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Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Thursday 16 May 2013

Session 4

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Scottish Parliament

Thursday 16 May 2013

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

General Question Time

The Presiding Officer (Tricia Marwick): Good morning. The first item of business is general question time.

Antisocial Behaviour

1. James Kelly (Rutherglen) (Lab): To ask the Scottish Government what action it is taking to combat antisocial behaviour. (S4O-02125)

The Minister for Community Safety and Legal Affairs (Roseanna Cunningham): Tackling antisocial behaviour and making communities safer and stronger remain a top priority for the Government. In March 2009, the Scottish Government and the Convention of Scottish Local Authorities jointly published their framework for tackling antisocial behaviour, "Promoting Positive Outcomes: Working Together to Prevent Antisocial Behaviour in Scotland". That recognised that prevention, early and effective intervention and diversion should be at the framework's heart.

Our target of 1,000 extra police officers continues to be met, and that has helped to deliver the lowest level of recorded crime since 1975. That includes an 8 per cent decrease in recorded crimes of vandalism, including fire raising and malicious mischief, between 2010-11 and 2011-12. Furthermore, since 2007, more than £50 million has been recovered from the proceeds of crime and invested throughout Scotland, directly benefiting more than 600,000 young people. That is part of the prevention process to try to avoid young people becoming involved in antisocial behaviour and offending in the first place.

James Kelly: There is no doubt that antisocial behaviour affects communities throughout Scotland. In South Lanarkshire, some 36 per cent of people are affected by it, and 35 per cent have a fear of crime in their neighbourhood. In checking the Government's progress on tackling antisocial behaviour, I noted that it published the first annual report on the antisocial behaviour framework in November 2010, but there has been no report since then. Has the minister given up on promoting activity to combat antisocial behaviour?

Roseanna Cunningham: Hardly. The member no doubt will be happy to hear that a post-implementation report on the antisocial behaviour framework will be produced later this year. Of

course, the Government has taken forward a massive programme of reform since 2007—and indeed 2011—that contributes to tackling antisocial behaviour and delivering improvements for the people of Scotland. We have done a number of things, including taking forward measures to address antisocial behaviour in housing, which I know is a particular concern for a lot of people. All of that has meant that the timing of the second report to Parliament has been attenuated somewhat. However, as I said, it will be published later this year.

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): On housing, I ask the minister to consider revisiting the process for evicting antisocial tenants, particularly where there is mixed-tenure occupancy. In my neck of the woods, with Scottish Borders Housing Association, it is certainly not operating effectively.

Roseanna Cunningham: I am aware of the situation that pertains in the member's constituency. The Scottish Government has consulted on a range of proposals to toughen up the tenancy rules for affordable rented housing tenants who engage in antisocial behaviour. They include measures to allow previous antisocial behaviour to be taken into account in the allocation of housing, antisocial tenants losing tenancy rights, and a simplification of the process for evicting the worst offenders.

The member may be relieved to know that the Scottish Government will make an announcement in due course about the policy content of the forthcoming housing bill.

Schoolchildren (Additional Support Needs)

2. Murdo Fraser (Mid Scotland and Fife) (Con): To ask the Scottish Government what plans it has to understand and deal with the increase in the number of schoolchildren with additional support needs. (S4O-02126)

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): The reason for the increase in the number of pupils with additional support needs in Scotland is well understood. Prior to 2010, only pupils who had co-ordinated support plans or individual education programmes or who were attending a special school were recorded and reported as having additional support needs. In 2010, that was extended to include anyone receiving additional support, regardless of whether that was under a formal plan. That accounts for the large increase in the number of pupils who are recorded and reported as having additional support needs since 2010.

The children and young people who were not previously recorded and reported as having

additional support needs already received support. The difference is that their information was not collected as part of the annual census and it was therefore not reported.

Murdo Fraser: I note what the cabinet secretary says, but he will be aware from the statistics that even before 2010 there was a substantial year-on-year rise in the number of pupils with additional support needs. Although some of that can be put down to better recognition and diagnosis, does the cabinet secretary agree that we need some proper scientific and medical research on whether underlying societal, medical or environmental factors are driving the increases? That could include, for example, looking at the increasing number of youngsters who are identified as being on the autistic spectrum.

Michael Russell: I am glad that Murdo Fraser accepts the reason that I gave for the change in statistics. It is very important to separate out the reason for the change in those statistics and statistical reporting from the issue to which he refers, which is worthy of further discussion.

It is obvious that in some areas there was—and may still be—an increasing trend. The problem with the reporting of the issue is that the two things became conflated. If we can separate those out, I will be very willing to ensure that we take the issue further. I would be happy to make sure that Murdo Fraser, who has taken a long-term interest in the matter, meets the appropriate minister—in the first instance, Dr Alasdair Allan—so that we can begin to discuss how we might take it forward. I would be happy for that to be a wider discussion.

Unscheduled Care (NHS Lanarkshire)

3. Margaret McCulloch (Central Scotland) (Lab): To ask the Scottish Government what recent discussions it has had with NHS Lanarkshire regarding the unscheduled care action plan. (S4O-02127)

The Cabinet Secretary for Health and Wellbeing (Alex Neil): We have put in place a £50 million action plan to improve how quickly people are seen and who treats them, so that they can leave hospital as soon as they are ready. We are also improving links with other areas of healthcare so that support is in place for people to be treated at home if possible.

We have discussed with NHS Lanarkshire and other national health service boards at a number of meetings the development of the national unscheduled care action plan. We have written to all NHS boards, outlining requirements for the development of a local unscheduled care action plan and advising on the protocol for submitting bids for the national funding that will be released.

Scottish Government officials met with the unscheduled care leads of all NHS boards on 24 April to discuss local action plans. Those plans are due to be submitted to the Scottish Government by the end of June.

Margaret McCulloch: I take this opportunity to impress on the Scottish Government the scale and urgency of the problem in accident and emergency units in Lanarkshire, where there were more than 11,000 breaches of the waiting times standard last year. Up to the middle of last month, 51 out of 73 of the longest waits—waits of more than 12 hours—in Lanarkshire occurred at Hairmyres hospital, and I have continued to receive reports of bed shortages and patients waiting beyond the four-hour target.

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

Margaret McCulloch: How exactly will the action plan help to bring down excessive waits in Lanarkshire, and what assurances can the cabinet secretary provide that he has a grip on the health service, after months of bad reports about waiting times in Lanarkshire emergency rooms?

Alex Neil: I assure Margaret McCulloch that I have got a grip.

Margaret McCulloch asked a number of questions. First, in relation to Hairmyres, I have received her correspondence, and we are investigating the matter. I am absolutely assured that there is no inherent shortage of staff at Hairmyres, but we are double checking so that I can reassure her that that is the case.

Secondly, I have had a great deal of analytical work done on whether there is a correlation between any reduction in overall bed numbers and areas in which we have had the most difficulty in accident and emergency. There is no such correlation.

Thirdly, I point out that, had Labour's proposal to close the accident and emergency unit at Monklands hospital gone ahead, we would have been in a terrible situation in Lanarkshire. In fact, it would have been nearly as bad as the situation under the Labour Administration in Wales.

Richard Lyle (Central Scotland) (SNP): I seem to remember that the Labour Party wanted to close Monklands A and E.

The Presiding Officer: Can we just get a question, Mr Lyle? It is a supplementary.

Richard Lyle: Has there been an increase in the number of A and E staff in NHS Lanarkshire in the past five years?

Alex Neil: In NHS Lanarkshire, the number of medical healthcare science staff who work in the emergency medicine speciality has increased from

58 in September 2008 to 66 in December 2012—an increase of eight, which is equivalent to almost 14 per cent. In NHS Lanarkshire, the number of consultants who work in the emergency medicine speciality has increased from 12 in September 2008 to 29 in December 2012—an increase of 17, which represents a 142 per cent increase.

The Presiding Officer: Question 4, from Richard Simpson, has not been lodged. The member has provided an acceptable explanation.

Dental Services (NHS Ayrshire and Arran)

5. Kenneth Gibson (Cunninghame North) (SNP): To ask the Scottish Government what improvements have been made to dental services in NHS Ayrshire and Arran since May 2007. (S4O-02129)

The Cabinet Secretary for Health and Wellbeing (Alex Neil): Since May 2007, NHS Ayrshire and Arran has made substantial progress in the provision of national health service general dental services. From March 2007 to September 2012, the proportion of children registered with a dentist under national health service arrangements increased from 71.2 per cent to 88.9 per cent; for adults, the increase was from 53.2 per cent to 83.9 per cent. In 2007, approximately 42 per cent of dental practices in Ayrshire and Arran accepted new NHS patients; the current figure is 93 per cent.

Moreover, the number of dentists reflects the increase in provision. As of 31 March 2007, 163 dentists provided NHS general dental services in Ayrshire and Arran. The comparable figure for 31 March 2012 was 212, which is an increase of 30 per cent.

Kenneth Gibson: I thank the cabinet secretary for detailing the tremendous progress that has been made under this Government in providing dental services in Ayrshire and Arran. What further improvements will be made to those services, and what will be the timescale for their delivery?

Alex Neil: By the measure of the proportion of patients registered with an NHS dentist, NHS Ayrshire and Arran is the leading board in Scotland. As a result, the board's future plans reflect the need to consolidate the successes that have been achieved as well as the need to address new challenges in future oral health priorities. Although it will continue to promote dental registration, the board also has plans to improve access for certain priority groups, such as dependent older adults, adults with additional needs and homeless people. More work is planned on developing pathways of care to give those groups of people better access to dental care. The board is also committed to the development and delivery of specialist oral

healthcare services, such as oral surgery and restorative dentistry, with greater focus on the provision of those services in a primary care setting.

Lands Tribunal for Scotland

6. Linda Fabiani (East Kilbride) (SNP): To ask the Scottish Government what the process is to appeal a historic finding of the Lands Tribunal for Scotland. (S4O-02130)

The Minister for Community Safety and Legal Affairs (Roseanna Cunningham): There is a right of appeal to the Court of Session against a tribunal decision within 42 days of the decision. If an individual wishes to consider raising an appeal outwith that period, independent legal advice should be sought.

Linda Fabiani: I thank the minister for that answer. A constituent of mine believes that he has recently had sight of documents in the National Archives of Scotland that were not shown some years previously and which, in fact, prove his case. Having exhausted all available funds in trying to prove his case over the years, does he have any other recourse?

Roseanna Cunningham: As the member will be aware, I cannot provide specific advice, because the issue will always depend on the facts of the case. I have already indicated the option of making an appeal to the Court of Session, and the member's constituent could go down the road of raising a further case with the Lands Tribunal for Scotland or in the Court of Session. However, if he feels that the material that he has found indicates an inaccuracy in the register, he can take the matter up directly with the keeper of the registers of Scotland in the first instance.

The Presiding Officer: Question 7 is from Liam McArthur. I note that he is not in the chamber. I expect an explanation from him as soon as possible.

Hairpieces Contract (NHS Scotland)

8. Claire Baker (Mid Scotland and Fife) (Lab): To ask the Scottish Government what discussions it has had with NHS Scotland regarding the decision to cancel the Dunfermline-based Sheds Hairdressing's contract to provide hairpieces. (S4O-02132)

The Cabinet Secretary for Health and Wellbeing (Alex Neil): National contracts are a matter for the national procurement division of NHS National Services Scotland. The Scottish Government has no direct involvement.

Claire Baker: The cabinet secretary might be aware that if the contract is cancelled, the service offered in Fife will be greatly diminished and

clients will be left with the options of having to travel or using mail order, which are either inappropriate or not possible for many. Although disabled access is the issue that has been highlighted, the salon itself is compliant with the Disability Discrimination Act 1995 and has clients' confidence and trust. Although I appreciate the cabinet secretary's response with regard to the Scottish Government's role in the matter, I urge him to do all that he can to reverse the decision.

Alex Neil: I am happy to write to the member, but I point out that Sheds Hairdressing, which is based in Dunfermline, did not tender for the new contract; instead, it was put forward as an agent for A&A Studios, which was one of the successful tenderers. The member might have a total misunderstanding of the contractual position, and I am happy to write to her to explain it.

Willie Rennie (Mid Scotland and Fife) (LD): I have had numerous pieces of correspondence from constituents about the issue, including from Sue Cumming, who said:

"I am disabled, and I would definitely prefer to have a talented and caring hairdresser like Dougie see me at home than struggle with the journey to Edinburgh."

When there is such a clear impact on patients and customers, does the cabinet secretary not feel that he has a responsibility to investigate why we are in this position?

Alex Neil: I am happy to investigate why that has happened but, of course, the tender, like every other tender, has to comply with European Union procurement rules, and the rules said that the contract had to go out to tender. It is fairly straightforward to see that, if the company did not tender for the contract, it could not win it. The company was an agent for another tenderer, which was a successful tenderer for the contract. I am happy to provide members with detailed information on the issue, because I think that there is a misunderstanding of the contractual position.

Helen Eadie (Cowdenbeath) (Lab): Will the minister meet with concerned members? I, too, have had representations, not just from that particular company, but from an Edinburgh-based company that had to close its doors. The fact is that the cabinet secretary's officials offered an agent in Falkirk a stairlift, but it did not offer that to Sheds in Dunfermline. Why is one being treated with a degree of equity when another is not?

Alex Neil: The obvious question in my mind is about why A&A Studios—for which Sheds Hairdressing is an agent under the contract—is not offering the service. I am more than happy to arrange to meet members from Fife so that we can try to bottom out the matter.

Funeral Directors (Accreditation)

9. Fiona McLeod (Strathkelvin and Bearsden) (SNP): To ask the Scottish Government what procedures are in place for funeral directors to attain and retain their accreditation. (S4O-02133)

The Cabinet Secretary for Health and Wellbeing (Alex Neil): Information on the accreditation of funeral directors, which are private sector organisations, is not held by the Scottish Government.

Fiona McLeod: That might not help me with my next question, which is whether there are plans for an information or training campaign for funeral directors before the full implementation of the Certification of Death (Scotland) Act 2011. That follows confusion that has caused constituents of mine a great deal of anguish at a difficult time.

Alex Neil: The trade body, the National Association of Funeral Directors, is represented on the death certification national advisory group, which is directing the implementation of the work. More specifically, the association is working with the Scottish Government, the Institute of Cemetery and Crematorium Management and the Federation of Burial and Cremation Authorities to ensure that awareness raising takes place and that relevant guidance is provided to the industry in advance of national implementation of the 2011 act.

