that we had an excellent working relationship in Scotland, in London and in Brussels.

I welcome the opportunity to bring the UK Government's proposals to reform the electricity market back to the Scottish Parliament at an important stage in their development. The Scottish Parliament first debated the proposals in January 2011. Much has happened since then, including a Department of Energy and Climate Change white paper and a draft UK energy bill to implement the reforms. Throughout, Scottish ministers have worked closely and constructively with our UK counterparts to shape the reforms to ensure that they work for both Scotland and the UK.

For us, the message is simple. The Scottish energy sector is essential to our present and future social, environmental, industrial and economic wellbeing and growth. The reforms will be fundamental to the energy sector in both Scotland and the rest of the UK. It is accepted on all sides that we must get them right and we must deliver them together.

The scale of generation and transmission investment that is needed to deliver a sustainable low-carbon generating future is significant. Up to £110 billion is likely to be required by 2020—more than double the current rate of investment. The electricity market reform programme sets out to address that challenge by incentivising investment in low-carbon generation while ensuring security of supply in a cost-effective way. We now know broadly how the reforms are intended to operate,

so it is right that, today, members have an opportunity to scrutinise the proposals.

Over the past few years, we have seen real and tangible investment confidence in the energy sector in Scotland, and our ambitious renewable energy and climate change targets are playing a key part in creating and sustaining that confidence. The design of our electricity market and regulatory frameworks is also key to investor confidence. That is why we are working closely with our UK counterparts for closer integration of the UK electricity markets in the years ahead. We must maintain momentum across our energy sector, and to do that we have two priorities—to tackle inequalities in the transmission charging regime and to ensure that the electricity market reform proposals work in ways that help us to realise our energy potential.

We remain determined to see real, tangible and enduring reductions in the high transmission charges that generators face in the areas of highest renewable energy resource in Scotland. We continue to work on that.

Murdo Fraser (Mid Scotland and Fife) (Con): The minister will have seen the terms of the Labour amendment in the name of Rhoda Grant. One concern that we in the Conservative Party have is that we do not support the socialised system of transmission charging, which we fear would increase costs to consumers, particularly in remote areas. Can the minister assure us that, in supporting the Labour amendment, we would not be committing ourselves to that approach?

Fergus Ewing: I am happy to support the Labour amendment, which refers to a “fair and equitable” system. We are currently working on such a system, so I am happy to provide an assurance. Since January, we have put forward a compromise proposal, and we believe that there should be a compromise. In other words, to be explicit, we no longer advocate the postage-stamp, socialised charge for which we originally argued. We have moved from that and recognise that there should be a compromise.

Indeed, I am happy to say to Murdo Fraser that we hope to continue to work closely with our Westminster colleagues on the matter. I discussed it with Greg Barker—on the ferry to Orkney, as it happens—and it is under active consideration, as Rhoda Grant knows, by people such as Angus Campbell, the leader of Western Isles Council, and his colleagues, the leaders of Orkney Islands Council and Shetland Islands Council. I have also worked closely with Liam McArthur, Tavish Scott, Dr Alasdair Allan and all the other relevant representatives. We are all determined to find a fair and equitable compromise solution.

On that basis, I hope that all parties in the chamber will be able to support the motion and the amendment, which will send out a dignified but nonetheless clear signal that Scotland wishes to go forward together to find a fair solution. I am grateful to have the opportunity to clarify those matters for Murdo Fraser.

I turn to the detail of the proposals. Under the reforms, the renewables obligation will be replaced by a new support mechanism, a contract for difference—CFD—to provide long-term price certainty for low-carbon generation. As I outlined a moment ago, the RO is a vital component of our efforts to increase Scotland's renewable electricity production. The Scottish Parliament has exercised devolved power over the RO judiciously, effectively and successfully to create a strong and effective framework of support. We have targeted that support to reflect Scottish priorities, such as our enormous wave and tidal energy potential.

We believe that, properly designed, the CFD market mechanism can work to give similar and effective support for renewables technologies and for carbon capture and storage. However, let me be clear that the CFD must be at least as effective as the current support framework. It must be at least as capable of delivering new industry capacity as well as new jobs. It must also replicate the discretion and flexibility in the RO system to target support where it is needed—what, in the EMR debate in January 2011, Liam McArthur summarised as

“Scottish discretion, to capitalise on Scottish strengths.”—*[Official Report, 13 January 2011; c 32224.]*

We are some of the way towards that in the CFD proposals. The Scottish ministers will have, I am pleased to say, a statutory role in the forthcoming UK energy bill, which will set out the design, delivery and operation of the contracts for difference framework. However, more work is needed on how that will operate in practice and how powers similar to those that the Scottish Parliament currently holds can be replicated in the decision making about setting long-term price levels for different types of renewable energy.

We are also clear that the Scottish ministers must have a statutory role in the on-going monitoring and governance arrangements for the body that will deliver the CFD, which is National Grid.

There is more work to do with our UK counterparts, but we shall continue to work with the UK Government to ensure that our role in those processes is clear and enduring. Of course, we are clear that our support for the proposals is contingent on securing a proper role for the Scottish ministers and the Scottish Parliament in the new arrangements.

The other parts of the EMR propose a UK-wide emissions performance standard to cap emissions from unabated fossil fuel plant. Although discussions on the detail continue, we are minded to support UK-wide application of the emissions performance standard at the level set out in the proposals, namely 450g per kilowatt hour.

Again, there is more work to do with the UK Government to properly reflect our devolved powers in relation to the application, enforcement and monitoring of the EPS and to ensure that the powers of this Parliament are fully and fairly respected in the forthcoming UK energy bill.

The reforms propose a capacity market during the transition to a low-carbon generating mix, by incentivising short-run plant that can come on supply quickly to generate and maintain security of supply and accommodate increased renewable energy on the grid. There is more work to do to understand how that will operate for gas generators in Scotland, while encouraging demand-side response in areas where Scotland has strengths, such as pump-storage hydro.

As well as positives in EMR, there are concerns. Industry leaders have made it clear that, to make investment decisions, they need clarity and certainty on support from the Government. On one level, there are arguments that the electricity market reform process has created delays, confusion and uncertainty. SSE has said of EMR:

“These proposals are too complex—they are unworkable”.

Scottish Power, RWE and others have suggested that we are seeing an investment hiatus because of uncertainty, and the Westminster Energy and Climate Change Committee, which is chaired by Tim Yeo, has been critical of the workability and legality of some of the proposals.

The Scottish Government has concerns that there is currently the possibility that EMR may deliver subsidy support for new nuclear power, possibly at the expense of renewables in Scotland. The Scottish Government's position on new-build nuclear power stations remains clear: we do not propose or favour new nuclear power stations. Major questions exist about the levels of EMR support that may be given to new nuclear build, and there must be more transparency in the support negotiations. The Westminster select committee has echoed those concerns. It has said:

“the proposed process for setting the nuclear strike price lacks sufficient transparency”

and

“could be highly damaging to the low-carbon agenda and ... undermine consumer trust in energy companies.”

A possible consequence of the levy control framework within which Her Majesty's Treasury is pressing DECC to deliver EMR is that new nuclear projects will absorb a significant amount of the overall levy control framework budget at the expense of renewables. We are concerned to ensure that there remains sufficient incentivisation for renewables.

In conclusion, the proposals have significant implications for our energy sector and the Parliament's devolved powers. There are significant opportunities for Scotland, but also significant challenges. EMR must deliver for both Scotland and the rest of the UK a system that does not undermine the huge progress that we have made to date, which supports our ambitions, and which delivers support to the technologies of the future. The Scottish ministers will work ceaselessly to help to achieve that and work constructively with the UK Government to ensure that the proposed reforms support our renewable energy and climate change targets and priorities. I urge members to support us in that vital work.

I move,

That the Parliament notes the UK Government's electricity market reform (EMR) proposals; supports the objectives of supporting investment in low-carbon generation, delivering a balanced energy mix and meeting renewable energy and climate change reduction targets while minimising costs to consumers; believes that the reforms must build on Scotland's strengths and successes, protecting and enhancing industry and investor confidence in renewables, demand-reduction measures and carbon-capture and storage technologies; welcomes the proposals for statutory roles for Scottish ministers in the proposed framework of support for low-carbon generation, in setting the strategic direction of Ofgem and in monitoring and enforcement of the Emissions Performance Standard, and believes that the UK and the Scottish Government should work constructively to deliver a strong, thriving, competitive and integrated electricity market.

15:12

Rhoda Grant (Highlands and Islands) (Lab): I associate myself with Fergus Ewing's comments about Charles Hendry. I have certainly heard such comments repeated elsewhere, and have no difficulty in associating myself with them.

I welcome this debate on electricity market reform. The driver behind that reform is the aim of providing a secure, affordable and low-carbon electricity supply. EMR has been an on-going process for some time and is crucial to Scotland and our renewable industry. Stakeholders need certainty about the proposals so that they can have confidence in the funding structures and make progress with development plans.

We support the motion, but we have lodged an amendment to add emphasis to a couple of issues: grid connection charging for our islands

and the impact of the energy market reform on fuel poverty.

In Scotland, we have targets to eradicate fuel poverty by 2016. The Scottish Government is under an obligation to meet those targets, but energy market reform also has a part to play. The electricity market is currently dominated by the big six. Market domination is never healthy, and the big six's hold over the market extends from generation to transmission and sale. That makes it very difficult for new entrants to come into the market.

Choice is important to those who suffer fuel poverty, as it means that they can access cheaper electricity. Encouraging new entrants could mean that providers that target fuel poverty, such as social enterprises, enter the market. We need to use the opportunity to encourage community generators and not-for-profit organisations into the market, as the current market works against those who suffer fuel poverty.

Companies offer dual-fuel discounts, for example, but they are not open to people who are off the gas grid. Areas that are off the gas grid are often the places where fuel poverty is most prevalent.