Early Years Strategy

10. James Dornan (Glasgow Cathcart) (SNP): To ask the Scottish Government what impact the Save the Children report, "State of the World's Mothers 2013", will have on its early years strategy. (S4O-02134)

The Minister for Children and Young People (Aileen Campbell): The Scottish Government welcomes the report from Save the Children and the focus that it brings to the importance of high-quality support for women and their children. Our early years framework clearly sets out the steps that we need to take to make Scotland the best place in the world to grow up. Our multi-agency early years collaborative, which brings together partners from across civic Scotland to deliver with and for our children and families, is part of that activity. Indeed, one of the collaborative's three stretch aims is to reduce stillbirth and infant mortality in Scotland.

James Dornan: Will the minister join me in congratulating Finland on being named the best country in the world in which to become a mother? Does she share my disappointment that the United Kingdom has fallen from joint 10th to 24th? Will she outline what steps the Scottish Government can take with the powers that it has to emulate the work that is being done in Finland and other small,

independent countries, so that we make Scotland the best country in the world in which to become a mother?

Aileen Campbell: Yes, I will join the member in congratulating Finland on being named the best country in the world in which to become a mother. I note with interest the progress that has been made by Finland, which is a small, independent country in northern Europe that is in full control of its destiny and is an example for us all.

The report raises many issues that relate to inequality, particularly social, economic and health inequalities. We can do what we can to tackle persistent inequality effectively in Scotland, but we do so with one hand tied behind our back. An opportunity to create a fairer country presents itself next year—yes to emulating Finland, yes to a fairer society and yes to being in charge of our own affairs through independence.

First Minister's Question Time

12:00

Engagements

1. Johann Lamont (Glasgow Pollok) (Lab): To ask the First Minister what engagements he has planned for the rest of the day. (S4F-01380)

The First Minister (Alex Salmond): Later today, I will be speaking with Scottish Enterprise, which is announcing that we have a record number of Scottish companies that were supported into new overseas markets last year by its international trade arm, Scottish Development International. Last year, SDI worked with 2,096 companies—a 50 per cent increase from the previous year. That is expected to lead to an increase in export sales of £880 million over the next three years.

Along with the excellent rise in job numbers yesterday, I am sure that those improving economic statistics will be welcomed by the whole Parliament. No doubt we will still have many disappointments in the future—it could not be otherwise in a recession—but those are excellent figures for the Scottish economy that we all should welcome.

Johann Lamont: A packet of paracetamol costs 19 pence in Tesco. To dispense it on a free prescription costs the national health service £3.10 per prescription. The NHS spends £7.2 million a year dispensing paracetamol. For that amount of money, 200 Scottish cancer patients could get cetuximab to treat their condition for free for a year. Although that treatment is free in England, Scots cancer patients have to pay about £3,000 a month for it. Does the First Minister think that that is fair?

The First Minister: I remind Johann Lamont that the Labour Party supported the move to free prescriptions in this chamber, in this Parliament. If it wants to reverse that policy—as many people suspect it does, in terms of the cuts commission's deliberations—it should say clearly to the people of Scotland. In particular, it should say that to the up to 600,000 families who earn £16,000 a year or less who had to pay for prescriptions under the previous system.

The cancer drugs issue is hugely difficult and challenging. We can talk about cetuximab if Johann Lamont wishes to do so. The position, incidentally, is not as she stated.

Johann Lamont: Not everything in this world is an argument between the First Minister and me about manifestos—some things are more

important than that. Government is precisely about the hugely challenging issues.

Scots cancer patients are three times less likely to get on the Scottish NHS the drugs that they need than are patients in England, according to cancer charities. Scottish cancer patients have to pay thousands of pounds for vital life-enhancing drugs that are available free south of the border. That means that some Scottish cancer victims are planning to uproot their families from their homes and communities to move to England for treatment that they cannot afford here. We are in danger of exporting health refugees. [*Interruption.*]

Members: Shame!

The Presiding Officer (Tricia Marwick): Order. [*Interruption.*] Order.

Johann Lamont: I absolutely agree that it is shameful, so I am asking—[*Interruption.*]

The Presiding Officer: Order.

Johann Lamont: I agree that it is shameful that we are in danger of exporting health refugees, so what is the First Minister's advice to those families?

The First Minister: I will deal with the question in two ways. First, on the specific question of cetuximab, the drug was authorised by the Scottish Medicines Consortium in January 2010. The decision to restrict its use was the application from the pharmaceutical company Merck Serono Ltd. I quote from the SMC decision:

"The submitting company has requested that SMC review a niche within the licensed indication specifically for patients who had not previously received chemotherapy for their ... disease. The efficacy and safety data presented reflects this niche."

Therefore, for that, it was approved by the SMC. It is similar to the decision that was made by the National Institute for Health and Care Excellence in England.

Of course it is the case that in England there is a cancer drugs fund to which people can apply, but cetuximab is listed in the cancer drugs fund only for specific conditions and there are restrictions on its use. We also know that the cancer drugs fund is coming to an end next year and has been heavily restricted in recent weeks.

We also know that the cancer drugs fund has been heavily criticised, including by the cancer charities that challenge the idea of the fund. We also know that the Labour Party in this Parliament voted not only to remove prescription charges from Scotland—which was a good vote—but voted against the idea of the cancer drugs fund because of the challenges to that fund. I know that Johann Lamont will not like to be reminded of this, but in tackling the extraordinarily difficult issues of

access to medicine and deciding the right thing to do, if we look at the track record of the Parliament on facing up to the inequality that prescription charges imposed on the Scottish people, and on finding the right way to make available medicines that help people with life-limiting conditions, we see that the fact is that the Labour Party agreed with the Government, both on prescription charges and on our attitude to the cancer drugs fund. That puts Johann Lamont in an extraordinarily difficult position in pursuing the line of questioning that she is now pursuing.

Johann Lamont: The extraordinarily difficult position that I am in is that I am not able to address the problems: I can only ask the questions. I am not in government and I have a responsibility to raise the difficult issues, so I am asking the First Minister not to retreat to the comfortable refuge of party politics, but to focus on what is happening in the real world.

With respect, I say to the First Minister that what he said is not good enough for people like Maureen Fleming—a mother of three and a grandmother of 10 who has bowel cancer. Maureen has been denied the drugs that her consultant has said would improve her condition and extend her life. The Flemings are a proud family who are struggling to get together the £10,000 that is needed for the first three months' treatment. However, they cannot afford to pay for any more treatment after that, so they are planning to leave their home of 27 years and to rent a flat in Newcastle because they can get the drug free in England. Time is short; Maureen Fleming has come to the chamber today to hear at first hand the First Minister's advice to her and cancer victims like her.

The First Minister: As Johann Lamont will have noted, the review of the SMC process put forward a wide range of ways in which the SMC is effectively carrying out its job for the Scottish people. I can give Johann Lamont a list of drugs that are, because of the efficiency of the SMC process, available in Scotland but not in England.

Parliament and the cancer charities in Scotland decided that the cancer drugs fund was not the right way to go and, as we know, the cancer drugs fund in England will come to an end next year. In Scotland, we have in the Scottish Medicines Consortium an efficient process that we would be very unwise to challenge. Its effectiveness is widely admired because of the rapidity with which it judges and evaluates drugs. It is, however, capable of improvement, which is why the Routledge review was set up. We also have the individual patient treatment request system to which people can apply, according to the nature of their individual conditions. Improvements can be made to that system as well.

Johann Lamont accuses me of playing party politics, but she introduced the subject in a party political way. It is perfectly reasonable to point out that the Labour Party agreed, both on prescription charges and on our attitude to the cancer drugs fund, with our judgments on the best way in which to deliver health to the Scottish people. In the current extraordinarily difficult circumstances, we are trying to reach a position that gives the best treatment to the people of Scotland—that is the basis on which we have the SMC and the individual patient treatment request system. It is not the case that there is a simple or easy solution; we make the best judgments that we can make. That is done—as it is done, I hope, by every member—with a genuine wish to protect the welfare and health of patients in Scotland.

Johann Lamont: I regret that, in all that, the First Minister did not address the question that I posed to him. Mrs Fleming represents a failure in the system. While we are deliberating about how we might address the problem in the future, it is the business of Government to address what is happening now to families who do not have time to wait. We are talking about the real lives of real Scots. I will engage in the policy debate, but I urge the First Minister to act now for the people who are being failed by the system.

The First Minister and I agree that the NHS should be free at the point of need, but the reality in the First Minister's Scotland is that if a person has a headache, their prescription is free, but if they have cancer, their prescription can cost £3,000 a month. Is not it the case that, in this Scotland, Scots with hay fever can get their prescriptions free, but Scots with cancer may have to leave their homeland for treatment to save their lives?

The First Minister: When this Administration abolished prescription charges, we were a minority in Parliament. If the Labour Party—and Johann Lamont—had wanted to stop that policy because they did not think that it was the right move, they could have stopped it by voting against it. In fact, they supported the policy because—I hope and believe—they felt that, for the 600,000 Scots on £16,000 a year and less, it was the right thing to do. If the Labour Party had felt that a cancer drugs fund was the right policy to have, it could have supported a cancer drugs fund in this Parliament, but it agreed with us and the cancer charities that that was not the right or proportionate thing to do.

There are always improvements that can be made to the system, but the SMC process is a robust and effective system. It is doing the absolute best that it can, and we are making improvements. The individual patient treatment request system is also a good system, which is why we are trying to standardise it across the

nation by looking at particular aspects that affect individual patients.

However, to pretend to people that there is a solution to the hugely difficult questions—they are being faced by every health service around the world—about the efficacy of drugs that might be approved for use is to mislead people entirely. To pretend to people that the situation in England will continue—which it will not—or that it is satisfactory at present, is also wrong.

The last thing that I will say to Johann Lamont is that although I have every consideration and respect for the individual cases—we have all had constituents in that position, because of how things are done—we have to have regard to information from the drugs companies. Last week, a statement from Roche argued that there is the drugs tourism to which Johann Lamont referred. We should reflect on the fact that, when Avastin—the drug about which Roche was particularly concerned—came to the Scottish Medicines Consortium, Roche did not offer the discount that was asked for under the patient access scheme. That was Roche pharmaceuticals division, which has an operating profit of £10.9 billion this year. Just occasionally, in trying to overcome such difficult issues, we should perhaps ask drugs companies such as Roche why they are not prepared to offer to the Scottish people effective drugs at reasonable prices that would allow more of them to be approved.

Secretary of State for Scotland (Meetings)

2. Ruth Davidson (Glasgow) (Con): To ask the First Minister when he will next meet the Secretary of State for Scotland. (S4F-01375)

The First Minister (Alex Salmond): No plans in the near future.

Ruth Davidson: Last year, we had the embarrassing pantomime of the First Minister pretending to have legal advice on an independent Scotland's relationship with the European Union and fighting his way through the courts to guard its contents, only for us all to find that no such advice existed—it was made up to cover for the fact that everything that the Government said about the EU was based on little more than wishful thinking.

Then, in October, the Deputy First Minister promised the Parliament that she would tell us how much that aborted action finally cost taxpayers but, as of this morning, that information has still not been lodged. I will therefore ask again: how much public money was spent on a pointless action to prevent the publication of legal advice that never existed?

The First Minister: I accused Willie Rennie of kamikaze tactics last week, but to talk about Europe with the phrase “embarrassing

pantomime”, in the wake of a performance in the House of Commons that the leader of the Liberal Democrats—whom I should give another mention to, because he does not get a question today—said showed that the Prime Minister had taken leave of his senses, although the Liberal Democrats and the Conservatives are allies in the coalition Government, takes the most extraordinary degree of bravado, on which I congratulate Ruth Davidson.

The cost of the action is a mere fraction of the inflated cost that Ruth Davidson suggested last year. She would do well not to make such grandiose claims in the future.

Ruth Davidson: In terms of bare-faced bravado, the First Minister is going some himself, when the Scottish National Party’s own voters are more interested in holding a referendum on Europe than they are in voting for independence. [*Interruption.*]

The Presiding Officer: Order.

Ruth Davidson: Although we were promised the information seven months ago, it is still being kept secret. We do not have it. Last night, we heard from another minister, who said that at last Scottish Government legal advice on the EU actually exists. On the basis that his minister was not pretending, the First Minister needs to tell the people of Scotland what that advice contains.

Last year, the Scottish Information Commissioner ruled that we have a right to know on such a critical issue. Vague promises of edited highlights in a far-off white paper just will not cut it. Will the First Minister again go through the costly farce of fighting in the courts to stop the people of Scotland knowing the truth, or will he finally reveal what the Information Commissioner says that he should reveal?

The First Minister: That is not what the Information Commissioner ruled at all. I suggest that Ruth Davidson goes back to have a look at her ruling.

When we request specific legal advice from the law officers, it is quite normal then to receive it. That is no great surprise. In terms of going forward—[*Interruption.*]

The Presiding Officer: Order.

The First Minister: What we will do is exactly what the Deputy First Minister said on 23 October:

“the Government’s position in the independence white paper will be based on and consistent with the advice that we receive.”—[*Official Report*, 23 October 2012; c 12408.]

I remind Ruth Davidson that the United Kingdom Government has not published advice from the law officers—that has not been done. The UK

Government has published legal advice from an eminent expert—Professor James Crawford.

We now have a large selection of eminent experts who can opine on the Scottish Government’s position of negotiating from within the context of the European Union, with our timescale of 18 months being a reasonable timescale for the successful completion of the negotiations. We can cite Sir David Edward, the British judge of the European Court of Justice; Graham Avery, the honorary director-general of the European Commission; Lord Malloch-Brown, a minister in the previous Labour Government; and—from only yesterday—John Bruton, the former Taoiseach and EU ambassador to the United States. We can also cite Professor David Scheffer, who has said exactly the same thing.

Perhaps the absolutely clinching view that we can negotiate our position from within and that 18 months is a reasonable timescale comes from the UK Government’s chosen legal adviser, Professor James Crawford. When he was asked about that precise question on the “Today” programme, he replied:

“Well, the Scottish estimate is about 18 months, and that seems realistic.”

Now that we have that huge consensus of legal experts—up to and including even the UK Government’s expert—can Ruth Davidson bring herself to join the consensus and not engage in the fractious dispute that the Tory party is pursuing at Westminster?