People who are in fuel poverty cannot access cheaper online tariffs or discounts for paying by direct debit. In its briefing for the debate, WWF Scotland talked about demand reduction, but that is not included in the energy bill. WWF Scotland points out that

"A Bill designed to address the electricity market is incomplete if it only focuses on supply and pays no attention to demand."

Demand reduction is crucial to fighting fuel poverty. We know that energy prices will continue to rise so, to tackle fuel poverty, we need to reduce consumption. We must address those issues under energy market reform.

The other issue that our amendment raises is grid connection charges. The pricing structure as proposed in project transmit has been largely welcomed, because it is an awful lot fairer to renewable generation and to Scotland. However, huge problems remain with the proposed grid access charges for our islands. I confirm to Murdo Fraser that our amendment does not ask for socialised charges; we ask for fair access for our islands.

Our islands could become the renewable generators for the whole country. Wind speeds there are higher, so onshore wind facilities are much more productive. One of the largest wind farm developments is planned in Shetland. That is a joint project between a community trust and SSE. It provides the opportunity to boost the local economy for many years to come, but it will be

disadvantaged if grid connection charges are much higher.

Mary Scanlon (Highlands and Islands) (Con):

Does the member agree that the Office of the Gas and Electricity Markets has not reached a conclusion following its consultation on grid connection charges for the islands? Its view is most likely to be issued towards the end of this year or perhaps next year.

Rhoda Grant: That is why we have incorporated the issue into the debate. It would help if the whole Parliament sent a strong message to Ofgem about the charges, so that it looks for a solution to the problem. I do not pretend that finding a solution is easy but, if we send a united message, Ofgem may work together with us to find a solution for us.

Other islands that would benefit from a better charging regime are in Orkney, where we have the world-leading wave and tidal energy research and development centre. At that centre, prototype devices generate electricity for the grid now.

Orkney sits beside the Pentland Firth, which is Scotland's first marine energy park. If Orkney is to capitalise on onshore and offshore generation, we need fair grid connection charges. If taking marine energy onshore on the mainland is markedly cheaper, Orkney is likely to lose out, and Caithness could also have a problem, as it could become overpressured by substation development.

The Western Isles have the potential to turn around their economy through onshore and offshore renewables. However, if connection charges are too high, they are likely to lose out on that benefit. The area could be the best site for wave and tidal power, so stalling that development could impact on the whole country.

As I pointed out, islands stand to generate more. The Westminster Government must address the charges, but perhaps we also need to look at renewables obligation certificate banding, because of the importance of the island generators. I have written to the minister about that and I hope that he will keep that under review.

If we do not sort out grid charging for islands, that will delay the upgrade of the grids to the islands. Cable prices are rising quickly, so any delay will mean an even higher cost. That means not only that projects are stalling because they cannot get a grid connection but that further expense will be incurred in the future. There are similar delays elsewhere because of poor infrastructure in our rural areas. We need to increase the pace of grid improvement, to ensure that development is not stalled.

Security of supply is a driving force in energy market reform. Much of our generation structure is old, and our transmission systems are creaking. A move to low-carbon generation means that generation occurs where there are low-carbon resources, such as renewables. Previously, the role of the grid was largely to move high capacities within urban areas, but that has changed markedly, because the grid is now required to carry high loads from reasonably remote areas, which previously required little capacity. I have often heard it said that our rural grid system is like a piece of wet string; massive investment is needed to upgrade the grid. That is part of the intention behind electricity market reform.

Another main intention is to reduce carbon output in electricity production. Most of our generators are old and need to be replaced. There is no point in replacing like with like, which would not cut our carbon output. We need to use the new contracts for difference to make a step change. I think that everyone welcomes contracts for difference, but the devil is in the detail and we do not have the detail. There are concerns that contracts will be auctioned and that tested forms of low-carbon generation will beat the more expensive forms of renewable energy that are being developed.

The plea from the generators is for market stability. The UK Government and the Scottish Government can give clear statements about the support that will be available to renewables in future, so that developers can have confidence about moving forward. It is good that the Scottish Parliament is sending a clear message. There needs to be buy-in from all political parties, so that support continues regardless of changes of Government.

I applaud the aims of energy market reform, which are about ensuring that we have secure, low-carbon, affordable electricity. I think that the Parliament can unite behind those aims.

I move amendment S4M-04082.1, to insert at end:

“, ensure that grid connection charges are fair and equitable, that Scotland's islands are fully able to contribute to meeting renewable targets and that electricity market reform has regard to the requirement to tackle fuel poverty.”

15:22

Mary Scanlon (Highlands and Islands) (Con):

I thank the minister for his kind words about Charles Hendry, which I am sure Mr Hendry will appreciate. I hope and trust that the partnership will continue with the new minister. We will support the Labour amendment, given the minister's assurances—he will understand our apprehensions.

The Energy Act 2011 resulted in better opportunities to compare prices. We also have the green deal, the Green Investment Bank, which is based in Edinburgh, and more. The draft Westminster energy bill is undoubtedly complex and technical and will require considerable scrutiny from the Energy and Climate Change Committee. It is right that the Scottish Parliament should also play its part in scrutinising the bill.

I thank the Minister for Energy, Enterprise and Tourism for his constructive approach to the debate and the bill. I regret that the joint briefing with his Westminster colleague, which was scheduled for Monday this week, was cancelled, due to the reshuffle down south. Partnership working between Scotland and Westminster has been good and I trust that that will continue.

The First Minister said in his letter in response to the draft UK energy bill:

"The EMR provisions are crucial to Scotland's future energy mix ... The Scottish Government agrees with the principles underpinning the EMR ... these reforms build on the successes we have achieved to date through the effective use of our existing powers and an increasingly productive, pro-active and valuable alignment of political and policy will with industry and investor effort."

I acknowledge those comments. That is undoubtedly how devolution was intended to work.

We welcome the approach to price certainty and the statutory requirement to consult the Scottish ministers on the design and delivery of the contracts for difference framework, which the minister mentioned. Although much remains to be done on the bill, it is refreshing and encouraging to hear that the Scottish Government is working so positively with Westminster.

The domination of the UK electricity market by the big six, which Rhoda Grant mentioned, only two of which are based here, gives rise to concern, particularly given the vertical integration from generation to supply. An MP said:

"Vertical integration allows a utility company to generate the electricity under one arm of the company, which it sells through an intermediary—often offshore—which they also own, and then on-sells to another arm of the corporation, which supplies it to us as the consumer. The result is a total lack of transparency in the true cost of electricity"—[*Official Report, House of Commons*, 3 November 2011; c 373-4WH.]

The process also prevents competition and is, as Rhoda Grant said, a barrier to new entrants. The bill presents an opportunity to address those issues.

I ask the minister to tell us whether electricity storage, which is not in the bill, has been discussed. Given the vertical integration of the big six companies, I hope that they are looking at electricity storage, as suggested by the Institution of Mechanical Engineers in a paper that it

presented in Parliament this week. Power systems must be operated so that supply is equal to real-time demand and system losses at all times. It therefore makes sense to look more carefully at electricity storage, particularly given the intermittent nature of wind power. Storage would also increase the efficient utilisation of those and other assets on the network. I understand that storage systems can be installed at a community level as well as to the grid. The institution's report suggests that a detailed analysis of electricity storage should be done urgently. Has the minister discussed the matter with his Westminster counterparts?

The Westminster Energy and Climate Change Committee is not alone in being critical of the complexity of the bill. Ian Marchant, the chief executive of SSE, stated in evidence at Westminster that the legislation

"is an exercise in job creation for lawyers and economists."

I hope that the bill will bring much-needed clarity and transparency to the current complexity.

The bill has many positive features, including the desire to keep household energy bills as low as possible, and Ofgem's work to make the markets as simple and fair as possible is on-going. It is believed that the result of EMR will be a 4.3 per cent decrease in domestic energy bills between 2016 and 2030.

I am also pleased to note that the bill reflects the UK Government's ambition to shift future energy generation away from large fossil fuel power stations towards a more balanced range of energy production methods—of course, members on this side of the chamber would not rule out nuclear as one of those options. That shift is to be achieved through a range of measures that I am sure will be examined in the fullness of time.

We favour the bill. Although it is highly complex and we are still waiting to see it in its final form, the commitment to reducing carbon emissions, securing energy supply and cost effectiveness are all measures that I am sure everyone will approve of. Those measures are absolute necessities, and it is good to hear that both the Scottish and Westminster Governments are committed to working together on this important issue.

15:28

John Wilson (Central Scotland) (SNP): I welcome the motion in the name of the minister, Fergus Ewing, and the debate initiated by the Scottish Government. I trust that the debate will assist in increasing the pace of the reforms in the electricity market, especially as the Scottish Government has placed the low-carbon economy at the heart of its economic strategy.

The objectives of the UK Government's draft energy bill place significant emphasis on security of supply with regard to electricity and increasing investment. It would be remiss of me not to put on record my concerns about how the consumer has not been best served so far in the current marketplace for electricity. The consumer should be at the heart of any reform process, not viewed as an inconvenient afterthought.

In the period from 2006 to 2011, consumers' electricity bills increased by 54.9 per cent. That has resulted in many people making tough decisions about how they spend their money in these most difficult times. Any future policies must ensure that the issue of fuel poverty is tackled.

In looking at the details of the UK draft energy bill, I have concerns about the mechanism for contracts for difference. That seems to me to be akin to the financial derivatives that were used in the mortgage market. It could be argued that such financial engineering might not be the best approach to adopt. There is a need for clarification of the proposed mechanism, especially when the whole purpose of the reform process is to provide price certainty and vital investment.

When it comes to growing a low-carbon economy, all of us can do more. That applies not just to us, as individuals, and the energy companies, but to the Government and the policy focus that it can deliver. Electricity market reform forms a vital part of the development of a low-carbon economic strategy that will aim to make Scotland more capable of resisting the volatility associated with ever-increasing energy prices. Growth that is sustainable in the long term is vital in taking our country forward. A robust electricity market should be part of that sustainable and growing future.

Of course, the future of Scotland's energy needs should not include new nuclear generation as part of the energy mix. The UK Government continues to believe that nuclear power is a financially viable option, despite the decommissioning costs and the financial subsidy that is demanded by the nuclear industry.

The debate is opportune. Scotland will play an increasing role on the global stage, given that, as a country, we have the potential to produce a quarter of Europe's offshore wind energy. The prospects for Scotland's economy are dependent on the utilisation of renewables, particularly in a context in which the global low-carbon economy is forecast to grow to £4.3 trillion by 2015.

As I have said previously in the chamber, Scotland is constrained under the current devolved settlement. That is made even more apparent by the transmission charging regime. The present system discriminates against Scottish

interests, as is demonstrated by the fact—which other members have mentioned—that Scottish energy generators have to pay through the nose to connect to the UK national grid.

I am hopeful that the draft UK energy bill will better signpost a future of increased investment by developing the principle of a capacity market in respect of energy generation. That will help to ensure that companies have sufficient capacity to focus their attention on growing the market and the economy. An associated development is the substantive aim of making Scotland a leading centre of low-carbon investment. I am optimistic that other companies will follow the example of Samsung Heavy Industries and invest in Scotland.

The debate is timely and I look forward to many of the issues that have been raised being taken forward in the coming months and years. I hope that the UK and Scottish Governments can develop a reform agenda in the electricity marketplace programme that provides real benefits for the people of Scotland and ensures that Scotland can play a major role in Europe by becoming a powerhouse for future energy production.

I support Rhoda Grant's amendment, because I think that it is extremely important that we look at grid connection charges and how they affect our communities in the Highlands and Islands. Tackling fuel poverty is also particularly important. We cannot continue to have a policy that results in electricity prices rising at a time when household budgets are decreasing. Dealing with fuel poverty should be at the heart of any energy strategy that is taken forward by the Scottish Government or the UK Government.

I support the motion and the amendment.

15:34

Claudia Beamish (South Scotland) (Lab): I associate myself with the remarks of John Wilson on fuel poverty, which is one of the most important issues for the Parliament to resolve. Therefore, I am pleased to support our amendment, which was lodged by Rhoda Grant.

The UK Government's electricity market reform proposals set out some important aspects of the context in which we shape the generation, transmission, distribution and supply of electricity. I am eager to speak in the debate to highlight some positives and to help to expose some of the remaining areas of concern.

As other members have highlighted, a clear sense of direction is essential to provide certainty for the future of the electricity market. However, there remain questions to be addressed and issues to be tackled if we are to move forward in a

fair and inclusive direction towards a low-carbon economy. Climate change is the biggest long-term challenge and electricity market reform must set the context for moving forward fairly in the quest for the targets under the bill.

Is there healthy competition in the market? The big six are indeed vertically integrated companies and, on the supply side, they provide energy to 99 per cent of all domestic consumers. That cannot be right. As highlighted by Rhoda Grant and Mary Scanlon, no new entrant has ever reached the critical mass to break through past the big six.

Are consumer electricity prices as fair as possible for customers? There are many who think not, and I agree with them.

An Institute for Public Policy Research report argues that Ofgem

“should enforce its existing policy that suppliers must offer tariffs that reflect their costs”

more robustly. The report also highlights how

“the ‘Big 6’ can overcharge their less price-sensitive customers in order to offer heavy discounts to others; discounts which new entrants and smaller suppliers struggle to match, thereby reducing competition in the market”

yet again. Co-operative Energy—I highlight that electricity supplier, because I am a member of the parliamentary Co-operative group—which offers a simple single tariff to consumers is a good example of the challenge that is faced by new entrants.

Is there overcentralisation in the market? Large-scale renewable generation—both onshore and offshore—is essential in meeting our obligations under the Climate Change (Scotland) Act 2009 and moving to a low-carbon economy. I believe that there is agreement on that across the chamber.

In its briefing for the debate, Scottish Renewables highlighted its concern that the auction process under contracts for difference may harm renewables in general, and especially Scotland’s nascent marine renewable energy industry, which would be unable to compete with other low-carbon technologies that have been established for longer.

Some rural communities have voiced concerns about onshore wind energy. The revised Scottish Natural Heritage cumulative effect guidelines must address some of those concerns, and the Scottish Government’s community benefit register must lead to a more transparent system of community benefit.

Communities and co-operatives that make joint applications with companies often have a different perspective from that of some communities that object to applications from large companies.

Rhoda Grant highlighted the waste of energy and transmission losses through unused heat.

EMR sets the structures within which the big six can operate vertically. Disappointingly, however, it does not do justice to the opportunities to facilitate localism and decentralise energy generation. Many communities across Scotland want to take the power into their own hands and the climate challenge fund has helped with that.

Along with other members of the Rural Affairs, Climate Change and Environment Committee, I visited Gigha and saw for myself the benefits of community ownership. The financial and social benefits are also highlighted in Fintry and many other communities in Scotland. As acknowledged by other members, Sarah Boyack and others have also worked hard to facilitate the microgeneration movement.

The pleas of Friends of the Earth, WWF and others to the UK Government to—in the words of Friends of the Earth—

“use the opportunity of EMR to break the stranglehold of the ‘Big Six’”

have been largely ignored in all aspects of electricity supply and generation.

Do the current proposals for reform of the electricity market address demand reduction? In 2011, Friends of the Earth stated in its consultation response to the UK Government:

“the Government needs to ensure that EMR puts reducing electricity demand on a par with generating more power.”

Friends of the Earth has also stressed that an overall demand reduction target should have been set, but that has not happened. EMR does not create a robust framework for smart technology, nor in my view does it make any significant contribution to addressing fuel poverty.

The UK Government’s green deal, which runs parallel with EMR, is welcome in the context of demand reduction but fails to address the challenges of improving hard-to-heat homes. Other central fuel poverty issues can be tackled in Scotland—and must be, especially given the latest shocking statistics estimating that 800,000 Scots, or almost a third of all households, are now living in fuel poverty.

The Scottish Government and those of us across the chamber who are united in tackling this issue have a responsibility to make a difference now. Scotland’s unique combination of factors—colder winters; more stone-built houses that are difficult to heat; and rural areas with no mains gas, which forces consumers into buying whatever is locally available and usually from the big six—has led to higher levels of fuel poverty and all of those issues must be taken into account if any UK

electricity market reform is to be successful and implemented fairly for consumers in Scotland.

15:40

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Unlike Charles Hendry, I am definitely not a retiree. I very much welcome the opportunity to engage in a wider range of subjects.

Electricity market reform is both necessary and urgent. For Scotland, a reformed market in these islands and across Europe must create the conditions for the creation of a physical and economic infrastructure that allows the export of a key product from our fastest growing 21st century industry: renewable energy.

History tells us that economic development is driven by access to energy. The most important factor for us over the past few hundred years has been access to coal and oil—and, of course, an education system that gave us the engineers to drive new industries based on access to energy. Some of this ain't new. The first wind turbines were in operation in 200 BC and the first wind turbine in the world to generate electricity was installed in Marykirk 135 years ago, in July 1887, by the Scottish academic James Blyth.

Unlike the previous source of energy on which we relied, modern renewable energy is kind to the environment. We now have power generation in which the environmental costs are exceeded by the benefits, that does not result in workers and residents inhaling particulates pollution and that does not create the oxides of sulphur and nitrogen that damage lungs and plants or the CO₂ that warms the planet. However, because investment in power generation is investment for the long term, investors need long-term confidence about the fiscal environment within which they will operate. After all, they cannot easily transfer generating equipment to another part of the world if the Government changes the rules. In that respect, power generation is quite different from other manufacturing industries. Manufacturing power is locked to local sites and gives us long-term economic benefit if we provide long-term certainty.

The Climate Change (Scotland) Act 2009, which was unanimously passed by Parliament, is one of the underpinnings that has given the renewables industry the confidence to invest. Whatever the political vicissitudes that might affect any party in a democracy, or whatever the nature of future Governments in Scotland, we made a shared commitment that others now rely on and from which our economy gains.

We can already see the effect of reneging on deals. The Kyoto protocol represented an international agreement to create what was

essentially a carbon market and ensure that the environmental cost of human activity carried an associated economic cost. When the United States resiled from its international obligations under Kyoto, the international carbon market all but collapsed. The European emission trading scheme has taken up some of the slack but for a number of European countries, notably Poland, the loss of Kyoto revenue not unreasonably makes it difficult to strengthen targets in Europe while others turn their back on duty.

Indeed, I was leading the UK delegation in Durban for the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change when the United States spoke to plenary. Such was the hostility to the US delegate that he had to shorten his speech and leave the podium much earlier than anticipated. When we sacrifice long-term necessities by trimming to short-term needs, we sacrifice trust; trust that it can take a lifetime to build can be sacrificed in a second.

I welcome the positive collaboration on this agenda between the Scottish Government and the Westminster Government and, indeed, the international engagement that our ministers are having with countries across Europe.

What are my personal tests to measure success in EMR? First, consensus across jurisdictions and political parties—long-term stability. Secondly, equal access to networks, which was usefully highlighted by the Labour amendment today—supporting community and industrial-scale generation. Thirdly, progressing the carbon reduction agenda and supporting the climate change acts in Scotland and Westminster—saving the planet. Fourthly, delivering affordable energy—tackling fuel poverty, as John Wilson and Rhoda Grant mentioned. Fifthly, building our economy—gaining reward for effort.