Offshore Wind Energy

3. John Wilson (Central Scotland) (SNP): To ask the First Minister what discussions the Scottish Government has had with Vattenfall regarding its investment in offshore wind energy projects. (S4F-01387)

The First Minister (Alex Salmond): Scottish Enterprise and Scottish Development International have held discussions with Vattenfall and a number of other interested parties regarding offshore wind energy projects. In relation to the European offshore wind deployment centre in Aberdeen bay, Vattenfall is continuing to develop the scheme alongside its project partners, the Aberdeen Renewable Energy Group and Technip Offshore Wind, and it has said that it is confident of securing new investment in the project.

John Wilson: What estimate have the Scottish Government and its agencies made of the benefits of the European offshore wind deployment centre as a driver for jobs and investment in the supply chain in Scotland?

The First Minister: The centre will of course create employment—I think that the estimate is

265 jobs in the construction phase and 25 jobs in the operation phase—but its purpose is to be not a wind farm, as is often said, but a deployment centre that tests new offshore wind technologies. That is why there are only 11 turbines in the proposed development. The development's significance is in exactly that—it is to put Scotland, and Aberdeen as an energy capital, in a central position in the development of that exciting new technology.

It is estimated that that technology—deepwater offshore wind in Scotland—will be able to provide tens of thousands of jobs in Scotland, because it will be necessary for the energy needs of not just Scotland and England but the European continent.

Ken Macintosh (Eastwood) (Lab): As the First Minister rightly says, the offshore wind deployment centre is important for the future of Scotland's offshore industry. If Vattenfall cannot sell its shares, will he step in to secure the centre's future?

The First Minister: I saw the Labour Party spokesperson, Ken Macintosh's colleague in Aberdeen, suggest that we should match the funding of €40 million that the Scottish European Green Energy Centre—established by the Scottish Government—secured from the European Union. I would like to know whether that is another Labour Party spending commitment. Is the Labour Party saying that the Scottish Government should spend €40 million?

The deployment centre is a commercial project, supported by the €40 million of European investment that the Scottish Government secured through the green energy centre. The project partners are confident that they will be able to secure interest in the project. Why should they not be? Many companies are interested in the development of deepwater offshore wind in Scotland.

If Ken Macintosh is proposing a spending commitment, he should come to the chamber—

Ken Macintosh: I am asking the question.

The First Minister: He says that he was only asking the question. His colleague in Aberdeen wisnae asking the question; he was making a recommendation. If that is the Labour Party's policy, perhaps Ken Macintosh could square that with the other priorities, such as the one that Johann Lamont brought to me earlier.

Electronic Tagging

4. Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): To ask the First Minister what the Scottish Government's position is on the use of electronic tagging of

offenders as an alternative to short-term sentences. (S4F-01377)

The First Minister (Alex Salmond): There is strong evidence that community sentences are an effective alternative to short prison sentences. That is clear, because 58 per cent of offenders who are imprisoned for three months or less are reconvicted within a year, compared with only 24 per cent of those who receive a community sentence.

Electronic monitoring has been used in Scotland since 2002. It continues to play a significant part in offender management. We are consulting this summer on the possible development of the electronic monitoring service to include the satellite tracking of offenders.

Christine Grahame: Is the First Minister aware that, in Sweden, anyone who is given a sentence of six months or less can apply to be tagged at home under house arrest while being monitored? If there is any breach, they are returned to jail. Is he also aware that reoffending has fallen to 12 per cent and that the cost to the taxpayer is some £40 per day, not the £165 per day of a prison place? Given that the success of tagging there over 20 years, with the First Minister consider following the Swedish model?

The First Minister: The Government is always happy to learn about practice in other jurisdictions. In fact, last week, the Government supported and chaired an event at the University of Strathclyde that heard from the head of the Swedish probation service, who outlined how its system operates.

Many of the characteristics of the Swedish system are already in place in Scotland, but the consultation on electronic monitoring this summer will be an opportunity to capture formally any options for improvements. Although we have the lowest crime rate in 37 years, we are always keen to continue to improve whenever we can.

The Presiding Officer: I call Margo MacDonald.

Margo MacDonald (Lothian) (Ind): Thank you, Presiding Officer. I hope that you are feeling well.

I wonder whether the First Minister has had a chance to look at the *Official Report* of the debate that we had on Tuesday. In that debate, people whom he has classified as offenders were split into two camps: those who had electronic tags and could vote in an election; and those who had received a custodial sentence for the same crime, more or less, and could not vote. Does he agree that that raises a matter of equity that we should consider?

The First Minister: I read the proceedings and thought that it was an excellent debate on all sides as various arguments were put forward. However,

I agree with the majority position that was taken in the debate: when people engage in crime and receive a prison sentence, they sacrifice some of their entitlements, such as the entitlement to freedom and, rightly, the entitlement to vote.

It was a good debate on the subject and the way in which it was conducted did the Parliament proud.

Bullying (National Health Service)

5. Drew Smith (Glasgow) (Lab): To ask the First Minister what steps the Scottish Government is taking to tackle bullying in the national health service. (S4F-01388)

The First Minister (Alex Salmond): In 2011, we worked with health boards and trade unions to develop the new policy on preventing and dealing with bullying and harassment, which sets out a new minimum standard for ensuring that all members of national health service staff are treated fairly and consistently.

In addition, the national confidential alert line went live on 2 April this year. It provides a further source of advice and support for staff who fear that they may be bullied or who wish to raise concerns about the health service to report those concerns in confidence and be reassured that health boards will listen.

Drew Smith: The First Minister frequently praises and thanks hard-working staff for their dedication, and he is right to do so, but according to the Royal College of Nursing less than a third of nurses believe that, if they reported their concerns, they would be believed.

Any suggestion of a culture of management bullying—whether in specific workplaces or more widely—is completely unacceptable, particularly when it would threaten robust whistleblowing procedures, which we know to be absolutely necessary. Therefore, in the light of reports that one in four NHS staff have been subjected to bullying and that, in the Scottish Ambulance Service, more than a third of staff say that they have been a victim of bullying, will the First Minister undertake to ensure that the new national whistleblowing helpline that he mentioned is publicised more widely? For example, will he agree that the helpline's telephone number should be printed on all NHS payslips?

The First Minister: The member should be a bit careful about the statistics that he uses. For example, the 2010 staff survey showed that 22 per cent of staff believed that they had been bullied or harassed in the previous 12 months, but 31 per cent of that treatment was by service users or relatives of service users. It is quite important to understand the terms of the statistics.

I agree with Drew Smith, which is why we have introduced, for the first time, a confidential alert line. I do not agree with Jackie Baillie who, on the radio last week, seemed to suggest that such a thing was not necessary under the great days of the—

Jackie Baillie (Dumbarton) (Lab): Oh, come on.

The First Minister: Jackie Baillie did suggest that on the radio last week—I have with me the extraordinary quote in which she did so.

A far more productive consideration, given that the alert line has just been introduced, is how it is being publicised. It was introduced on 25 March, when 158,000 credit card flyers and 5,000 posters were issued to the health boards to promote it. It is certainly true that we are planning further promotion of that national confidential resource throughout the year to ensure that staff are aware of it. I am sure that Drew Smith will be delighted to hear that that includes messages on NHS payslips.

Gaelic-medium Education

6. Liz Smith (Mid Scotland and Fife) (Con): To ask the First Minister what discussions the Scottish Government is having with local authorities regarding access to Gaelic-medium schools. (S4F-01381)

The First Minister (Alex Salmond): The Scottish Government hosted the first ministerial summit on Gaelic-medium education on 20 February this year. It was attended by all local authorities that provide Gaelic-medium education and leading educationists. At the summit, the Minister for Learning, Science and Scotland's Languages, Alasdair Allan, announced £90,000 to fund further summer schools in Gaelic communities for trainee teachers, new research on how best to support pupils with additional needs and the development of prelim exam papers in Gaelic.

Liz Smith: Does the First Minister agree with the many members of the Gaelic community who feel strongly that the urgent priority should be to address the concerns to do with teacher training that relate to the employment and retention of teachers in Gaelic-medium education in areas where there is the highest demand, rather than to insist that local authorities spend a lot of their resources in areas where there is no demand?

The First Minister: Yes, I agree with that, which is why I answered Liz Smith in the way that I did. She should know about the new posts at the University of the Highlands and Islands in Gaelic teacher training, which I think are highly effective.

I hope that all members have taken advantage of the promotion of Gaelic-medium education that has been taking place in the Parliament this week. I know that many have, because I asked.

We should be delighted by the indications from public opinion surveys that—contrary to the view that is sometimes put forward by some of our less reputable organs of the press that there is a great reservoir of discontent about the promotion of Gaelic as one of our national languages—there is widespread public support for Gaelic-medium education and for BBC Alba, which has achieved outstanding audience figures of more than 500,000 people on many occasions. That is a spectacular achievement, which should be celebrated by everyone in the chamber.

The Presiding Officer: That ends First Minister's question time. I will allow a short pause to enable members who are not participating in the members' business debate to leave and the public gallery to clear.

University Marine Biological Station Millport

The Deputy Presiding Officer (John Scott):

The next item of business is a members' business debate on motion S4M-6139, in the name of Margaret McDougall, on the university marine biological station at Millport.

Motion debated,

That the Parliament notes with concern that the University Marine Biological Station Millport will no longer be funded by the University of London and will close; understands that the station has been used by Glasgow, Edinburgh, St Andrews, Napier, Heriot-Watt and West of Scotland universities and that, in 2012, 533 students from Scottish universities and 521 from English universities used the facility; considers that the Scottish Government has refused to intervene to take meaningful action, despite a 10,000 strong petition and a highly publicised campaign to keep the station open; further considers that this closure jeopardises 30 quality jobs on the Isle of Cumbrae, and believes that the loss of this station could cost the local economy in North Ayrshire up to £2 million and have an impact on school provision and other public services.

12:30

Margaret McDougall (West Scotland) (Lab): I thank the Presiding Officer and members from all parties for their support in bringing this debate on the future of the marine biological station at Millport to the chamber. I also thank all the staff employed at the station, who currently face an uncertain future, the academics from the scientific field, and members of the Cumbrae Community Development Company, many of whom have joined us in the public gallery, for their support. I know that they have had a long journey to get here. I thank all members who are going to participate in the debate.

The facility that is based on the isle of Cumbrae has been used for more than 100 years, and it has been a crucial part of a network of research stations around the British and European coasts. In the past 30 years, it has become a leading teaching facility. It brings thousands of students, not just from Scotland and the UK but from all over the world, to Millport.

The facility belongs to the University of London. On 20 March 2013, the governing board of trustees decided to close the university marine biological station in December this year, following the withdrawal of £400,000 a year of revenue funding from the Higher Education Funding Council for England. This is not just an English problem, however. The station may be a University of London asset but, if it closes, the education of marine biology scientists will be affected for years to come, and the closure will have a devastating effect on a Scottish island

community. That is why we need to do everything we possibly can to save the station.

Situated in the Firth of Clyde, the marine station at Millport is a unique and valuable resource, and I am pleased that the Cabinet Secretary for Education and Lifelong Learning, Michael Russell, now agrees with me on that. Professionals who have worked both at the Scottish Association for Marine Science in Oban and at the Millport station have told me that Millport offers a rich variety of conveniently accessible habitats within walking distance, something that the SAMS facility at Oban does not offer. One such person, Dr Peter Barnett, who has been an honorary senior research associate at the station for the past 21 years, has joined us in the public gallery.

There is no doubt that the abundance and variety of marine life on the sea bed is invaluable to the students for their field studies. The station also has an 80-bed hostel for students on the site, and it owns research boats and seawater species tanks. Those are facilities that SAMS in Oban is not able to replicate. That is why there has been tremendous support, with more than 13,000 signatories from around the world calling for the station to be kept open.

I should also mention that the station has a rather quaint museum and an aquarium, which are enjoyed by tourists on the island.

The station has been used by the University of Glasgow, the University of Edinburgh, the University of St Andrews, Edinburgh Napier University, Heriot-Watt University and the University of the West of Scotland. In 2012, 533 students from Scottish universities and 521 students from English universities used the facility, which is contrary to the claim by the First Minister that it is not used by any Scottish universities. Unfortunately, despite the recognition for the station, none of the Scottish universities has come forward with a lifeline. I ask the cabinet secretary what discussions the Government has had with Scottish universities about the possible acquisition of the facility.

As regards the damage done to the local economy, it would be a travesty for such a small island, with a population of approximately 1,200, to lose 30 high-quality jobs—that is the equivalent of 4,000 jobs being lost on the mainland—and up to £2 million from the local economy. If those 30 families move off the island to find employment elsewhere, it will not only impact on local businesses; it will affect the viability of the local school and other public services. The impact will be much more than the loss of a marine research facility; the consequences for the island will be far reaching.

North Ayrshire Council, working with Highlands and Islands Enterprise, has commissioned an analysis of the commercial development potential of the facility, which is due to be completed by the end of June. I hope that that will produce a viable business plan to attract interested parties to invest the £10 million capital and revenue funding that is required to provide a sustainable operational structure, perhaps with a teaching facility and a commercial aspect, to secure the long-term future of the station.

I am not sure that the Scottish Government truly understands what the loss of the station could mean for the island and beyond. It is disconcerting that, at a public meeting in Millport on the marine station's future that was held by Labour MP Katy Clark and attended by around 100 people on a wet and miserable evening last week, the Scottish National Party councillor Alan Hill said that he believed that this debate would make no difference. Does he have no faith in the Scottish Government?

I am happy to work with anyone—political or otherwise—to find a viable solution, because this is not about politics, and it is not just about saving the marine station; it is about saving the fragile economy of an island in the already disadvantaged area of North Ayrshire. I hear that community ownership of the facility is being considered, although I have not been privy to the detail. Will the cabinet secretary expand on that proposal and say whether he supports the idea?

To conclude, I ask the cabinet secretary to give assurances that his Government is 100 per cent committed to finding a way to secure a long-term sustainable future, including an element of financial support if necessary, for the marine station and the community of Cumbrae. I urge everyone to come together on the issue for education, for science and for Scotland, so that we unite in doing everything that we possibly can to keep the marine station open and the island's economy afloat.

The Deputy Presiding Officer: I call Kenny Gibson, who is the constituency member.