However, there are signs of difficulty. Westminster has an unhealthy focus on gas. Yes, the CO₂ from gas generation is much less than that from coal, but without carbon capture and storage the emissions remain too high. John Selwyn Gummer, now Lord Deben, chairs the UK Committee on Climate Change. His committee has just written to the Westminster Government to make clear that a focus on gas is a focus on climate failure. Let us hope that he maintains close relations with his political colleagues and gets that message across.

Carbon capture and storage is not the long-term answer; we shall have to do more. However, it can deliver substantial intermediate-term benefits. China is not normally regarded as a climate champion, but it is building better wind turbines by using its access to rare earths to cast better magnets. In my constituency, we are ready to

follow its lead. It has seven carbon capture plants that are already operational.

Martina Navratilova once said:

"It's not how I play when I'm at my best that means I win; it's how I play when I'm at my worst that makes me a champion."

Similarly, on the climate agenda, it is how we respond when the economic, social and environmental challenge is at its greatest that will determine our success or failure in combating global warming.

I am delighted to support the Government's motion and the Labour Party's amendment.

15:47

Kevin Stewart (Aberdeen Central) (SNP): I echo the many kind words that have been said about Charles Hendry. As an Aberdeen MSP I have come across Mr Hendry and I know how highly he is regarded in the oil and gas industry. It is a great pity that when we find a good energy minister—and they have been few and far between—they disappear quickly in the revolving door that seems to be in place for energy ministers at the Department of Energy and Climate Change.

I thank the organisations that have taken the trouble to provide MSPs with briefings. I am happy that there will be a statutory role for the Scottish ministers in the process, and that the Scottish Government will be a partner rather than a consultee. That is a great move, although I would rather that we had full control of energy in this Parliament.

It is extremely important to draw attention to WWF Scotland's words about nuclear energy in its parliamentary briefing and I make no apology for reading out that section of the document. It says:

"WWF believes the Energy Bill risks distorting the investment environment towards nuclear at the expense of renewables. Recent developments in the UK's nuclear market suggests that it is extremely unlikely that much nuclear capacity will be built in the UK over the next 20 years. This is exemplified by the recent withdrawal by E.ON and RWE from the UK's Horizon Joint Venture and the doubling of construction costs of building reactors in France and Finland, both of which are between 4 and 5 years behind schedule. The effect of the current package of reforms could be an energy bill that falls short of providing the framework for renewables and yet nuclear still doesn't move forward due to spiralling costs - a lose-lose situation."

I agree with WWF Scotland. Beyond its words, in other parts of the world we have seen a move away from nuclear technology. We are seeing it in Japan and Germany. I hope, although I may hope in vain, that the UK Government does not gamble with nuclear at the expense of the renewables industries that we want to be developed—we can be at the forefront of those industries.

Murdo Fraser: In addition to the submission from WWF Scotland, did Mr Stewart read the submission from EDF Energy? It said:

"Companies such as EDF Energy are planning to bring forward investment in new nuclear build, renewables and high-efficiency gas (through CCGT)".

Perhaps the situation is not as bleak as Mr Stewart paints it.

Kevin Stewart: I have not seen that submission. EDF must have missed me out when it circulated it—perhaps because it is aware of my views, I do not know.

I disagree with Mr Fraser. I think that it will become even more difficult for anyone to enter the nuclear market unless there is that huge degree of subsidy, which I hope does not continue. I believe that we should be at the forefront of renewables and should be forgetting technologies such as nuclear power.

Fuel poverty is a major issue in my constituency, as it is in the constituencies of others. We should be minimising the costs of energy to consumers, and I hope that we can achieve that in the reform that is going ahead.

I also agree with the speakers who have talked about the transmission charging regime, because it needs to be changed if our island communities are to take full advantage of their position. Ms Grant mentioned the Shetland wind farm development. During a recent visit that was undertaken by the Local Government and Regeneration Committee, I saw the site of that development, and I hope that it can go ahead and that there will be reasonable transmission charging, so that Shetland can benefit to the great degree that it should.

We have, in Fergus Ewing, a minister who will have the ability to bring those matters forward in discussions with the Westminster Government. I know that he is no patsy and that he will ensure that Scotland's best interests are at the heart of the discussions that he will have on electricity market reform.

I support the motion and the amendment.

15:52

James Kelly (Rutherglen) (Lab): I welcome the opportunity to take part in this debate on electricity market reform. Some members have spoken about the complexity of the reforms. This is an important debate for two reasons: electricity and energy policy affects people's lives, and cuts across a number of the portfolio areas that we deal with in the Parliament.

The challenges that face successful electricity market reform involve keeping the lights on,

reducing carbon emissions, tackling fuel poverty and using energy as a way of boosting and growing the economy. There are also serious questions about how energy policy would operate in an independent Scotland.

One of the key issues is security of supply. It is a fact that we operate a mixed energy policy, particularly in Scotland. I think that some of the SNP speakers have turned a blind eye to the fact that 30 per cent of our electricity comes from nuclear sources. It has been interesting to see the SNP's journey; it very much set its face against nuclear power until it came into power in 2007, when it accepted it. Indeed, extensions to nuclear power stations have been quite readily accepted by SNP ministers. In fact, Mr Ewing recently opened the new visitor centre at Hunterston. That journey is the result of an acceptance of the reality that, at least in the current situation, we need nuclear power in order to support the base-load.

John Wilson: Does Mr Kelly accept that the costs of nuclear generation are prohibitive and that, if the amount that the UK Government is currently investing in decommissioning plants—it is more than £3 billion—was invested in renewables, that would safeguard the renewables industry and the country from potential contamination from nuclear waste?

James Kelly: Mr Wilson makes a pertinent point about cost. Any model for electricity generation must be cost based. Ahead of today's debate, we were bombarded with briefings, some of which were referred to by the previous speaker. Those briefings quoted different costs, but I will not endorse any of them now, because we need to flush out the costs that are related to each source of generation so that we can establish how to proceed. The SNP has set a target of generating 100 per cent of electricity in Scotland from renewable sources by 2020, but we have heard reports about 53 objections to a planning application. Perth and Kinross Council has said that it costs it £1 million to deal with applications.

Roderick Campbell (North East Fife) (SNP): Will the member give way?

James Kelly: I am sorry, but I want to make progress.

There is a concern that, even with renewables, progress is not as fast as the SNP Government would like. We need a realistic cost-based model. I say that not to be boring or dogmatic, but because the costs are passed on to the consumer. The Labour amendment makes an important point about fuel poverty. Many people in Scotland, including pensioners, are suffering from fuel poverty. We have to get the model right, so that we deliver electricity at as low a cost as possible to consumers.

Margo MacDonald (Lothian) (Ind): Is the member implying that the fuel poverty that families in Scotland are experiencing is not in any way the fault of the energy supply companies?

James Kelly: I am certainly not implying that—Margo MacDonald misunderstands me if she thinks that. It is unacceptable that the profits of some of those companies should rocket while people throughout Scotland and the rest of the UK suffer hardship, in part because of their bills.

As I said, there are important issues for the SNP about how energy policy would operate if we separated from the rest of the UK. Currently, Scotland consumes 10 per cent of the electricity in the UK, but 30 per cent of the ROC certificates are issued in Scotland. It is clear that there would be a cost in moving to a separate Scotland. Some reports have quoted a cost of £4 billion. In that case, Government ministers would have to decide whether to pass on the cost to businesses and consumers or whether to take the money out of the Scottish budget. There are real issues to examine as we move forward to debate the issue of separation from the rest of the UK.

There is no doubt that the issue is complex, but it is important that the proposals that are brought forward should, at heart, serve the consumer so that, as Margo MacDonald mentioned, we can deliver realistic electricity bills to customers throughout Scotland and the UK.

15:59

Gil Paterson (Clydebank and Milngavie) (SNP): The debate comes at an important time and is welcome.

When we discuss energy matters, there tends to be a focus on how the energy is produced and distributed, rather than on how it impacts on ordinary persons. I will attempt to focus on the production of electricity and on how the general population is affected.

Our production of electricity should be based on a model that is safe and that helps to deliver the climate targets that are set by the Scottish Government. With no country able to avoid the effects of climate change, the world as a whole has an interest in debating such matters—as we are. In the relatively short period of time of a devolved Scotland, we have taken a leading role in tackling climate change that has not gone unnoticed in other countries. We must continue to be an example, which is why I am delighted by the support that the Scottish Government has given to the renewable energy sector.

It has been said before countless times, but it is important to continue to highlight that Scotland is in the unique situation of having an abundance of

energy resources from tidal to wind to marine. We must ensure that we maximise those resources so that future generations can benefit. That is why the decisions that we make as a Parliament and as a country are fundamental. The next generation of Scots relies on us. The future is in renewables and investment should continue to be directed at supporting that industry, which ensures that jobs come to Scotland and is therefore a double priority.

I share the Scottish Government's concerns that nuclear power may be subsidised by the general public. That is the wrong approach to take, especially if the subsidy harms investment in the renewable energy sector in Scotland, which is growing and bringing with it local investment in jobs in hard-hit areas. We have a duty to ensure that the hard work and investment that have already been delivered by renewables are not harmed.

A lot has been said about nuclear power, not just in the chamber but across Scotland and the rest of the world. The issues regarding nuclear waste are well documented, but my concerns are particularly about the danger of human error. Who would ever have imagined that Japan, arguably the world's most technologically equipped nation, would simply forget to protect the generators and pumps from tsunamis? Even more alarming, it is a country with 2,000 years of written history and experience of dealing with tsunamis. The lesson is that the law of averages says that human error will happen, therefore nuclear should not be an option.

I applaud the sentiments and the ambition of the electricity market reform proposals put forward by the British Government. Although I may be critical of some elements of the proposals, I believe that the issue is too important to allow party-political allegiances to undermine the whole process.