12:37

Kenneth Gibson (Cunninghame North) (SNP): I congratulate Margaret McDougall on securing this debate, which is on a matter that I first raised at First Minister's question time on 20 December last year. In the months since, the cabinet secretary, Michael Russell, has chaired a number of meetings that have involved numerous stakeholders, including North Ayrshire Council, Highlands and Islands Enterprise, the University of London, the Scottish Further and Higher Education Funding Council, staff representatives

and others such as the marine alliance for science and technology for Scotland and the Scottish Association for Marine Science, to secure the future of the university marine biological station Millport.

On Tuesday 30 April, I accompanied Mr Russell when he addressed the staff. On the same day, North Ayrshire Council's Scottish National Party cabinet met to discuss the proposed marine station closure, the prospect of up to 28 job losses at the facility and what could be done to prevent that. I am delighted that the council has appointed Mr Paul Durrant, director of business development at the University of Abertay Dundee, to act on its behalf and with HIE on proposals for the future development of the Millport facility. The council will also work closely with Cumbrae Community Development Company to deliver local solutions to the closure. CCDC has appointed its company secretary, Mr Stephen White, to prepare an analysis and business plan for the continued educational use of the facility. The aim is to transfer the assets and establish a trust this summer to ensure continuity of the business. Alan Hill, who is a local councillor and CCDC director, has been leading on those issues for the council. Council officers have worked hard to identify solutions, and Mr White has also worked virtually non-stop on the matter in recent weeks. I hope that the new proposals will show a way forward for the station and, in particular, ensure that field studies work on the island is safeguarded and a strategy is developed to allow the business to grow.

Discussions are on-going with the University of London to secure a smooth transfer of assets and a legacy commitment. The continued involvement of higher education establishments in the station's future is also crucial. A huge effort has taken place behind the scenes. Mr Russell secured a delay in closure of several months while co-ordinating work to keep stakeholders involved, informed and working together. His office has also approached all 10 Scottish universities that have an interest in marine biology to seek their involvement in the station, although to date, none has yet indicated an interest in taking over the facility. He has also ensured continuing SFC funding.

There is a widely held view that an injection of capital—an issue that I pursued over a number of years, under the leadership of Professor Atkinson before he retired—would resolve the situation. However, while money—capital and revenue—is an issue, and chronic underinvestment over four decades has undoubtedly led to the current state of affairs, academic leadership from a recognised institution is essential if the UMBSM is to continue to deliver the same level of academic excellence as before.

While the initial piece of work that is being commissioned will focus on the marine station, the council's SNP cabinet agreed to a second phase of development aimed at boosting the existing community development plan and building on the potential for tourism and other developments on the island. That will include supporting and developing existing businesses; improving the streetscape and public realm, including the pier; reviewing land allocations to enable better development of the island's tourism offer; and finding ways to improve and develop the Cumbrae brand through better marketing and tourism development.

Plans should be concluded by next month and, once future proposals for the station have been confirmed, potential funding sources will be identified, with a view to allowing the facility to operate self-sufficiently, without the need for on-going revenue support. To that end, there have been significant commitments of funding from HIE and North Ayrshire Council.

Everyone with an interest in the wellbeing of Cumbrae, its people, local businesses and, importantly, the staff employed at the UMBSM continues to strive to deliver the best possible outcome for the island at this difficult time. It is solutions that we need now, rather than continued discussion of a situation that we already know exists.

12:41

Margaret McCulloch (Central Scotland) (Lab): I congratulate my colleague Margaret McDougall on securing this debate on the future of the marine research station at Millport. This is not only a topical issue in her region; it is also a matter of the utmost importance to the future of the island of Cumbrae, North Ayrshire and all the people who live and work there.

In a small island community, the impact of any job losses, let alone 30, is significant. That is 30 fewer incomes being spent on the island, supporting the local economy and helping effectively to sustain the community, especially if those affected relocate to find work.

I note from the motion that more than 1,000 students from universities throughout Scotland and England have travelled to Millport to use the station. I have no doubt that the loss of those visitors, too, would seriously affect local traders. Indeed, the whole economy of North Ayrshire could lose up to £2 million.

As we have heard, the future of the research station at Millport is also of huge significance to the academic community. The facility is ideally placed in the Firth of Clyde, with a long and widely respected tradition of supporting internationally

recognised research. Even today, with all the uncertainty over the future of the site, it continues to be regarded as a critical part of the country's academic infrastructure and a key location for the study of marine biology, biodiversity and a range of related subjects.

It would therefore appear that the decision by the University of London to withdraw funding is extremely unpopular and incredibly short-sighted. If we allow the marine station to close, we will fundamentally change the character of the local economy and the local community on Cumbrae, as well as losing a great asset to the sciences in Scotland and the UK.

Earlier this year, more than 40 academics signed an open letter to the Scottish Government to ask for action on the marine station. I understand that a petition has gathered more than 13,000 signatures.

I see that the education secretary is calling for all interested parties to work together to find an alternative to closure. I completely agree. However, the issue here is one of funding and sustainability. If the Scottish Government agrees, I hope that it will be prepared to step in and help the community to find a solution that works for the academic community and the isle of Cumbrae.

12:44

Jackson Carlaw (West Scotland) (Con): I, too, congratulate Margaret McDougall on securing the debate and on the comprehensive motion that she has advanced.

Scottish Conservatives—locally through Annabel Goldie and myself, and generally through concerns expressed by our education spokeswoman, Liz Smith—share the dismay that the wonderful and much admired and respected facility on the isle of Cumbrae seems set to close.

Like the cabinet secretary, my colleague, Annabel Goldie, has visited the station and was highly impressed by what she saw and heard. We are both aware of the strength of feeling expressed through the petition to which others have referred, which has attracted in excess of 10,000 signatures—no small feat for an island with a population of around 1,400. The public meeting organised by Katy Clark MP gave further expression to that strength of feeling only a couple of weeks ago.

As the motion notes, some 30 islander jobs are at stake. That is all the more concerning given that Cumbrae is classed as a fragile economy. Together with the loss of the many visits to the station, which are detailed in the motion, that represents a potentially mortal blow: the further loss of around £1 million to the island's economy.

It is difficult to see how that can be easily absorbed.

What is not in doubt is the excellence of the facility, which gives rise to the question why has the Higher Education Funding Council for England withdrawn funding to the University of London? What are also not in doubt are the location of the university marine biological station and the excellence of the education experience to be gained. Cumbrae is ideally situated for the field courses in marine biology and microbiology. There is a variety of shore to hand and other coastal habitats are all within walking or cycling—which everybody does—distance of the marine station. In addition, the diversity of species and environmental conditions provide many opportunities for learning and investigation.

As Professor Mark Blaxter, a biologist at the University of Edinburgh, who co-ordinated the petition observed:

"It's the only coastal field station in the UK that students can visit—1,200 from all over the UK visited last year.

It's the place they go to experience on the shore and on boats what they've only heard about in lecture theatres. It's where we see students turning from rank amateurs into being able to spout Latin names—it's an incredibly important resource."

For all those reasons, some 30 UK and European institutions use the facility, utilising some 6,000 to 7,000 bed nights annually.

In suggesting that the cabinet secretary intervene, I do not mean to suggest that he has shown any lack of interest. He is not a superficial man, and I am certain that he will have a complete and genuine grasp of the issues and what is at stake. Nor do I underestimate the future investment that seems to be required. I also support the considerable efforts of North Ayrshire Council, which will be all the more productive the more inclusive they prove to be. However, the arguments support the retention and development of the station not only because its loss will have a negative impact on those who wish to study marine science, but because its loss will have a lasting negative impact on the fragile Cumbrae economy. It can never be an industrial hub for heaven's sake, but it is a unique centre of marine biology academic excellence that Scotland can ill afford to lose.

12:47

Anne McTaggart (Glasgow) (Lab): At the outset, I declare an interest: I once worked for North Ayrshire Council as a community worker that covered the isle of Cumbrae.

I am delighted to contribute to the debate because I know how important the subject of the exceptional biological science facility based in

Millport and the recent decision to close this important national resource are.

I thank my colleague, Margaret McDougall MSP, for her on-going campaigning and support, and for securing the time in the chamber to reflect on the damaging decision and to consider the effects of closure on the local and national economies.

The university marine biological station Millport is ideally situated for marine biological teaching and research. In addition to providing marine biological teaching for its parent university, the University of London, the station also has a substantial national role in providing facilities and logistical support for field teaching by universities throughout the UK. It has a long tradition of quality marine biology research with a worldwide reputation, and it is a Scottish research facility that the entire nation can be proud of.

With the continued threat of global warming, it is perhaps more important than ever before that research and education facilities exist to allow people to appreciate and understand the scale of the problems that we face and to develop effective responses to environmental and biological disasters.

Producing well-trained and well-educated people who make a significant contribution to biological sciences is a proud tradition of Scots and the Government must do all that it can to ensure that that tradition continues, despite the closure of this exceptional facility.

We know that the Higher Education Funding Council for England has withdrawn the £400,000 that it awards the University of London to run the station. While that is a devastating blow for the staff and students who use the facility, I believe that we should invest in the science facility at Millport to safeguard the jobs and maintain the quality of Scottish scientific research.

Last month, the Government offered support to the staff of the facility, but that did not extend to a commitment to funding it independently following the regrettable decision by the University of London. As was mentioned earlier, I believe that the Scottish Government's approach is short-sighted and will impact negatively on the local economy in North Ayrshire and the quality of research undertaken by Scottish universities and their students.

12:51

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): At the outset, I state unequivocally that the Government treats this threat to the community of Millport and the island of Cumbrae very seriously indeed. I have been working and I will continue to work,

along with my colleagues—including John Swinney, who obviously has a responsibility in terms of economic development—as closely as possible with all the stakeholders and all those who are prepared to work together to do everything that we can to help. That has been my intention from the day and hour that I heard of the likely decision of the University of London and it will continue to be the Government's position until we have a successful outcome. I do not want anyone to doubt that in any way.

I am grateful for the opportunity to put that on the record at the very beginning. I have been working very closely with the stakeholders, elected representatives, the community and the staff, and I will continue to do so—as will my officials—so that we are absolutely certain that we can try to get the best possible outcome.

We have been engaged on this issue throughout the period. We have stepped up to the plate on numerous occasions and we will continue to do so. It is unhelpful for any suggestion to be made that that is not the case. It is not a question of backing one place against the other. That is also a wrong and divisive suggestion.

For those who are unaware of the full background to the situation at the marine station, it might have been easy to become a little confused by some of the accounts that we have heard. The decision to close the Millport facility was taken by the University of London. Despite being located in Scotland, the station has been under the ownership of the university for more than 40 years. It is absolutely true that in those 40 years it has been much valued; thousands of students from Scotland, the UK and overseas have used it on a regular basis and each has paid the University of London for so doing. In fact, we have added money to the station despite that situation. The Scottish funding council contributed £125,000 last year to assist the University of London to make marine science provision. It did so, because the funding gap—the subsidy that the station required—had been growing all the time.

Mr Jackson asked the apposite question, why has HEFCE withdrawn its funding? I will come to the total in a minute. It has withdrawn its funding because of the failure of the University of London over a long period to invest and produce a viable business plan, which is much to be regretted. The Higher Education Funding Council for England presently contributes just under £500,000, so we are talking about £625,000 in total revenue support. The University of London claims that it also provides a very hefty subsidy. So, there is a big revenue shortfall in the station. There is also a capital need, because the station has fallen into a state of disrepair—there is no other way of putting

it. The capital funding required is between £7 million and £10 million.

The Stevely report commissioned last year by the Higher Education Funding Council for England highlighted the failure to invest and emphasised the critical financial situation that the University of London had allowed to develop.

In those circumstances, it was eventually not possible for HEFCE to continue to fund the station. The problem was finding at very short notice the funding required in capital, which is very substantial, as well as any revenue funding. We have come together in Scotland with a willingness to try to make a difference, to preserve the provision of marine science field studies and to provide a secure future for the island of Cumbrae.

I represent a large number of islands—more than any other member in the chamber—and I entirely understand the effect of a closure on a small island community.

I have spoken to the University of London and given it options to mitigate its decision, which it has not taken. I have also personally suggested to the vice-chancellor that the university considers giving the facility to the community or some other body. I have visited the station—in fact, it was my second visit—and spoken to the staff there. I have listened to opinions. I have convened several meetings with stakeholders who have an interest in the facility and the local economy, including the University of London; North Ayrshire Council; Highlands and Islands Enterprise; the marine alliance for science and technology for Scotland, which brings together the universities in a marine science pool; the Scottish Association for Marine Science; the Scottish funding council; and Kenny Gibson, MSP for the island—I will come back to him in a moment.

From those meetings, we have developed a number of proposals on the way forward. I have tasked those from the marine science organisations to work on proposals that will preserve marine science fieldwork in Scotland, including historical data collection, which is carried out from Millport. It is important to recognise that one of the big assets of the station is the long sequence of historical data that has been collected. We are keen to see staff from Millport involved and absorbed into that. In the circumstances, of course, we also need to provide support for all the other staff, so we have already activated the partnership action for continuing employment team, which stands ready to help. No formal notices have been issued as yet, and that is required, but when that happens, the PACE team will be there to help.

However, I have to tell members that, of all the universities in Scotland—the SFC has contacted

all of them—not one has been prepared to come up with the capital that is involved. That is not surprising. It would be unrealistic to expect any university, at this late stage, to alter its long-term plans for strategic investment to compensate, essentially, for years of underinvestment by somebody else. We have enormous pressure on capital investment in Scotland owing to the ridiculous situation that we are in vis-à-vis our budget, and that is a problem.

Other people have been trying hard, too, and we have all said that we need to get that viable business plan and investment so that we can support the station in some way. When I went to the island last month, I met opposition members from North Ayrshire Council and Margaret McDougall to talk about our plans. I emphasised then, as I do now, that the best way forward—indeed, the only way forward—is for everybody to work together. It is not to be divisive or to blame others but to see whether we can find a joint way ahead. I said to Margaret McDougall at that stage and have now confirmed in writing to Katy Clark that I would invite her to join the stakeholder group, and if she cannot attend, Margaret McDougall can attend in her place. In addition, I spoke to North Ayrshire Council. I was asked by two opposition councillors—a Labour councillor and a Tory councillor—and I spoke to the council to make sure that it was continuing to keep local members involved.

On local members, I pay a very strong tribute to the work of Kenny Gibson, which has been absolutely tireless. I have known Kenny Gibson for a long time. He is not a man who rests on anything, and certainly not on his laurels. He has been absolutely tireless in pursuit of this and he will continue to be so. I also pay tribute to Alan Hill and to the leader of North Ayrshire Council, Willie Gibson. There has been an absolute focus on taking the issue forward, and that will continue.

North Ayrshire Council's views and activities are important. The local member referred to the new analysis from the University of Abertay of the station's commercial development potential and the work that is being done to find other partners. In the meeting that we had with staff, I was impressed by some of the ideas that came from them, and that is feeding into the process, too. We will go on considering funding commitments that were previously made by bodies—smallish but important funding commitments such as those of the coastal communities fund and the Nuclear Decommissioning Authority. Those commitments were made before the University of London's decision, and maybe we can harness them back in.

All that work is going on and will continue. Once we have some account from the work that North

Ayrshire Council and HIE have commissioned, we will bring the stakeholder group together again to look at that.

However, I make a final plea. I made it to the opposition members when I met them in Largs, but they do not seem to have listened, so I want to make it again. The success of the venture will mean everybody working in the same way—working with the members of the community, who are very welcome here today and who need to be reassured that such work is taking place; with the development company; with the local representatives; and with North Ayrshire Council. The surest way in which to not succeed is to sow division in such a campaign. I look forward to working with everybody, and I make the pledge again that I made at the start of this speech: we will continue to work, and the object will be success.

12:59

Meeting suspended.

14:30

On resuming—

Electricity Market Reform

The Presiding Officer (Tricia Marwick): Good afternoon. Members will recall that Liam McArthur submitted a question but was not here to ask it. Mr McArthur has provided a very full apology and explanation.

The first item of business is a debate on motion S4M-06582, in the name of Fergus Ewing, on electricity market reform.

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): The United Kingdom Government's proposals for electricity market reform are at an important stage in their development. I therefore welcome the opportunity to bring the issues back to Parliament.

We have debated the reforms twice before—back in January 2011, when they were first introduced, and again in September 2012. There was consensus among members that EMR must build on Scotland's strengths and there was support for us continuing to work closely with the UK Government, for which we were grateful. The UK Energy Bill was introduced in the UK Parliament in November last year, and the fundamental changes that it will deliver make it vital that the Scottish Parliament is given an opportunity to debate the latest information and proposals.

Scottish ministers share the UK Government's high-level ambitions to move to a low-carbon electricity-generating mix, to maintain security of energy supply, and to support the interests of consumers. I therefore accept the Conservatives' amendment. I have some sympathy with much of the Labour Party's amendment, but we do not feel that it sufficiently explains some of the propositions contained therein. I say that out of courtesy to members at the outset. However, I hope that there will be more agreement than discord in the debate.

We share the reality that the scale of generation and transmission investment that is needed is significant. The EMR proposals aim to deliver large-scale investment in low-carbon generation, while ensuring security of supply in a cost-effective way. We have said from the outset that the reforms, if they are done correctly, can provide the necessary regulatory and price certainty for low-carbon technologies. We need to provide certainty for low-carbon technologies quickly. Unfortunately, thus far the reform has been too slow and the proposals have been too complex. I will come on to some examples later, but will first set out where we want to be.

At the core of its reforms, the Energy Bill introduces contracts for difference, which will replace the renewables obligation, to support investment in low-carbon generation. That will provide long-term price certainty by stabilising returns for generators at a fixed level and thereby incentivise the necessary investment. The renewables obligation has worked very well for Scotland. After a record year for deployment in 2012, we now have 5.8GW of renewable capacity in Scotland, which is almost 40 per cent of the UK total. Our introduction of higher support levels for wave and tidal generation in 2007 has helped to attract investment and establish Scotland as a marine renewables hub. Indeed, in 2012, more than £1,000 million was invested in renewable schemes in Scotland. That is a substantial figure by any yardstick. Six years after 2007, the UK Government followed our lead and introduced higher support for wave and tidal generation in England and Wales. We believe that our agreement to support the UK's transition to contracts for difference will achieve that track record of attracting investment and maintaining investor confidence.

The levels of support that are available under contracts for difference—the strike price—will be published by the UK Government for consultation in July. We welcome that. We have a key role in that process and are already working with the UK on both the analytical and decision-making aspects. Over the coming weeks, I understand that we will get more detail on the levels of support that are likely to be offered. That may give us enough of the confidence that we need, but we are not there yet. The on-going uncertainty about EMR is the challenge that we face. Industry leaders have made it clear that, to make investment decisions, they urgently need clarity and certainty on support from Government.

At present, and for the past couple of years, since EMR was announced, there has been an interruption in what should have been a steady flow of investment in generating capacity. In June last year, Keith Anderson of Scottish Power said:

“the questions I will get asked is how does the mechanism work? The answer, right now, I do not know. What is the strike price? I do not know. What is the rate of return? I do not know. Do I know when the mechanism will be in place? I am not too sure.”

Despite the introduction of the Energy Bill in November, we still do not know the answers to those fundamental questions. That is the case not only for strike prices for renewables. The bill introduces proposals for a capacity market that are crucial to the future investment decisions in gas plant in Scotland and the UK. However, again there is no detail.

The UK Government recognises that we need significant investment in new gas plant. Back in December, Ed Davey said that

“up to 26 GW of new gas plant could be required by 2030”,

yet here we are with projects that have planning consent but in which investment decisions cannot be taken because there are no rules for such decisions to be taken.

On 14 February, Ignacio Galán, Iberdrola's chairman said:

“If the decision is not taken in a hurry, the decisions of investment will be delayed, and if the decisions of investments are delayed, the country can suffer blackouts during the decade. That is particularly shocking. We require numbers.”

We believe that there should be more focus on carbon capture and storage and perhaps less focus on nuclear. I refer to the negotiations with EDF Energy on the project in Somerset. We need only look at the media to see what a guddle EDF is in. Only this week, Sam Laidlaw of Centrica, who, in February—for good reason—pulled out of the partnership to build Hinkley Point C, said:

“Not only had the cost increased but also the schedule had lengthened very considerably. So instead of taking four to five years to build, EDF were telling us that it was going to take nine to 10 years to build. That is a long time to be writing out a cheque for this project.”

Meanwhile, two carbon capture and storage projects are proposed in Scotland, subject to their obtaining the appropriate permissions. That offers us the real opportunity to reduce the impact of coal and gas generation on our carbon emissions. I am pleased that the Peterhead project has made it on to the preferred bidders list of the UK CCS commercialisation competition; I indicated that when I met Michael Fallon a couple of weeks ago. I am pleased that it will go forward to the next stage. Beyond that, we have no clarity or framework for how CCS projects will be incentivised.

I chaired the thermal generation and carbon capture and storage industry leadership group meeting earlier this week, and the industry experts tell me that the UK Government must outline a clear investment signal for coal and CCS as part of the future energy mix. However, that cannot be done in isolation from other generation technologies.

The UK Government must look at modelling work throughout the energy sector to determine the mix required. If it is left to the markets to decide, we may find ourselves in a situation whereby, by the time that those decisions have been reached, it is simply too late to do anything about it. Most important, investors need to know the price that they will get for that CCS coal-fired generation. That must be the clearest signal. If we

do not have that clarity and urgency of purpose, we risk losing the infrastructure that is necessary to keep the UK coal industry alive, and we will lose it forever.

We must ensure that we retain the sites of existing coal-fired power stations that are least likely to give any rise to local objections to their use. Here is the potential prize. Projects such as the Captain clean energy project—CCEP—which is currently on the Department of Energy and Climate Change's CCS competition reserve list, has potential benefits of up to 8,000 jobs during the construction phase, with potential gross value added of £3,400 million. During the operational phase, the jobs created could total 3,000, with annual GVA of up to £130 million per year—those are huge benefits.

Liam McArthur (Orkney Islands) (LD): I hear what the minister says about uncertainty and the implications of that. I share some of those concerns. In relation to the coal price that he wishes to see, has the Scottish Government made any representations in that regard? If so, what is the detail of those representations?

Fergus Ewing: I am not sure that Mr McArthur meant to ask about the coal price, because that is determined by market forces; rather, he perhaps meant to ask about the contracts for difference strike price, which is a perfectly fair question. We are working closely with Department of Energy and Climate Change officials, whom my officials are meeting next week. We will look carefully at the level of support required.

Plainly, we want the right level of support that is neither too high to overly reward the developers, nor too low so that it inhibits development. That is not an easy task. Carbon capture and storage has been the Cinderella of the energy world, and we must increase its status. I hope that that argument will win support in the Parliament today. The benefits to the supply chain in Scotland are simply enormous. In fact, although I am not an expert in these areas, that seems to me to be a sine qua non of Europe achieving its emissions targets.

The uncertainties and challenges are exactly why we are working closely with the UK Government on the reforms—and we are determined to continue to do so. We have secured a statutory role for Scottish ministers in key aspects of the reforms, including the design and delivery of the contracts for difference framework. I am pleased to announce that the two Governments have agreed to develop an intergovernmental concordat to deliver continuing and enduring joint working between the Scottish and UK Governments. Only by doing so can we ensure that EMR is delivered in a way that is fair, open and transparent, in which the interests of the Scottish sector are represented, and which, above

all, has the confidence of consumers, generators, developers and investors.

That intergovernmental co-operation led to yesterday's publication of the "Scottish Islands Renewable Project: Final Report"; as members are aware, that was in response to a question from my good friend, Mr McArthur. Led by the First Minister, we have been arguing for a change to the transmission charging regime for the past four years. There is an urgent need to find a solution for unleashing the massive renewables potential of the Western Isles, Orkney and Shetland, which is hindered by an unfair charging regime. Quite simply, how can it be fair for the charge for access to the grid to be around £10 per kWh in the mainland and up to £130 per kWh for the Western Isles? No matter what knowledge they have about the energy world, everyone can see that that is unfair and must be tackled.

I was therefore delighted that Ed Davey took up my suggestion to establish the intergovernmental steering group and commission a report to assess the barriers that face island renewable generators. The report—which, as I said, was published yesterday—is a major step forward. I am pleased that the industry views it as positive, too. For example, the chief executive of Aquamarine Power said:

"We have not definitively solved the issue of island grids just yet—but it looks very much like the willingness to tackle the problem head-on has, at very long last, arrived."

The report makes absolutely clear that the islands can make a cost-effective contribution to 2020 renewables and decarb targets, if issues relating to grid access and high transmission charging can be addressed. According to the report, the islands can supply up to 5 per cent of the UK's total electricity needs by 2030.

There is much still to be done. On the basis of the report, I will propose to the UK Government an islands CFD uplift, to provide the appropriate investment signals to renewables developers and also to SSE—Scottish Hydro Electric Transmission Ltd—as network provider. I urge the UK Government to work with us to develop new approaches to manage the significant costs of underwriting the first phase of large subsea cable projects.

The proposals need to represent good value for money for consumers. The report provides compelling evidence that onshore wind on the islands can make a significant contribution to UK and Scottish renewable energy and carbon reduction targets.

The Presiding Officer: I ask you to bring your remarks to a close, minister.

Fergus Ewing: I certainly will.

I welcome that the report shows that island wind can be a cheaper option than offshore wind, and is comparable with nuclear power, biomass and imported wind.

In conclusion, I am very pleased that we are near to the start of the beginning of electricity market reform.

I move,

That the Parliament welcomes the continuing commitment of the Scottish Government to work within an integrated UK market framework; notes the importance of the electricity market reform proposals in maintaining investor confidence in Scotland in both renewable and carbon capture and storage technologies and supports the Scottish Government's working to secure the best possible outcome for Scotland's electricity supply industry and consumers; also welcomes the role of the Scottish Government in the Energy Bill, including setting the level of the UK decarbonisation target range and in the design and delivery of the contracts for difference in the Electricity Market Reform Delivery Plan, which the UK Government will publish in draft for consultation in July 2013; supports agreement of a joint concordat to embed the principles of working together; notes Ofgem's report, *Electricity Capacity Assessment 2012*, which strengthens the rationale for investment in Scotland's electricity grid, and further welcomes the commitment of both the UK and Scottish governments to working together to consider and agree solutions to mitigate the barriers facing developers on the Scottish islands.

The Presiding Officer: Thank you, minister. Perhaps it would be helpful if I gave some guidance to members. Time is tight in the debate, but we should fit in everybody who wishes to speak, provided that everyone keeps close to their time limit.

14:44

Rhoda Grant (Highlands and Islands) (Lab): Electricity market reform must be set in a framework that allows the energy market to exist for the next 40 years or so. At its heart must be energy security. We in the Labour Party believe that we must have a sustainable energy mix that provides energy security but which also cuts carbon emissions in order to tackle climate change.

It is therefore disappointing that there has been so little progress since we previously debated EMR. A number of issues that I raised then are still outstanding. For example, we need to have policies that cut energy consumption in the Energy Bill. We also need targets to cut greenhouse gas emissions. Although we have developed renewable electricity, we have not tackled carbon emissions from heat and transport. We need to tackle emissions from our homes to deal not only with carbon but with fuel poverty.

We talked back then about islands transmission charging, but we appear to be no further forward. I join the minister in welcoming the "Scottish Islands

Renewable Project: Final Report", but it tells us only what we already know. We need urgent solutions. Time is running out and we face the real risk of losing the ability to procure an interconnector to the Western Isles. The Orkney islands grid connection is at full capacity and while we boast of the world-leading research and development facilities for wave and tidal energy in Orkney, our grid connection is an embarrassment. The same could be said about Shetland, where we have the potential of the Viking Energy development, which is 50 per cent owned by the Shetland Charitable Trust, which could be put at risk by the lack of grid connections.

The looming referendum creates uncertainty for the energy markets, which is increased by the lack of information on contracts for difference and the strike price that developers can expect.

Mike MacKenzie (Highlands and Islands) (SNP): Do you agree that the UK Government is contributing to uncertainty far more than any concern about the constitution?

The Presiding Officer: It would help if members would speak through the chair.

Rhoda Grant: My point is that both those issues create uncertainty and we need to deal with them if we are to reap the benefits that renewable development can provide. It is also uncertain whether the Scottish Government will have the ability to vary CFDs, taking into account Scottish issues.

We have seen the Scottish Government hand the powers to set emissions levels from power stations back to the UK Government, while boasting of its grid decarbonisation targets. That is not progress—both Governments are dragging their feet and passing the buck. Once again, the Scottish people are stuck between two Governments with the wrong priorities.