That said, further areas of concern need to be addressed by the British Government before we can move forward. The complexity of the reforms is one of the main concerns, with a fear among the industry that investment may decrease as investors are scared off by the proposals. Indeed, even the Westminster Select Committee on Energy and Climate Change has voiced concerns in its report on the proposals. It even went so far as to say that the consumer—in other words, ordinary people—will not benefit from the proposals.

As the economic downturn continues to impact on people, we must do everything in our power to alleviate suffering. The rising cost of electricity has a detrimental impact on the budgets of families and individuals. I share the concerns of other members across the chamber that fuel poverty could impact even further.

As we leave a summer in which there was little cheer on the economic front for families, we approach the time of the year when household bills will increase. Families and individuals, especially the elderly, will be forced into making choices about their welfare.

Mary Scanlon: Although there is still a way to go, does the member welcome the work that Ofgem has done to ensure tariff simplification, provide clearer comparisons between energy companies to make it easier to switch supplier, and set fixed standing charges?

Gil Paterson: I welcome those developments, but I say that through gritted teeth because I do not really hold up Ofgem as a model of controlling the way in which energy impacts on people who really need Ofgem's assistance. My view is that Ofgem has been mute and not very effective.

I recommend that members support the motion and Labour's amendment.

16:05

Liam McArthur (Orkney Islands) (LD): The tone of the minister's speech and his generous remarks about Charles Hendry were indicative of the approach that he has taken since taking on the energy brief. He has been assiduous in trying to work across the parties and with ministerial colleagues at Westminster. I welcome that approach, which reflects the need to de-risk—in a political sense—the whole process, and the minister's recognition of, as he said earlier today, the value that stakeholders place on there being as much consistency as possible across the UK. Who knows? If he is still in the energy brief 12 months from now, we may be able to coax him away from the rocks of the separatist agenda of some of his colleagues—epitomised by the siren in chief, Kevin Stewart.

The Government's motion reflects the general support that exists for the underlying principles of EMR. Stewart Stevenson set out the context well. Over the next decade, 20 per cent of existing power generation is likely to come offline as we look to decarbonise the transport system. Indeed, demand could double by 2050. Without reform there is a serious risk of blackouts or reliance on expensive imports. Reform can also attract and lever in more than £100 billion of investment

However, reform will not be easy, particularly given the timeframe. The fact that the UK Government has gone out to pre-legislative scrutiny on the bill is an important and welcome step on its part.

E.ON's briefing calls for "clarity, urgency, stability and simplicity".

Such things might be easier said than done, given that EMR reminds many of the Schleswig-Holstein question. Nevertheless, those features are necessary if we are to unlock investment. Appropriate infrastructure and an appropriate charging regime are also key. Rhoda Grant's amendment ably sums up those needs and the importance of the islands, such as those that I represent, which are critical to the achievement of our renewables objectives by not only Scotland but the UK.

Margo MacDonald: I have forgotten what the Schleswig-Holstein question is.

Liam McArthur: Only three people understand it: one is dead, one is mad and one cannot be bothered explaining it.

Orkney is at the centre of marine renewables—indeed, it is the powerhouse of renewables—yet discriminatory charging is hampering future investment and distorting decisions about the location of such development. That problem must be resolved, and I think that it must be resolved through the draft energy bill because I fear that Ofgem's connection and use of system code process may not deliver what is needed.

Despite the overall general welcome that it has received, aspects of the draft bill need further consideration. Decarbonisation of transport and heat will lead to electricity demand rising significantly but, as some members have said, we should not lose sight of the importance of energy efficiency and conservation. WWF makes an interesting point about the need to have enabling powers for energy efficiency in the bill. That suggestion appears to have merit.

Contracts for difference have attracted most comment, perhaps. They are an attempt to make investment in clean energy more attractive by removing long-term exposure to price volatility, establishing a strike price for generators and insulating consumers from large fluctuations. That is key to addressing fuel poverty, which Rhoda Grant, John Wilson and a host of other members have rightly sought to emphasise.

There is recognition of the concern about how contracts for difference will operate. A single auction for contracts appears to favour more mature technologies, but it is vital that we secure a technology mix. For example, marine renewables are an essential part of that mix. The implications for that sector and others must be taken seriously. I am not sure whether the solution is an extension of ROCs, but I certainly want those concerns to be fully addressed as the bill progresses.

It is clear that the role of a counterparty is key in underwriting contracts. Scottish Renewables and SSE have pointed to the need for a credit-worthy counterparty as a means of reducing the costs,

and more work is needed to provide the necessary assurances and confidence.

Scottish Renewables has referred to National Grid's role as being that of a system operator that is able to issue contracts based on targets and geographical location. I am aware that concerns have been raised around constraints on the network and how those will be managed in future.

That issue has already come into sharp focus this week in Orkney, where SSE has announced that any future installations above 3.7kW

"will be dependent on grid reinforcement, smart network management or changes to demand requirements".

Rumours about those constraint problems have been circulating for a while. There is some sympathy for SSE's position, but—as one constituent observed to me—SSE appears to have been managing its way into a crisis in recent months and years. I invite the minister to look seriously at that issue, and I would welcome the opportunity to discuss the implications with him.

There could be opportunities to meet demand requirements through the so-called G83 process, which allows microrenewables to be connected to and feed excess power into storage appliances inside the house.

Fergus Ewing: I would be delighted to meet Liam McArthur to discuss that issue—I was keen to make that suggestion, but he has taken it from me. I am keen to find some imaginative solutions to that problem, of which I was recently made aware.

Liam McArthur: I am grateful to the minister. The meeting could also touch on the issue of teleswitching, which was raised with the chair of the Scottish fuel poverty forum as a possible way of using some of the renewable resource that is currently constrained off the grid to address fuel poverty in my constituency. Given the concerns that have been raised about barriers to entry, another issue is small community-scale supply businesses.

I welcome the debate and its tone. There is an opportunity to set us on the right track: to decarbonise electricity generation, improve security of supply and contain future price rises. While urgency and clarity are needed, we must ensure that we get this right.

I commend the minister, the motion and the amendment to the chamber. I hope that we can continue in this vein.

16:12

Roderick Campbell (North East Fife) (SNP): The reform of the electricity market is as essential in Scotland as it is across the whole of these

islands, and I welcome the proposals to ensure security of supply and affordability.

It is clearly right that Scottish ministers have a statutory right to be consulted when the UK Government takes forward its proposals given the importance of matters in Scotland, which is fast becoming the energy powerhouse of the British isles, even if energy is both reserved and devolved.

We certainly need to work in partnership rather than just as a consultee. It is imperative that Scottish interests are at the heart of all decision-making processes on electricity markets, including in the key area of formulating the Ofgem strategy and policy statement.

I support the Scottish Government's view that Scottish ministers must be closely involved in contracts for difference, which will, it is hoped, provide lasting arrangements for price support for emerging renewable technologies. It is vital that in any transition from renewables obligations to CFDs, support for renewable generation is maintained. We must ensure that the Scottish Government is involved in the detail, which is as yet unclear.

Furthermore, the provisions in the draft energy bill that relate to offshore transmission are important in preventing difficulties for contractors who are both generators and engaged in transmission, and in order that such vertically integrated suppliers are able to test their transmission with impunity. Changes to the Electricity Act 1989 will be required, and I hope that that can be resolved quickly through legislation at Westminster.

In its report, "Powering Scotland", which was published 10 months ago, Reform Scotland made several recommendations on the future of the energy market, including the recommendation that energy policy should be formally devolved to the Scottish Parliament so that the Scottish Government can formulate a clear energy policy that meets Scotland's needs. For the present, however, we must ensure that we are operating as effectively as possible within the limits of the devolution framework, while recognising the importance of the UK electricity market as a whole.

There has been considerable concern that the intention behind the UK Government's plans for the draft energy bill and its overarching reform of the energy market is to provide new subsidies for nuclear power. As the Scottish Government and many other organisations—including Reform Scotland—have stated, Scotland does not need new nuclear power stations, and nuclear energy does not merit a boost in funding. As my colleague Kevin Stewart said, WWF Scotland has described

the UK draft energy bill as "a lose-lose situation", given that nuclear is being phased out in the long term in any event.

For the avoidance of doubt, I say to Murdo Fraser that I, too, have not seen any briefing from EDF.

Why should nuclear power be subsidised when, aside from the enormous costs associated with installation and the reliance on regular imports of uranium from overseas, there are the costs of security and decommissioning and, ultimately, the costs to the taxpayer and the environment of storing radioactive waste? Nuclear power also gets extortionately expensive when things go wrong. The UK Government's proposed insurance limit for operators is €1.2 billion, but the costs of the Fukushima disaster last year are widely projected to reach around €200 billion. Suppliers of nuclear energy simply could not afford to insure their facilities to a level commensurate with the risk without Government help.

It is surely short-sighted to bolster the nuclear industry—even ignoring the arguments on the impact of European Union state aid rules—when to do so beyond the lifespan of current reactors might be at the expense, as other members have suggested, of nascent and truly sustainable Scottish renewable energy sources. In that respect, I agree with the House of Commons Energy and Climate Change Committee that

"policy and financial support for nuclear"

should not be

"rolled up with that for renewables."

In relation to emissions performance standards, in its recent report the same committee is as scathing as ever about the proposals. However, control and regulation of emissions are devolved matters, and I hope that whatever model of EPS is considered appropriate for Scotland is consistent with delivery of our world-leading climate change legislation.

The aims of both the Scottish Government and the UK Government, over the course of electricity market reform, must be to ensure that consumers get the best deal possible. In the long term, we can achieve that only by promoting sustainable energy production. The only truly infinite resources that Scotland has for energy production are human talent and the power of wind and water. Scotland must continue to prioritise matching and marrying the two to create a world-leading energy industry and to ensure that the world-leading renewable energy target of generating the equivalent of 100 per cent of electricity from renewable resources by 2020 is met. I am delighted to learn that that ambition has been hailed by the UK Government's Secretary of State

for Energy and Climate Change, Ed Davey, even if it has not been endorsed so warmly by his Conservative colleagues—including some of those in this chamber.