We cannot have an Energy Bill that does not look at energy consumption and cutting our energy use. Regardless of the investment in new-generation technologies, energy will always be a scarce resource and we need to use it wisely. We are still dependent on fossil fuels for heat, yet little has been done to develop renewable technologies in this area. We are still waiting for a renewable heat initiative.

However, we need to reduce our use of heat. To do that, we need to give priority to insulating our homes and buildings. There is nothing in the Energy Bill to encourage better insulation and reduce energy consumption. The Scottish Government looks to be watering down its proposals to increase energy efficiency in the new building regulations. The insulation industry was reported recently as saying that those proposals and delays will cost jobs and investment. We know

that there are always tensions between house builders and energy efficiency standards, but we need to look at how we take that forward. It is a false economy to do otherwise; poorly insulated homes will need to be retrofitted in the future and do nothing whatever to fight fuel poverty. If we are really interested in fighting poverty, we need to ensure that people have warm homes as a basic human right.

There needs to be a step change in how we retrofit our existing housing stock and how that is paid for. Those who can afford it are investing already, but those who live in fuel poverty cannot. There are also real concerns about how the green deal will work for people in those circumstances.

Fuel poverty is a huge issue in our island communities. I welcome the document "Scottish Islands Renewable Project: Final Report", which highlights the extent of the problem, but we need to find the solutions now. I understand from SSE that, if we do not resolve the issue of the costs of the connection to the Western Isles in the next few weeks, it may lose its procurement contract for cable. If that happens, it is difficult to see when an interconnector could be built. Prices are already increasing and inflation on cable is huge. More delays mean more costs, which makes the whole thing uneconomic.

The islands are one of the areas in which fuel poverty is at its worst, but community land ownership provides the opportunity for communities to generate power, which they can use locally to address fuel poverty. It is possible to deal differently with generation and sale, but we need the connections to allow that to happen.

There is nothing in the Energy Bill to encourage community development. If communities have control and influence over their energy generation, they will ensure that local economies benefit. Electricity market reform needs to recognise those benefits. Community benefit clauses are okay at a level, but allowing communities to have ownership is the real prize. There are large developers who, rather than pay community benefit, give shares in the development, working alongside communities. That is a real step forward. However, allowing communities to develop their own renewables must be a priority. We have an opportunity to change the dynamics of how we produce and sell electricity. It is an opportunity to create a real market rather than one that is dominated by the big six, but, again, it appears to be an opportunity lost.

I turn again to the referendum. The minister pointed out that the energy market needs certainty. Unfortunately, the referendum creates huge instability. The Scottish Government refuses to answer the simple question how it will fund

renewable developments and meet its existing obligations in that regard.

John Mason (Glasgow Shettleston) (SNP): Will the member take an intervention?

Fergus Ewing: Will the member take an intervention?

Rhoda Grant: I will continue to make my point, and maybe I will get the answer. We have a third of the UK's renewables, but only a tenth of the customer base that pays for it. Will the Scottish Government continue to pay for ROCs, contracts for difference and the like in an independent Scotland?

Fergus Ewing: The member said that the referendum is creating uncertainty among investors. Can she name any renewable energy scheme that has been cancelled or delayed as a result of that matter?

Rhoda Grant: We are seeing delays. Indeed, developers have come to me and highlighted their concerns. The Government has to answer the question. Although ministers argue that there will be a UK energy market, they do not say how subsidies will be paid for. If they do not answer that question, huge uncertainty will be created. At present, the Government can hide behind contracts for difference and the delays that that is causing, but once that is sorted they will have nowhere else to hide. I do not see an instance in which a country will subsidise another country's renewable developments. That does not happen at present when countries share the grid. Independence is heralded as a nirvana, but it is unlikely that the rest of the UK will subsidise Scotland's renewables any more than it would subsidise French nuclear power developments.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): Will the member take an intervention?

Rhoda Grant: I need to make progress. I am beginning to run out of time and there are a number of points to make.

I turn quickly to the puzzling development whereby a Scottish Government that is always demanding more powers for Scotland is handing powers back to the UK Government. It is empowering the UK Government to set emissions levels for power generators in Scotland. The levels that are set by the UK Government do nothing to encourage the use of CCS—in fact, they do the opposite. Neither has the UK Government set grid decarbonisation targets for 2030. The Scottish Government has done so—the announcement was made with a great deal of hype—but it is handing away the powers to deliver that. In committee, the Scottish Government could not say whether it would repatriate the power if it was

required to meet Scottish targets, nor would it say what tools it would use if the UK Government did not set emission levels that would allow the Scottish Government to meet its targets.

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

Rhoda Grant: That is puzzling, but it is possibly because the Scottish Government has now seen that we are better together.

It is sad that there has been little progress since we last debated EMR. We agree that the Scottish and UK Governments need to work together to secure energy supply and cut greenhouse gases, but we are still to be persuaded that the policies on offer will do that.

I move amendment S4M-06582.1, to leave out from first “welcomes” to end and insert:

“notes the importance of the electricity market reform proposals in maintaining investor confidence in Scotland in both renewable and carbon capture and storage technologies; notes the publication of Ofgem’s *Electricity Capacity Assessment 2012*, which outlines the significant challenges facing Scotland and the UK regarding spare capacity and security of supply; further notes the publication of *Scottish Islands Renewable Project: Final Report*, which concludes that “further renewable generation on Scottish Islands will not be developed on any scale in the near future under current policy”; believes that the UK Energy Bill fails to adequately address the recent escalation of energy bills or the ongoing threat of fuel poverty and does not include sufficient measures to reduce electricity demand or facilitate the growth of community ownership of renewables; recognises the key role of the Scottish Government in directly addressing these issues, and welcomes the Labour Party’s more ambitious proposals to reform the energy market, including placing a requirement on energy companies to pool the power that they generate and make it available to any retailer.”

14:55

Murdo Fraser (Mid Scotland and Fife) (Con): I start by acknowledging the generally positive and consensual manner in which the minister has approached the subject. This is the latest in a number of debates that we have had on EMR and there has been broad support across the chamber for both the principles of EMR and the constructive engagement of the Scottish Government in the process.

It is indeed a pleasure to see Scotland’s two Governments—one in Westminster and one here in Edinburgh—working so closely together on this issue. I hope that we will see that pattern increasingly adopted across a range of other subjects in the coming months.

Fergus Ewing: Will the member take an intervention?

Murdo Fraser: I would be delighted to hear about more constructive engagement.

Fergus Ewing: Will the close relationship between the Scottish Government and Ed Davey and the Department of Energy and Climate Change be matched by the close relationship between Ed Davey and DECC and Mr Davey’s colleagues in the Treasury?

Murdo Fraser: I am not a spokesman for Mr Davey, DECC or, for that matter, the Treasury, but there is always a level of lively and constructive debate in the coalition Government—as there is in the chamber—on aspects of the issue, as Mr Ewing is well aware.

I was a little disappointed with the tone of Rhoda Grant’s amendment and some of her speech. I had a very constructive engagement with her Labour colleague Tom Greatrex, the shadow energy minister, when we both addressed the Scottish Council for Development and Industry a few weeks ago. He was much more positive about energy market reform than what we have heard this afternoon.

The Scottish Conservatives are pleased to support the Government’s motion. My amendment relates to another aspect of the work that is being carried out by the Office of Gas and Electricity Markets, in connection with the impact of complex tariff structures on consumers. We are all aware of situations in which constituents have been confused by the wide range of tariffs on offer and have found it impossible to draw accurate comparisons between different providers. Indeed, there is more than a little suspicion that the energy providers deliberately create that complexity in order to confuse customers and prevent them from switching to another company.

Ofgem’s proposals will ban complex multitariff tariffs and limit suppliers to offering four tariffs per fuel type. Dead tariffs, which are not available to new customers, will be abolished. All suppliers will be obliged to provide all their customers with personalised information on the cheapest tariff that they offer and help customers with tariff comparison.

That is a very welcome package of proposals to provide greater clarity in the electricity market. If consumers are better informed and better able to make comparisons between providers, they can switch products more easily, which will help to drive down bills. Whether that goes far enough is a moot point, but it is important that that first step be taken and that we monitor its impact closely before we decide whether further measures are required.

There is no doubt that EMR is a complex subject. With contracts for difference, strike prices, counterparties, investment instruments and the emissions performance standard, a high level of expertise is required to understand fully exactly what is being proposed.

It is important that we get EMR right. A secure source of affordable energy is required to underpin consumer demand and economic growth. We increasingly need to decarbonise our energy supply, but we need to balance that target against the need for security of supply—so we are not reliant on imported gas, for example—and, crucially, the need for affordability for both business and the consumer. We need to incentivise new technologies such as offshore wind, wave and tidal power, and to encourage exploitation of unconventional gas. Balancing all those competing interests is a challenging task, and it is little wonder that the UK Government, in devising its proposals, has had to have such extensive discussions with so many interested parties. The Scottish Government's engagement in the field has been important and welcome.

Inevitably, that has all taken time. Although some will cry that it should be done quicker, I argue that it is essential that, given the issue's importance, we take time to get it right. Even the minister admitted in his speech that the question of strike prices was not an easy one.

As we have heard from the minister and will no doubt hear again from SNP members, the time that it has taken to finalise the reforms has caused investor uncertainty. Indeed, Mr MacKenzie referred to that in his intervention on Rhoda Grant, and I will be disappointed if he does not refer to it again in his speech, which I am sure is coming. I simply refer those who make such a case to the words of our Lord in the sermon on the mount: "First cast out the beam out of your own eye and then you will clearly see to take the speck out of your brother's eye." Any certainty that has been caused in relation to EMR is as nothing compared with the uncertainty caused by the SNP's plans to separate Scotland from the rest of the UK.

Indeed, that case has been made by many in the power sector for a period of time now. It was made very well in the David Hume Institute's publication by Professor Peter McGregor and two colleagues from the University of Strathclyde entitled "Independence and the Market for Electricity in Scotland", which came out just last week. I commend that excellent and informative academic report to everyone in the chamber who wants to understand the potential implications of Scottish independence for the electricity market.

Fergus Ewing: I do not doubt Murdo Fraser's biblical authority, but is he able to provide an example of any renewables project in Scotland that has been deferred or cancelled because of concerns about the referendum or independence?

Murdo Fraser: I am simply pointing out to the minister that that hot-off-the-press report from esteemed academics at the University of Strathclyde points out the precise difficulties with

the electricity market. Far from the milk and honey picture painted by the SNP, the report concludes:

"it seems likely that security of supply will prove a greater challenge for Scotland as an independent nation than for Scotland as an integral part of the UK."

Mike MacKenzie: Will the member give way?

The Presiding Officer: The member is in his last 30 seconds.

Murdo Fraser: The report also concludes that there is likely to be an increase in the cost of energy in Scotland post independence. It also makes clear that there is absolutely no guarantee that the rest of the UK would purchase Scottish renewable energy when it can develop its own domestic capacity in the form of new nuclear power or large-scale biomass, or can buy cheaper energy from France or Ireland. Again, I commend the report to members on the SNP benches; if they read it, they will be better educated.

On that note, I am pleased to move my amendment and indicate that, despite our differences, the Scottish Conservatives are very pleased with the Scottish Government's work on the issue and its positive engagement with the UK Government. As a result, we will support the Government's motion.

I move amendment S4M-06582.2, to insert at end:

“, and welcomes the proposals from Ofgem on tariff reform for energy consumers, which will provide better transparency and help reduce bills.”

The Presiding Officer: We now move to the open debate. I call for speeches of six minutes.

15:02

Dennis Robertson (Aberdeenshire West) (SNP): First of all, I have to say that I probably agreed with every word in the first five minutes of Murdo Fraser's speech.

Murdo Fraser: More! More!

Dennis Robertson: Perhaps it was the first four and a half minutes.

As Murdo Fraser pointed out, the matter is complex. In the debate that we had in September, I congratulated the minister on the positive dialogue that he was having with the UK Government. Again, I feel that I must congratulate the minister and our First Minister on the work that they have done and on signing a concordat with Ed Davey. I have to wonder whether, in signing that concordat with the First Minister and this Government and in seeking to secure the future of energy for the rest of the UK, Ed Davey actually knows about the referendum that is going to take place next year. If he does, he will know full well

that the outcome of that referendum could be that Scotland becomes independent.

Alex Johnstone (North East Scotland) (Con): Could it be that Ed Davey is absolutely confident that the Scottish people will give a resounding vote of confidence in the union?

Dennis Robertson: I think that Ed Davey is probably hedging his bets.

As for Rhoda Grant's question whether any other country is subsidised by the UK Government with regard to energy production, I point out that mechanisms are currently in place for Ireland and Norway.

Rhoda Grant: That was not the point that I was making. I was saying that, when countries share a grid, they do not cross-subsidise each other's renewable development.

Dennis Robertson: I think that the member will find that, at the moment, Ireland and Norway benefit from electricity that is produced in the UK. Since Rhoda Grant raised the question of the referendum, I point out that the fact that Scotland will, I believe, become an independent country is why the concordat is especially valuable to the UK. We are producing vast amounts of electricity through renewables.

The UK Energy Bill has three basic principles: one is to keep the lights on; the second is to have affordable electricity, not just for industry but for consumers; and the third is to deal with the decarbonisation of electricity production. Those are laudable and commendable principles in the objectives of the bill, but we probably all feel that progress is somewhat slow in some areas.

On keeping the lights on, we can probably reassure our fellow citizens in the rest of the UK that Scotland will do its bit to ensure that the lights do not go out in England after the referendum. We are on target to produce at least 50 per cent of our electricity from renewables by 2015 and 100 per cent by 2020. Renewables are the future for Scotland—there is no doubt about that. With offshore and onshore wind, tidal and wave generation, we have the ability, the capacity and the skilled workforce. At present, more than 11,000 people work in the renewables industry, with a projection of at least another 50,000 by 2020.

Scotland is known as the oil and gas capital of Europe, but it can also be known as the green energy capital of Europe. There is no doubt in my mind that that is possible. That should be our aspiration, and we should strive to do everything to ensure that it actually happens. The European Commissioner for Energy has said:

“Scotland is an energy powerhouse in Europe.”

I agree with him—we certainly are. We are moving in the right direction, not just to ensure affordable electricity for consumers and industry, but to create jobs for our people and use our skilled workforce. I believe that that skilled workforce has the ability and technology to ensure that we have electricity and energy for the rest of the century.