Rising production costs are, in many ways, unavoidable but the success of the vertically integrated big six suppliers in the electricity market depends on competitiveness. It is essential that the UK and Scottish Governments work together to ensure that the imminent reform of the electricity market allows for effective competition. That could only be a good thing for household bills.

Last but not least, we must also recognise the interests of consumers, particularly those who are in fuel poverty, whom many members have mentioned. Perhaps a more effective recognition of their interests is required in the reform debate.

16:18

Iain Gray (East Lothian) (Lab): Telling someone that you have volunteered for a debate on EMR is a bit like telling them that you were once a physics teacher—their face immediately rearranges itself into an expression that says, “Oh, really? How dull.”

We have only to look at the objectives of the reform to see how important it is to decarbonise electricity generation at a time when every news bulletin brings further disturbing news of the impact of climate change; to guarantee security of supply at a time when every day our leisure, our work life and our industry depend more and more on technologies that are all powered by electricity; and to control the cost to consumers of the reform at a time when 800,000 Scottish families are fuel poor. When we add to that the fact that electricity is an important added-value export from Scotland and the potential—rightly recognised by the Scottish Government—that we can use new technologies to reindustrialise our country, we can see that there is nothing dull at all about EMR.

In fact, it is not putting it too strongly to say that our way of life depends on getting EMR right. The consequences of getting it wrong are already becoming obvious. SSE turned away from some of its proposed hydro investments immediately in response to ROCs decisions by the UK Government. In my constituency, 1,000MW of capacity at Crockenhill power station is about to disappear in April, with no investment decision on the horizon in spite of the Scottish Government having already consented to a combined cycle gas turbine replacement. Iberdrola has the investment decision on hold, as it awaits EMR decisions.

We are currently in a worrying position. The proposals do not really reform the market. In particular, they would leave the wholesale market

unreformed and would not restore any balance between the interests of the consumer and those of the big six energy companies. However, because of the complexity of the contracts for difference system, the lack of clarity on counterparties and a lack of confidence in the proposed capacity market auctions, the proposals have also failed to gain the confidence of the companies, with Ian Marchant of SSE calling them a train wreck.

Crockenhill is one example of a hiatus in investment that either results from EMR concerns or for which EMR is the excuse. Either way, EMR is not delivering what we need, and we will not resolve those issues by allowing it to become a polarised battleground over competing low-carbon technologies.

The Scottish Government's position on nuclear is clear. I think that it is wrong because Torness in my constituency generates reliable base-load electricity—15 to 20 per cent of Scotland's electricity, day by day—without producing carbon emissions and provides 500 highly skilled and well-paid jobs for my constituents, but there is no doubt that the Scottish Government is entitled to take the view that it does on nuclear. However, it should not—as the minister did not—use EMR to try to impose that view on the rest of the UK, lest it undermine its entirely legitimate arguments that EMR must deliver a market that supports renewables.

At the same time, the UK Government must not allow any hint of dogmatic and irrational anti-renewables voices—especially anti-wind voices, including that of the new UK Minister of State for Energy in a previous life—to skew EMR against renewables and unfairly in favour of nuclear. In the long term, renewables technologies hold out the prospect of electricity generation without dependence on finite fuel supplies. Balance must be the aim.

The Scottish Government should be supported in arguing for transmission charging, contracts for difference and a capacity market that all incentivise renewable generation throughout Scotland, including our islands. However, I add my voice to Mary Scanlon's and argue that, in its discussions, the Scottish Government should also raise the profile of energy storage.

Scotland has a long tradition in energy storage, not least at the Cruachan pump storage station. However, there are only 2,800MW of pump storage in the whole UK and such installations are in a poor position in the current regime because they pay charges as generator and customer.

In its briefing yesterday—to which Mary Scanlon referred—the Institution of Mechanical Engineers was extremely clear that EMR as it stands will not

incentivise new storage or new storage technologies, although many more thousands of megawatts will be required.

Fergus Ewing: I clarify for Iain Gray that the Scottish Government believes that it is important that the capacity mechanism under EMR should support and incentivise storage.

Iain Gray: I think that the Scottish Government does believe that—indeed, there is a reference to it in the motion, which I welcome. My point was simply to try to raise the profile of storage in the debate: storage matters particularly for Scotland—as the minister understands—because it is part of the answer to genuine concerns about the intermittency of many renewable technologies.

Yesterday, we were shown a picture of a pilot cryogenic storage plant that is situated in Slough but which was engineered and manufactured in Inverness. There are real opportunities in storage. Indeed, we could say that the whole EMR process is fraught with opportunity. However, the minister is right that any loss of momentum is fraught with danger. Therefore, we should unite behind the motion and the amendment.

16:24

Dennis Robertson (Aberdeenshire West) (SNP): When I first got the brief on electricity market reform and realised that it was complex and technical, I asked myself, “Why am I speaking in that debate?” However, this is a very important debate, especially for the Aberdeenshire West constituency. I have said in the chamber and to the minister many a time that Aberdeenshire West, in conjunction with Aberdeen city, is the lead not only in oil and gas but in renewables, not only in Europe but probably in the world.

Many members have already spoken about the importance of EMR and getting it right. I have great faith in our minister going to Westminster as an equal and a partner in the dialogue to get it right for Scotland and to do what he does best: to talk up Scotland.

I associate myself with John Wilson’s eloquent comments and those of other members on fuel poverty. The consumer should be and needs to be at the heart of EMR, because it is the consumers who ultimately pay the price. We cannot add to fuel poverty in Scotland.

I want to change tack slightly. The minister gave the industry confidence in his statement on the renewables obligation. His statement will give the industry confidence to invest in Scotland and it will give confidence to our universities and colleges to bring forward our young people and give them the skills that will be needed for the renewable energy programme for Scotland’s future. I know that a

great deal of work is currently being done in Robert Gordon University, the University of Aberdeen and the colleges. People are working together, looking at the renewables sector and looking ahead to try to ensure that we have the workforce for the future development of renewables in Scotland.

We need to take the opportunity to reform. The transmission charging is a scandal, and we have the opportunity to look at fairness and equity. It is in the gift of the EMR process to ensure that that happens. I urge the minister to do what he can to ensure that the transmission charging is equal and fair so that our renewables sector can lead the way in our islands.

Rhoda Grant eloquently said that it is our potential that will make this country great in the future. I echo her words. We have to move forward; we cannot look back. In my opinion and that of many members, we cannot allow nuclear power to be subsidised through the EMR programme. The EMR programme is for the future, and renewables are the future for Scotland.

I support the motion and the amendment.

16:28

Patrick Harvie (Glasgow) (Green): I understand the minister’s desire for a motion that would give rise to a consensual approach to renewables, and I am grateful to him for agreeing to some minor changes to his motion, particularly for removing explicit support for the principles of EMR and a reference to investment in thermal generation, and for including a reference to demand reduction. Those changes are just about enough for me to vote in favour of the motion.

I will also happily vote in favour of Rhoda Grant’s amendment. However, I would honestly have preferred a debate that allowed the full expression of the serious concerns that exist about the direction in which the UK Government is taking electricity market reform. My amendment, which was not selected for debate—members will have to turn to the back rather than the front of the *Business Bulletin* if they want to read it—set out some of those concerns, including about demand reduction and the favourable context for fossil fuel and nuclear generation that will be set. The amendment also set out the proposals for a decarbonisation target and a Scottish emissions performance standard.

It is pretty clear that the direction of EMR will set the agenda for a dash for gas and new nuclear power stations. In its briefing, SSE states that the contract for difference

“is a ‘one-size fits-all’ support mechanism which is suitable for nuclear, but not for renewables”

or carbon capture and storage.

"The latest design proposals actually increase, rather than reduce, risks and costs for renewables developers".

WWF Scotland has expressed similar concerns. It notes that

"The Scottish Government ... has a commitment to ... a 'largely decarbonised electricity ... sector by 2030'",

and it calls for such a commitment for the whole UK to be included in legislation.

Stewart Stevenson referred to the letter from the UK Committee on Climate Change that was published today, which calls for a carbon intensity target for the power sector to be included in legislation. The committee states:

"Extensive use of unabated gas-fired capacity ... in 2030 and beyond would be incompatible with meeting legislated carbon budgets."

It also criticises the

"apparently ambivalent position of the"

United Kingdom

"Government about whether it is trying to build a low-carbon or a gas-based power system".

We should take those concerns seriously.

We should look at the option of an emissions performance standard for Scotland, which WWF has suggested. The UK Government's proposal is set at such a high level—at 450g of CO₂ per kilowatt hour—that it will lock us into high-carbon energy generation and another generation of fossil fuel power stations for years to come. The House of Commons Energy and Climate Change Committee called that proposal "pointless" and said that it could endanger our effort to meet our climate change targets.

Under existing devolved powers, the Scottish Government has the power to develop a Scotland-specific EPS that is consistent with Scotland's priorities and Scotland's greater ambition, on which we kept congratulating ourselves when we debated the climate change legislation. If we are serious about that ambition, let us set a serious emissions performance standard.

As well as gas, there is the threat of new nuclear power stations—the organisations that I quoted have suggested that. Some might say, "If England wants to do that, that is its affair—Scotland already has the position that we won't have new nuclear in Scotland." However, the reality is that we will still be part of an integrated electricity market and that the cost of the immense subsidies for nuclear power will be borne by consumers in Scotland, too. From our position of opposition to new nuclear stations in Scotland, we must challenge the UK Government's position.

I support the comments by Mary Scanlon and Iain Gray about storage. It is clear that a more renewable electricity supply will need more storage. Greater incentives should be provided for the creative investment that is needed.