We need to ensure that we have equity of affordability. That is where we come to transmission charges. We need to ensure that people on the islands are not penalised or discriminated against in their bills or in charges for access to the grid. That is unfair and, as I say, discriminatory.

The minister's work with the UK Government is to be applauded. Perhaps things could move just a little quicker. If the UK Government set its climate change targets before 2016, that would probably help us on a road to an even better future for everyone in these islands.

15:08

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): I was pleased to see the minister working constructively with the UK Government, although I was slightly surprised by his rather uncritical motion. To be fair, in his speech, he went on to criticise the lack of detail and the time that it is all taking. The Labour amendment is more critical and broadens out the debate to deal with the issues that many of our constituents are concerned about. Labour at Westminster has certainly been emphasising those, which is why it has introduced proposals on energy bills and fuel poverty, which to a significant extent flows from high energy bills.

Our amendment is also critical of the lack of “measures to reduce ... demand” and the failure to “facilitate the growth of community ownership of renewables”,

which we think is important. We could have added the UK Government's failure to set a target for decarbonising the electricity sector by 2030, which is something that Ed Miliband championed a long time ago; to be fair, the Scottish Government has supported that, too.

It is important to set the issue in the wider context of UK policies, because the area is substantially reserved. Two other Labour Party proposals in London are significant for the agenda. The first is the proposal to ensure that energy companies pool the power that they generate in order to deal with the opaque and complex way in which energy is sold; and the second is a proposal to toughen the regulatory regime to ensure that energy companies pass on savings when wholesale prices fall.

There is a difficult interface between reserved and devolved areas; at the end of my speech I will try to ask some questions about that. One area that is clearly devolved is the emissions performance standard, but as we all know, through a legislative consent motion we handed that over to the UK Parliament—at least for the time being. Again, there seems to be no criticism of that from the Scottish Government, but I know that my colleagues in London have been expressing concern about the level at which it is being set by the UK Government. Many people have said that it may well facilitate a dash for gas.

It is important to contrast gas and renewables because we all know the people who question renewables, saying that at a UK level they are unaffordable. Indeed, that includes some colleagues of the Conservative members in this chamber—although, to be fair, the Conservative group in Scotland does not have that hostility to renewable energy.

Two points should be made about gas and renewables. First, the UK Committee on Climate Change has said that if we go for the dash for gas and have a gas-dominated market, consumers' bills will be £600 more expensive than if we go for renewables. We should keep repeating that to all those who are sceptical about renewables. Secondly, we should also read the report by Cambridge Econometrics, which says that if we go for offshore wind as distinct from gas, 100,000 jobs will be created across the UK and there will be a growth in gross domestic product of 0.8 per cent. Those are important points, and I hope that Conservative colleagues here will make them to their colleagues at Westminster.

There are two pillars of reform, of course: doing something about energy security through capacity markets—I will not say anything about that, partly because I do not really understand it; and contracts for difference, which we have heard a lot more about. They are lacking in detail, as the minister said, but I think that they are right in principle, although I note the point that has been made elsewhere that they are partly designed to help the UK support nuclear power without falling foul of state aid rules. Be that as it may, their primary function is to incentivise investment—particularly in renewables, of course, but to an extent also in nuclear in the rest of the UK.

We are told that we need £110 billion of investment this decade. That is why it is important that we get on with this quickly and find out what the strike prices are. I agree entirely with what the minister said about carbon capture and storage. Clearly, that is a key area where that information is needed to give investors certainty, but we want it in all the renewables areas as well.

As in the past, I give credit to the Scottish Government for all that it has done in relation to renewable energy. However, I want to try to understand the situation a bit better. I have taken an interest in ROCs for renewable energy, and my general understanding is that ROCs for new investment will end in 2017. I noticed a point in a House of Commons research paper, albeit one that was written a few months ago. I do not have time to quote it all, but it basically said that the Scottish Government was expressing some uncertainty about contracts for difference. It quoted the Scottish Government as saying that it is

“not yet in a position to make a decision on whether, and to what extent, the RO Scotland should be closed to new generation from 2017”.

Perhaps the minister can deal with that issue in his closing speech, because it is not clear to me whether ROCs may continue after 2017. Given that there is a strong devolved element to ROCs, which I have noted in relation to biomass as well as some other energy sources, will there also be a devolved element to contracts for difference? Those are areas about which I am a bit uncertain.

I think that I have half a minute left so, I have time to mention a point from the UK Government's electricity market reform policy overview. In the section on devolved nations, it says:

“Scottish Ministers have agreed to a statutory consultation role in the transition in 2027 to the operation of a certificate purchase scheme (also known as a fixed ROC scheme) in Scotland.”

To me, that is totally incomprehensible, so if the minister has time to explain that in his closing speech, I would be grateful.

15:14

Mike MacKenzie (Highlands and Islands) (SNP): The timing of the debate is fortuitous because it follows hard on the heels of an Ofgem seminar that was given in Edinburgh earlier this week by the soon-to-retire chief executive, Alistair Buchanan, who gave a remarkably frank presentation. It was a great pity that I did not see any Opposition members there—had they been there, their eyebrows would have risen as high as those of the rest of the audience, which was a veritable “Who's Who” of the energy sector in Scotland.

Mr Buchanan gave a stark warning. Due to the uncertainties of energy market reform, there is a real risk of the lights going out in England, as reserve capacity there has declined to just 4 per cent. I raised the same concern earlier this week in the chamber, which Tory and Lib Dem members, in particular, seemed to find very funny. I find that a strange attitude, as it is not a prospect

that I would wish for any of our friends and neighbours in England.

Mr Buchanan outlined how many of the assumptions that had been made about importing energy from France, Ireland, Russia and elsewhere were fraught with difficulties, not least because many of our European neighbours are also energy importers on a significant scale. Assumptions about importing energy from those countries may prove not to be at all realistic. In the question session afterwards, which involved a very knowledgeable expert audience, no one questioned the real and credible concerns that had been explained—everyone there agreed that the delay and uncertainty caused by prevarication over EMR are damaging and are making a bad situation worse.

Part of the problem, no doubt, is the remarkable turnover of UK energy ministers and the disillusionment that is setting in at DECC, with several high-ranking and very experienced personnel having left recently. That is why I am glad that the Scottish Government is taking such a helpful and reasonable attitude. Good evidence for that constructive co-operation is given in the newly published document “Scottish Islands Renewable Project: Final Report”, which was prepared on behalf of both Scottish and UK Governments. I commend that excellent report to members. It makes the case quite decisively for the enormous renewable energy potential of Scotland’s islands.

The minister correctly said that the report suggests that Scotland’s islands could produce 5 per cent of the electricity that the UK needs by 2030. The report also says that, ultimately, Scotland’s islands could produce as much as 20 per cent of the electricity that the UK demands and that Orkney, Shetland and the Western Isles would benefit from a significant number of jobs. The report suggests that 10,000 jobs could be created on those islands by 2030, with a further 29,000 full-time equivalent jobs being created throughout the rest of the UK. The report outlines how energy generation on the islands can be competitive, with the higher costs of generation on islands mitigated by significantly higher capacity. However, it stresses that generation projects will be viable only if a fair and reasonable connection and transmission charging regime is provided, and it outlines a number of sensible ways in which that can be done.

The whole point of energy market reform is to keep the lights on at an affordable cost while decarbonising our energy supply. The point that seems to be lost on Rhoda Grant is that that requires an integrated UK energy market.

Rhoda Grant: I say it again: this is not about having an integrated grid; it is about subsidising another country’s renewable energy investments.

Will you or will you not make up for the subsidy that will be lost in a separate Scotland?

The Deputy Presiding Officer (Elaine Smith): I remind members to speak through the chair.

Mike MacKenzie: Rhoda Grant obviously does not understand the concept of contracts for difference in the energy market. What she says would be perfectly valid—she would be quite correct—if renewable energy was subsidised from taxation. However, it is not subsidised from taxation; it is subsidised by the consumers who are the end users of energy, wherever they happen to be.

Another point that is missed is that fundamental to keeping the lights on is a single harmonised European energy market, and facilitating that is also part of the purpose of EMR. Scotland’s renewable energy generation capability, especially that of our islands, will play a very significant role in that—

The Deputy Presiding Officer: You must finish.

Mike MacKenzie: Doing that will be a source of real prosperity for Scotland.

15:20

Liam McArthur (Orkney Islands) (LD): Presiding Officer, I start by reiterating my apology to you, to members and to the Minister for Energy, Enterprise and Tourism for my absence from general questions this morning. I should stress that it was not always thus, as I was present for both the EMR debates to which the minister referred, including the debate in January 2011 that took place at the start of the UK Government’s consultation.

Much has happened since then, but the minister is right to suggest that important questions remain unanswered. Given the scale of what the UK Government is seeking to achieve and the range of—often competing—interests that need to be balanced, that is perhaps not wholly surprising, but I understand and share the impatience for greater clarity in a number of key areas, not least of which is the shape and extent of future support for the technologies in which Scotland enjoys a natural advantage.

In that first debate on EMR, I stressed how vital it is that both Scotland’s Governments work collaboratively through the process, because that seems to me to be the only way of ensuring that the final reform package reflects our specific needs and interests. That was and remains very much the view of Scotland’s energy sector, which had no desire to see Scottish National Party ministers picking fights with their Westminster counterparts. I am pleased to say that Fergus

Ewing heeded that message and has engaged methodically and constructively over the past two years, so he is to be congratulated on that. I am confident that such an approach will serve Scotland's interests.

Nowhere has that approach been more in evidence than in the pursuit of a solution to the grid and charging issues that threaten to hold back development of renewables in our islands—including the Orkney islands, which I represent. I want to spend a little time on that subject, on which I believe reform is urgently needed and for which I expect the Energy Bill will now deliver a solution.

The independent analysis that was commissioned by the joint working group that was set up by both Governments underscores the opportunities and barriers to unlocking the renewables potential of our islands, and the importance of doing so if we are to meet our renewables and climate change targets. The report makes clear the case for reform and the need to change current policy. Of course, that policy was inherited from the previous Labour Government—which makes Rhoda Grant's amendment a little hard to fathom—but I welcome the agreement that change is needed and the independent evidence base that now underpins that. With longer-term job-creating potential estimated at 4,500 jobs in Orkney and at almost 11,000 jobs across all three main island groups, we must grab that prize with both hands.

As I have said in previous debates, there are different options for bringing down costs for connecting isles-based developments. That could be done either through an amended section 185 order—under the Energy Act 2004—to cap the cost of charges, or through providing additional island support via the strike-price setting process. Both options have strengths and weaknesses and both seem to me to be workable, so the best one should now be pursued—although I note that the minister seems to prefer the latter.

Of course, transmission charges are only part of the mix; the need to address delays in installing and upgrading grid infrastructure must also be a priority. In that regard, I strongly support the call from Scottish Renewables for both Scotland's Governments to look at drawing down European Investment Bank funding to help to promote grid investment at a lower cost. I acknowledge Mr Ewing's role in maintaining momentum on that issue, which is of critical importance to all our islands—not just the Western Isles, as was unfortunately suggested in the Scottish Government's press release back in February—but it is also right to recognise the enormous contribution of my Liberal Democrat colleague, Ed Davey. The case for reform is well understood and

widely supported in Scotland, but we should not underestimate the institutional, political and industry opposition to making concessions to our islands. Ed Davey is to be commended for the tenacity with which he has pursued a solution in the face of that opposition.

I am not surprised to see collaboration—and, indeed, historic concordats—to the fore in the Government's motion, which I am happy to support along with the amendment in Murdo Fraser's name. I see that the motion has also been signed by Mr Swinney, who was doubtless keen to cast an eye over it in case Mr Ewing had slipped in a rogue personal view. However, I dare say that, when Mr Ewing read in the *Business Bulletin* this morning that Mr Swinney and Mr Mackay were apparently backing an effective nuclear deterrent for Scotland, he must have wondered whether the trend in ministers declaring personal views was spreading.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): Will Liam McArthur give way?

Liam McArthur: I am sorry. I have not got an awful lot of time—

Jamie Hepburn: It is just to correct the record.

Liam McArthur: I am sure that the minister will correct the record.

We have heard much about the effect of continued uncertainty on the sector's ability to plan with confidence. As I said, I understand those concerns. I accept that EMR and other changes are difficult for the energy sector to manage. Given the significance of the reforms, it is essential that we get them right, although delays in coming to final decisions must be kept to a minimum.

If SNP members insist that uncertainty is a bad thing—and it is—they must also accept that plans to break up the UK will scarcely soothe furrowed brows across the sector. Evidence of that can be found in the David Hume Institute report and in Aberdeen Chamber of Commerce's recent poll of oil and gas firms. It is also confirmed by SSE, which said that it is factoring in the referendum, as a risk and a cost, in relation to decisions about future investment.

Despite SNP members' attempts to claim that there is good uncertainty and bad uncertainty, I acknowledge the broad consensus in this and the previous debate around what the reform process seeks to achieve and where Scotland's interests lie. The reforms are crucial to Scotland's future energy mix and to development of our vast renewables potential and CCS technology. They are crucial to maintaining investor confidence and reducing emissions, while keeping consumer bills as low as possible and keeping the lights on.

I welcome the debate. I support the Government motion and the Tory amendment and I urge the minister to continue to adopt a collaborative and consensual approach to an issue that is vital—not least in the context of finding an urgent solution to our islands' needs.

The Deputy Presiding Officer: On the motion that Mr McArthur mentioned, an apology has been issued and the *Business Bulletin* has been corrected.

15:26

John Wilson (Central Scotland) (SNP): I welcome the motion in Fergus Ewing's name and the sensible amendment from the Conservative party—the Labour amendment was less so. I trust that the debate will assist in speeding up the pace of the reform that is needed in the electricity marketplace.

A significant element of the UK Energy Bill relates to security of electricity supply and increasing opportunities for investment. Members talked about fears down south that the lights will go off.

As I have said before in Parliament, the householder has not been best served in the current marketplace for energy, in particular the electricity market. The customer must be at the heart of the reform process—not an afterthought. Since 2004, electricity bills have increased by more than 50 per cent, and further hikes are expected in the near future. Many people have had to make tough decisions about how they spend their money in these most challenging times.