I am sorry that the votes on the motion and the amendment tonight will not allow us the opportunity to record those criticisms. It is important that the Scottish Government continues to make the case for change in its discussions with the UK Government. It is also important to remember the context in which that is happening—that of the UK Government's appointment of Owen Paterson and John Hayes to positions of importance to the subject.

I draw members' attention to the comments by Roger Harrabin of the BBC. Since those two gentlemen were appointed, he has repeatedly asked the Department for Environment, Food and Rural Affairs and DECC whether those men accept the conclusions of the Intergovernmental Panel on Climate Change, on which UK and Scottish climate change policy is based. He has not had a reply and he says:

"DECC press office simply ignore the question, whilst a source at Defra told me it wasn't a priority for Mr Paterson to answer".

Both those men have spoken out strongly against wind power and have at least flirted with climate change denial. If they pursue the dash for gas and a new nuclear agenda at the expense of renewable energy in the UK or in Scotland, George Monbiot is right that their appointment represents

"a declaration of war on the environment"

by the Prime Minister. That is the context in which the Scottish Government will have to raise the issues with its counterparts down south.

16:34

Murdo Fraser (Mid Scotland and Fife) (Con): I commend Fergus Ewing for the consensual manner in which he approached the debate. Energy market reform is a complex and technical subject, in which I think few of us would profess great expertise. It was curious how few members were prepared to debate the relative merits of having different counterparties to contracts for difference—Iain Gray came closest to getting into the technicalities, as perhaps befits a former physics teacher.

I do not think that there are great differences between political parties in what we are trying to achieve, with the exception of some more contentious areas, such as new nuclear power, about which I will say more if time allows. We heard some good speeches. Stewart Stevenson,

in his return to the back benches, made a well-considered contribution to the debate, and John Wilson made excellent points, which I agree with, about the need to put the consumer at the centre of the policy and address growing concern about fuel poverty by attempting to keep energy bills down as much as we can.

Conservatives had some concerns about the terms of the Labour amendment, which brings in the separate but related issues of transmission charging and project transmit. When we debated the issues just before the summer recess, the Scottish Conservatives made clear our concern about a move to a socialised system, which would spread the cost of transmission across all consumers and, according to figures from Ofgem, result in a substantial rise in bills for consumers in remote parts of Scotland, particularly in the north. We made it clear that that was not an approach that we could support. I am grateful to the minister for the clarity that he provided in his speech and to Rhoda Grant for clarifying that the amendment does not propose a socialised approach. On that basis, we are happy to support the Labour amendment.

As members said, the purpose of energy market reform is to remove our current system of subsidies through ROCs and feed-in tariffs and replace it with a new system, which will be based on contracts for difference. I think that a person would need to be something of an expert in economics and finance to be able to explain exactly how that might work in practice, so I will consider the principles behind the approach rather than the detail.

I think that all members agree that there is a need to decarbonise the electricity supply. DECC has stated its intention to improve security of supply, recognising the rising demand for electricity and a general upward trend in prices. So far, so good. I think that we all recognise that the cheapest form of electricity is that produced by burning fossil fuels. If costs were the only factor to be borne in mind, we would simply continue to do that. However, I do not think that any member thinks that that is sensible, partly because of the impact of carbon on the atmosphere and partly because of issues to do with security of supply.

That means that we must look at lower-carbon sources of electricity. It means that we can continue to burn fossil fuels, with the addition of carbon capture and storage—although, of course, that increases costs and reduces efficiency. It also means that we can go for nuclear power, which I have always supported as a low-carbon source of power, although I accept that other members take a different view. Although nuclear is more expensive than conventional generation, most experts consider it to be cheaper than renewables.

John Wilson talked about the “prohibitive” cost of nuclear—I think that I quote him correctly—but he was at the Economy, Energy and Tourism Committee when we heard a briefing from Scottish Government officials, whom I would not expect to have a pro-nuclear bias, who told us that the lifetime costs of nuclear, including decommissioning, are comparable with the lifetime costs of developing onshore wind.

On the hierarchy of costs, the costs of onshore wind, which is the most mature renewable technology, are reducing, but they are still substantially more than the costs of conventional generation, which is why onshore wind continues to be subsidised. Indeed, we heard earlier in the minister's statement that levels of subsidy, albeit marginally reduced, will continue. Even more expensive is offshore wind, which energy market reform is seeking to encourage.

It is clear that what is being proposed by DECC is only the start. There is a lot more discussion to be had, but I hope that we can agree on the general principles, as the minister's motion appears to do.

I agree with the many members who talked about the need for greater certainty. It is clear that the investment community is scared off by uncertainty about future levels of support—I was interested in the number of SNP members who were prepared to make that point. They also completely missed the related point that there is another level of uncertainty. That, of course, is about the future of our energy market across the United Kingdom, and it is based on our constitutional future. If members had read the submission from SSE to the Economy, Energy and Tourism Committee precisely on that point, they would have seen that there is as much investor uncertainty about that point as there is about the future of energy market reform.

Stewart Stevenson: Is the member aware that decades have passed since the installation of a cable connecting France and England, which demonstrates that it is entirely practical to have different jurisdictions collaborating in matters of energy policy?

Murdo Fraser: I do not think that it is a question of collaboration. The question is that, if we are to develop renewables in large numbers and they require subsidy, and if we are to become a country of 5 million rather than 60 million consumers, we will need to consider carefully where that money will come from. If we could enter into forward contracts with the rest of the United Kingdom in advance of separation, that might work, but we need to see that in practice and there is no sign of that emerging. However, I know that the UK Government and DECC have been engaging

constructively with the Scottish Government, and I hope that that continues.

An interesting point that nobody has mentioned about the proposed bill is the UK Government's proposal that local authorities keep business rates paid by wind farm operators. That is clearly of great interest in many parts of Scotland, not least in Perth and Kinross in my own area, and I hope that the Scottish Government is prepared to look at that approach. I am sure that my colleagues on the Economy, Energy and Tourism Committee will be interested in it.

The bill deals with the need for tariff reform. It is vital to drive down bills, make it easier for consumers to switch companies and make lower tariffs more transparent, as Rhoda Grant fairly pointed out.

We need greater efficiency. On that—I do not say this often—I agree with Patrick Harvie. The cheapest form of energy is that which is not used at all, and we need to do much more on demand reduction, rather than leave ourselves having to produce ever more electricity at ever increasing costs.

There is a lot of detail to go through but, in spite of the differences, there is much common ground. I hope that the UK and Scottish Governments can work together to find solutions.

16:42

Ken Macintosh (Eastwood) (Lab): A favourite Woody Allen film of mine is "Zelig", in which the eponymous hero pops up in improbable places alongside President Woodrow Wilson, Babe Ruth and even Hitler at the Nuremburg rallies. That character came to my mind over the summer when I took the opportunity to visit the nuclear power station at Hunterston for the first time—for anyone who has not been there, it is a beautiful place, as those from Ayrshire will know. Who should I find there but Fergus Ewing, the SNP Government's Minister for Energy, Enterprise and Tourism?

We know that SNP ministers and often the grand panjandrum himself, the First Minister, are a ubiquitous presence at virtually any opening, even if it is of minor significance, but this is the same SNP that has remorselessly played on anti-nuclear sentiment for years. There are many SNP members—from their speeches today, I count Kevin Stewart, Gil Paterson, John Wilson and Dennis Robertson among them—for whom opposition to nuclear power is an article of faith, but there he was, not quite luring us in, sweeties and lollies in hand, the unembarrassable energy minister, heart swelling with pride as he welcomed us to a brand new nuclear-powered Scotland.

It has been a pleasure today to continue to make common ground with the minister and members across the chamber in—nuclear aside—a consensual debate on electricity market reform. As a country and a Parliament, we are rightly proud that we have taken a lead in setting ambitious climate change and carbon reduction targets. The principles underpinning the UK Government's reform certainly point us in the right direction to meet those targets, but we have to will the means to make those changes happen. That is not necessarily going to be a straightforward process. As Scottish Renewables highlighted, it has

"concerns about the complexity of the proposals, the introduction of new risks to investors and the risk of timetables slipping."

The bill has a number of weaknesses that have been highlighted this afternoon, too. In spite of its being called electricity market reform, the draft bill does little to reform the electricity market to make it work in the interests of the consumer, rather than the big six. That point was made by several members, including my colleague Iain Gray, and it was made forcefully by Mary Scanlon. Those six huge companies dominate not just in electricity supply but in the tariffs that are offered to consumers. As my colleague Rhoda Grant highlighted, we need a system that encourages new entrants, particularly at local community level.

Similarly, the draft bill contains few measures on demand reduction, which is essential not just in meeting climate change targets but in tackling fuel poverty, as Claudia Beamish said. There are a number of other concerns, all of which will need to be addressed by the UK Government.

Several members highlighted issues that require leadership and commitment from the Scottish Government, too. Perhaps the most prominent of those, which we have highlighted in our addendum to the motion, is ensuring that grid connection to our islands is "fair and equitable". In response to their interventions, I reassure Mary Scanlon and Murdo Fraser that that does not amount to advocating the so-called socialised system of charging. From the minister's remarks, it sounds as though we are all singing from the same hymn sheet on the issue. To take the Western Isles as an example, more than 600MW of new renewable energy generation is under active consideration or development in the Outer Hebrides. If we are to meet our carbon targets, help our island communities and ensure basic fairness, it is essential that the interconnector to transport that electricity to market goes ahead.

The review of transmission charges is yet to be finally signed off. Project transmit has offered some welcome improvement on the previous charging regime, but it appears that any further

adjustments to its broad conclusions will be modest. I thought that Liam McArthur described well the distorting effect of an imbalanced transmission charging regime. If we want the projects in the Western Isles, Orkney and Shetland to go ahead, we need the Scottish Government to produce a specific renewables obligation certificate for island wind power.

One of the reasons for using ROCs to promote renewable energy generation is the benefit that they provide to what are still fragile local economies, not just on the islands but across Scotland. It is not simply the income from wind turbine towers that benefits villages; it is the fact that local people are in control and are participating actively in decisions that affect the sustainability of their communities. In many cases, such community-owned renewables can also have a direct impact on fuel poverty. The huge hikes in fuel prices of recent years have plunged more and more people into difficulties and made them unable to pay their heating and electricity bills. John Wilson made that point particularly effectively.

Although electricity market reform aims to create cleaner electricity and to improve security of supply—to ensure that the lights stay on—it remains relatively weak in addressing fuel poverty. There are incentives to improve the energy efficiency of our homes, but it is questionable whether the people in greatest need will be those who take greatest advantage of them. The Scottish Government needs to continue to look at how we identify and then help those low-income and fuel-poor households that are most at risk. That should include looking at projects that allow communities to generate their own electricity.

I began by referring to the minister's new-found love for all things nuclear. He followed that up in his statement on the renewables obligation review by making a virtue of seeking consistency across the UK, so it is little wonder that it has been such a consensual debate. From the way in which he neatly sidestepped my colleague James Kelly's question, I gather that he may not entirely share our view that there is undoubtedly a union dividend from a single UK energy market. However, it is clear that there is a commitment to working together across the parties and across the Parliament.

I would like to make one final point, which follows on from the minister's statement. There is a need for greater clarity on, and a need to reassure communities across Scotland about, electricity generation from incineration or burning waste. It is not right that waste operators are trying to get round local planning controls and avoid accountability to local residents by applying directly to Scottish ministers for section 36

consent. Such projects are often speculative money-making exercises that have been disingenuously disguised and dressed up in environmentally friendly language. A stronger line from the Government that those projects are in line neither with its zero waste strategy nor with its renewable energy strategy would not entirely remove the threat from developers, but it would certainly give communities greater confidence that such applications are unlikely to succeed.

As he often does, Stewart Stevenson made a particularly powerful and thoughtful speech, down to his topical tennis metaphor. He talked about the need for long-term fiscal certainty and security if we are to secure long-term investment in renewables. We are indeed in this for the long term and, although there remain many complexities to resolve, I believe that if we can maintain this level of shared purpose, we can deliver a secure future for consumers, for our businesses and for our environment. I commend the amendment and the motion.

16:50

Fergus Ewing: I have thoroughly enjoyed this debate. We have heard a large number of very useful contributions across the chamber and I will try to reply to many of those in a moment.

In drafting the motion with others, I set out to try to provide the wording that would allow Parliament to unite, because we have more common ground on this subject than one might think. The debate has illustrated that point, and I am confident that all parties will unite at decision time. I am grateful to members in all parties for the work prior to the debate and their contributions to it.

I also wish to make an undertaking and a reflection. The undertaking is that I will ask my officials to study all the contributions, not just in the debate but in the question and answer session on the statement about renewables obligation contracts that preceded it. There were some points from members—such as those made by Claudia Beamish—that I do not think I answered with sufficient clarity earlier and also some contributions to the debate which merit some thought. After all, the purpose of debates in the Parliament is not just to fill the time or just to allow us to express our views; it is also to allow the Government to formulate better policy for the future. The debate will allow us to achieve that and those who have made positive contributions—the vast majority if not all contributions—will do that.

Patrick Harvie pointed out that demand reduction is not in the motion, but I think that we all subscribe to it, as does the UK Government. It is not directly relevant to EMR as such, but we are all entirely committed to demand reduction for the

reasons that Murdo Fraser and Patrick Harvie gave.

Mary Scanlon: When the minister is asking his officials to respond to contributions in the debate, can I ask him also to ask them for a response to the paper on electricity storage from the Institution of Mechanical Engineers that was presented to the Parliament this week?

Fergus Ewing: You can and I will. The Scottish Government's policy on electricity generation is that we should seek to deliver a number of objectives. Our contributions in the debate have illustrated that these are the objectives that we all share. First, there must be a secure source of electricity supply. It must include an element of variety in order to be secure. Secondly, electricity must be affordable for consumers. Thirdly, electricity generation must be largely decarbonised by 2030, for the reasons that Stewart Stevenson so eloquently set out. Finally, it must achieve the greatest possible economic benefits and competitive advantage for Scotland, including opportunities for community ownership and community benefits.

Many members set out very clearly the need for more measures to tackle fuel poverty. Mary Scanlon, Rhoda Grant and Claudia Beamish set out the arguments, as did Kevin Stewart and John Wilson. The case was well made. We need to take a variety of measures to tackle fuel poverty, involving the electricity companies, the Government and policy formulation.

I will give two examples of how the success in onshore wind power can help to tackle fuel poverty. Some amusement was had at my expense, I think, in Mr. Macintosh's contribution—I certainly enjoyed it—regarding my very pleasant visit to Hunterston, where I was delighted to open the new centre for education so that young people will be allowed to see how all forms of electricity are generated. It is good for the purposes of education to have knowledge about all techniques, irrespective of who approves or disapproves. I enjoyed my day out in Hunterston.

The reason I mention that is that EDF is also behind renewables projects, including the Stornoway wind farm, to which consent was recently granted by moi. [*Laughter.*] It is, after all, a French company—c'est bon. [*Laughter.*] I had not actually intended to say that, but there we are—shucks, as they say.

According to reports that I have read, the community benefit from that wind farm project will be £2 million a year. Surely that is enough to make serious inroads into tackling fuel poverty in the Western Isles, where, as Dr Alasdair Allan has told me—and as Claudia Beamish argued this afternoon when she referred to rural areas that are

off-gas grid—the situation is among the most serious in our country. If that money can be harnessed to tackle fuel poverty, that must be a good thing. Equally, I am told that the combined community benefit from the Shetland Viking project will be between £20 million and £30 million.

Of course, it is up to the local people and their representatives to decide how those windfalls are deployed, but surely such projects will have huge advantages and create golden opportunities to tackle fuel poverty in this country once and for all. I commend the speeches on that topic.

Murdo Fraser: I am most grateful to the minister for giving way. If the operators of that wind farm are going to pay £2 million per annum, is he able to tell us the profits that they will make in order to afford such a very generous sum?

Fergus Ewing: That is the sort of intervention that I would have expected from a proto-communist. Up to now, I thought that the Conservatives were in favour of companies making profits. I am afraid to say that I have not studied the EDF balance sheet, but I was pleased to see that its community benefit tariff is close to the £5,000 per megawatt yardstick provided by the Forestry Commission, SSE and RWE. Indeed, I think that we are all pleased about that—well, just about all of us.

With regard to storage, I will read Iain Gray's extremely worthwhile speech and ask my officials, too, to read it. He is absolutely right and, as other members, including Mary Scanlon, to begin with, have mentioned, storage—hydro, in particular—is a perfect complement to wind power, which is intermittent in nature. I am delighted that, in my constituency, Highview Power Storage has installed a compressed liquid nitrogen energy storage system that, in a cross-border partnership, has been manufactured in Inverness and assembled in Slough.

In other disciplines, I am pleased to say that an exciting initiative involving hydrogen is taking place in Aberdeen. Our academics and universities, to which Dennis Robertson rightly paid tribute, and indeed our colleges lead the world in the advancement of technology in many renewable energy areas. As an example of the breadth of the work in Scotland on renewables, I will mention Professor Martin Tangney and his work on biofuels.

As we move to the close of the debate, I am conscious of the amount of claim and counter-claim over whether wind power is more expensive, so I will go over the facts with the chamber to ensure that we are in agreement. First of all, the renewables obligation cost to the average household is £15 a year, which we estimate will rise to £50 by 2017. On the other hand, between

2004 and 2010, volatile fuel prices from fossil fuels added almost £300 to bills. The canard that onshore wind is more expensive is precisely that.

Of course, this is not a pick-and-mix package. The success of onshore wind has led to the rationale behind Ofgem and National Grid's investment of £7,000 million in improving and strengthening our grid. Without strengthening the grid, there can be no offshore wind, wave or tidal power. Onshore wind power has led to the rationale behind the grid improvements; in turn, that rationale has led to the potential to exploit our wave and tidal energy, which has given us the opportunity to be the world's pioneer in marine energy. This is no pick-and-mix, and I think that that argument is gradually becoming understood. As President Barack Obama has said, the country that leads the development of new forms of energy will be the country that leads the world economy. That sounds like a good enough ambition for us all to share this evening.

The Presiding Officer: That concludes the debate on electricity market reform.

Decision Time

17:00

The Presiding Officer (Tricia Marwick): There are two questions to be put as a result of today's business. The first question is, that amendment S4M-04082.1, in the name of Rhoda Grant, which seeks to amend motion S4M-04082, in the name of Fergus Ewing, on electricity market reform, be agreed to.

Amendment agreed to.

The Presiding Officer: The second question is, that motion S4M-04082, in the name of Fergus Ewing, on electricity market reform, as amended, be agreed to.

Motion, as amended, agreed to,

That the Parliament notes the UK Government's electricity market reform (EMR) proposals; supports the objectives of supporting investment in low-carbon generation, delivering a balanced energy mix and meeting renewable energy and climate change reduction targets while minimising costs to consumers; believes that the reforms must build on Scotland's strengths and successes, protecting and enhancing industry and investor confidence in renewables, demand-reduction measures and carbon-capture and storage technologies; welcomes the proposals for statutory roles for Scottish ministers in the proposed framework of support for low-carbon generation, in setting the strategic direction of Ofgem and in monitoring and enforcement of the Emissions Performance Standard, and believes that the UK and the Scottish Government should work constructively to deliver a strong, thriving, competitive and integrated electricity market, ensure that grid connection charges are fair and equitable, that Scotland's islands are fully able to contribute to meeting renewable targets and that electricity market reform has regard to the requirement to tackle fuel poverty.

Meeting closed at 17:00.

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