According to the report of the Economic and Social Research Council's poverty and social exclusion in the United Kingdom survey, in which 2,700 individuals in Scotland were surveyed, one in six children in Scotland lives in a home that suffers from damp or that is not adequately heated. Furthermore, in its report, "Keeping the heat in Scotland's homes: How to make energy efficiency schemes more appealing to consumers", Consumer Focus Scotland noted that nearly one in three Scottish households is fuel poor. Both reports show the scale of the problem that low-income households face, so I welcome the funding mechanisms that the Scottish Government has put in place to try to deal with issues to do with fuel poverty.

It is clear from the details of the Energy Bill that the current constitutional arrangements about what is reserved and what is devolved create problems. Although energy matters are generally reserved, the Scottish Government has a role in relation to aspects such as the design of contracts for difference. The Scottish Government

anticipates that if it is to deliver its policy focus, a consistent regulatory landscape is appropriate.

Electricity market reform is part of a wider energy agenda on development of a low-carbon economic strategy, which aims to make Scotland more capable of resisting the volatility that is associated with ever-increasing energy prices.

The debate is well timed, given that Scotland can have an increasing role on the global stage. The country has the potential to produce a quarter of Europe's offshore wind energy. The prospects for Scotland's economy are dependent on using renewables, particularly in the context that the global low-carbon economy is forecast to grow to £4.3 trillion by 2015. I am hopeful that principles in the UK Energy Bill will better signpost a future of increased investment by developing the principle of a market in delivering generation capacity. The substantive aim of making Scotland a leading centre for low-carbon investment is associated with that development.

There are a number of issues that we have not covered and that have not been covered in electricity market reform. The Conservative amendment raises the issue of tariffs, but consumers also face problems with other issues and we must address them in the future. It is fine to say that we must get the reforms right for the market, but we must also get them right for the consumer, because many consumers are being asked to pay for the reforms.

If the Energy Bill that the UK Government has introduced does not make the correct reforms—reforms that benefit consumers, in particular people who are on low incomes and who are in fuel-poor households—it will fail to address some crucial issues that many people face, not only in Scotland, but throughout the UK.

I look forward in the coming months and years to progress on many of the issues that have been discussed in the debate. I also look forward to the UK and Scottish Governments developing a reform agenda for the electricity marketplace that will ensure real benefits for the people of Scotland.

I support both the motion in the name of the minister and the amendment from the Conservatives.

15:31

Margaret McDougall (West Scotland) (Lab): As a member of the Economy, Energy and Tourism Committee, I am pleased to participate in the debate.

An integrated UK energy market is the best way for Scotland to achieve a low-carbon and good-value energy mix for consumers. Electricity market reform is long overdue, so the EMR is an excellent

opportunity to redress the power imbalance between consumers and suppliers, as well as to boost investor confidence in renewables technology.

However, the opportunity has been missed to address the need to reduce electricity demand, to improve access to community ownership of renewables and to boost competition in the market more generally. All those measures are necessary if Scotland means to maintain an energy infrastructure that is not only low carbon but which is low cost, widely accessible and fair.

It is imperative that, in working together to deliver reform, the Scottish and UK Governments commit to building confidence, participation and understanding on the part of consumers, as well as to making a meaningful effort to reduce household energy bills in real terms. One way of doing that would be to promote competition in the energy market, which would force energy companies to innovate and diversify.

The UK and Scottish Governments have made it clear that they want to encourage greater competition. Reduction of the hegemony of the six major energy companies has the potential to make electricity more affordable for people who are in fuel poverty. By allowing small local enterprises to enter the market, we can enable communities to benefit from energy that is generated locally.

However, the provisions in the Energy Bill may unintentionally damage its potential to achieve that stated aim. The bill requires independent energy generators to secure long-term viable power-purchase agreements before they receive funding from banks. In reality, only the six major energy companies have the financial strength and stability to enter into a viable power-purchase agreement with independent generators, and the financial incentive to do so has been removed as the EMR does away with renewables obligation certificates.

Therefore, very few independent generators will be able to secure PPAs and, as a result, many will not have the financial capacity to invest and grow, which will threaten their future and narrow the field of competition in the energy market. Although the bill provides for a reduction in the barriers to entry to the market that are normally presented by PPAs, I believe that its provisions do not go far enough to protect and promote independent generators.

On contracts for difference, although I welcome the Scottish Government's involvement in delivering that incentive for companies to invest in low-carbon generation, I urge the minister to give careful consideration to, and to act to mitigate, the negative impact that such contracts might have on community schemes.

Community schemes are a fantastic way for consumers who are vulnerable to fuel poverty to engage in the market, and they often result in fairer, cheaper and more transparent tariffs. However, uptake has been low and the ROCs were an ineffective incentive. EMR represents an opportunity to boost uptake and to invest in what is widely considered to be a positive alternative to the supply of energy to communities exclusively by the big six energy companies.

In its pre-legislative scrutiny of the Energy Bill, the House of Commons Energy and Climate Change Committee noted that the bill is likely to damage the prospect of community enterprises and that contracts for difference would not allow community schemes to thrive. Again, by damaging the ability of community ownership of renewables to grow and spread across Scotland, the bill has the potential to consolidate the domination of the big six energy firms, thereby weakening competition in the market and the UK's ability to diversify and promote a low-carbon energy mix that is fair on consumers.

I urge the Scottish Government to address that inadequacy as it designs the delivery of contracts for difference, and to take action to boost community schemes in Scotland by ensuring that they are as straightforward as possible, and by eradicating the potential financial uncertainty and complexity of contracts for difference for community enterprises.

I believe that the main beneficiaries of any reform of the electricity market should be consumers. I do not believe that that will be true under the reforms as they stand and, as such, although I welcome electricity market reform in principle, I believe that the unambitious proposals that we are considering are a missed opportunity. More can and must be done.

15:38

Chic Brodie (South Scotland) (SNP): I start by applauding our Government minister, our committees and the Parliament as a whole for their resilience in supporting—and their commitment to—the UK's electricity market reforms, and for working with the UK Government to procure and secure a sustainable and balanced electricity supply industry, specifically in Scotland and, more widely, across the UK. It is not just their resilience that I applaud, but their patience, as we await delivery of the UK Energy Bill and its proposed reforms. I regret to say that that process has taken longer than the gestation of an elephant; in fact, it has taken longer than the gestation of a herd of elephants.

Among all the talk that we have heard about future political uncertainties, such as the

uncertainty surrounding the UK's involvement in Europe, there is one great uncertainty. It is the uncertainty that will be caused by a delayed, unclear and unstructured energy funding policy as we move forward. Although tariffs and customer bills are exceedingly important, as Murdo Fraser pointed out, the raw component source pricing is fundamental to reform of the market and its demand and supply elements.

In that context, I would like to dwell on one element of EMR—the likely proposals on contracts for difference for nuclear energy and its funding, and the consequences that they could have. They could divert significant investment away from the preferred options of the components of a more balanced and renewable energy policy that is harnessed to established decarbonisation targets.

Ed Davey—he of the anti-nuclear-power brigade only six years ago—the UK Secretary of State for Energy and Climate Change, appeared before our Economy, Energy and Tourism Committee last June and clearly stated that there would be “no public subsidy” for nuclear power, confirming that to be part of the 2010 coalition agreement between the Conservatives and the Liberal Democrats. Indeed, that was part of the Conservative manifesto for the election of that year.

Mr Davey reiterated that position in his evidence to the UK Energy and Climate Change Committee on 20 November 2012. In a letter to me dated 26 March this year, he wrote:

“we will not provide a public subsidy for new nuclear power.”

His letter goes on to say, however:

“In reference to decommissioning of new build, the Government has said that new nuclear developers will have to meet the costs of decommissioning in full, but the costs of the Funded Decommissioning Programme (FDP) are included in the calculations of the developer's returns under a Contract for Difference”.

For that, read “subsidy”.

It is not a small subsidy because, as Professor Tom Burke of Imperial College London put it, if the strike price is set, for example, at the politically sensitive level of £100 per megawatt hour, and the market price is stabilised at £50 per unit—the Government forecast for 2030 is £59 per unit—a supplier such as EDF at Hinkley Point might receive £50 billion in support from the UK over 40 years, and that cannot simply be transferred to consumer bills.

Beyond that, EDF apparently wants a guarantee that the Government will buy all possible output from Hinkley Point, not just what is needed. It is little wonder that the chairman of Centrica confirmed at the recent annual general meeting that nuclear is no longer a cheap option, which is

why Centrica withdrew from the project. Dare I even mention the cost setbacks at Flamanville in France and at Olkiluoto in Finland, or the consequences of Germany closing all its nuclear reactors by 2022? Also, of course, there are Chernobyl and Fukushima.

There is little doubt that the nuclear energy trigger is playing, and has played, a very significant role in the delay of EMR and the announcement of strike prices. There is a rush on the part of the UK Government to make a determination on the issue, which is undermining a sensible strategy for energy and the economy. The UK Government says that there is no deal with EDF on the £14 billion Hinkley Point nuclear power station, but of course there will be a deal, because EDF cannot afford to withdraw and plunge the UK Government into energy insecurity—which is where Scotland comes into play as regards demand from south of the border.

The UK Government needs economic growth, but its economic policy negates focused public spending. The Treasury's paws are all over the electricity market reform, and it is making the whole energy policy totally unworkable. Private money and private investment, of which there is plenty, will be needed for such nuclear projects, but because of the inherent risks, investors will be looking for a subsidy through the contracts for difference so that they can secure a significant return on their investment.

The issue is not just one of securing investment for build. The decommissioning costs of cleaning up the likes of Sellafield nuclear waste site have now reached £67.5 billion, and that figure is still rising, at £1.5 billion per year. As has previously been said, this is the economics of the madhouse.

Divestment of the investment into more quickly developed and, ultimately, cheaper energy, is in danger of going into a bottomless pit. We have to transfer that investment from any proposals for nuclear to a much more balanced energy policy.

15:44

Hanzala Malik (Glasgow) (Lab): I welcome the opportunity to speak in today's debate on electricity market reform. I have grave concerns about rising household electricity bills. The dominance of a small number of companies, concerns about the security of the electricity supply and the falling levels of spare electricity capacity—which mean that, unless urgent action is taken, costs to the consumer will continue to escalate—must be checked. The £300 increase in household energy bills since 2010 means that reform of the market is very much needed.

I support some of the measures in the UK Government's Energy Bill, but it lacks clarity and is not ambitious enough. It is a lost opportunity.

In principle, increasing investment in low-carbon and renewable energy through contracts for difference—that is a technical term that is used in the bill—could provide a sound structure to meet our electricity needs. However, further detail is needed on the contracts for difference and what the process will be for setting a strike price—that is another technical term that is used in the bill.

Those reforms are for the medium to long-term future of the electricity market. The current structure needs to be radically reformed to increase competition and reduce the cost to consumers—particularly our vulnerable, who depend heavily on having an energy supply at a reasonable, fair and affordable cost and on being able to access good advice and services from their providers to ensure that they have every opportunity to address difficulties in the future.

Six companies have 99 per cent of the market share of household energy bills. The question arises: why only six companies? The ambitious proposals to place a requirement on energy companies to pool the power that they generate and make it available to any retailer would break the dominance of the six main energy companies and allow price flexibility rather than possible price fixing, which some of our oil companies are being accused of.

Another question that has always puzzled me is why we allow energy companies to charge a surcharge if a customer wishes to move to another provider. Surely that is unfair and unreasonable. People should be free to move around and go to the best company that they wish to deal with, particularly as they pay for the service; it is not free.

I genuinely believe that, in theory, flexibility is very important, but it is even more important that the community and our vulnerable people have more than just affordable energy; they should also have companies that they can trust and which can support them in ensuring that they get good advice and information about how they can best save energy, because saving energy is a very important element. It is in the best interests of our country—although perhaps not of the companies that provide the services—that our communities are well versed in the opportunities that are available to them.

I ask the minister to address a question about the bill. Will there be additional support to communities and community groups in particular? I recently visited the Glasgow athletes village and was very impressed by measures that had been taken there to reduce the energy bill and make

systems cost effective. Will any other schemes be introduced in the near future to support our communities in addressing that issue?

15:49

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I am grateful to you, Presiding Officer, for your useful clarification for the *Official Report* that Mr Mackay's and Mr Swinney's names were added by clerical error in support for a motion from Mr Johnstone. Without that clarification, Mr McArthur's speech could have made for rather misleading reading in future years.

The energy sector is important for Scotland. Dennis Robertson suggested that Scotland is the energy capital of Europe. He did not say, although I have heard him say it before, that his part of Scotland—the north-east—is the energy capital of Scotland. My constituency, Cumbernauld and Kilsyth, is probably not reckoned to be a part of the country that is directly involved in the energy sector—even I could not reasonably claim it as the country's energy capital—but we have SSE's call centre at the Hunt Hill estate in Cumbernauld, which is a big employer in the town.

At the other end of town, Scottish Power has its training centre at Dealain house in the Wardpark industrial estate. The First Minister and the Cabinet Secretary for Justice visited the site this week. It is a reminder that the energy sector is an important player throughout Scotland. It is of huge importance in many places and I consider it important in my constituency.

The electricity market is of obvious interest to me, as a representative of the area in which those companies are located, and those companies have an obvious interest in the UK Government's proposals. The minister mentioned the perspective of the chairman of Iberdrola, which is the parent company of Scottish Power, on investment decisions and the consequence of the timescale. He asked for clarity from the UK Government on the detail of electricity market reform.

As an aside, it was interesting that, although the minister could name a company that has expressed concerns about uncertainty for investment as a consequence of the UK Government position, neither Rhoda Grant nor Murdo Fraser could name a single company or point to a single investment decision on renewables that has been affected by the independence referendum.

Liam McArthur: In the interests of clarity of the record, I referenced the comments of SSE, which has said that it is factoring the independence referendum into its investment decisions as a risk and a cost.

Jamie Hepburn: I do not doubt for a minute that such companies are interested in the independence referendum or are considering the implications of the referendum and independence. However, not just in this area but in any area of investment in Scotland, when someone who suggests that the independence referendum is causing uncertainty in investment decisions is pressed to name a company, they fail to do so. Mr McArthur could not do so, either.

Mike MacKenzie: Does the member agree that it is the fearmongering of the no campaign that causes uncertainty?

Jamie Hepburn: I always agree with Mike MacKenzie—I think that I do, anyway.

I turn to electricity market reform because that is, of course, what we are debating. Malcolm Chisholm rightly set out that EMR is primarily a matter for legislation in the UK Parliament—for now, I should add. Rhoda Grant was absolutely right to suggest that we need the Scottish and UK Governments to work together in this area, given the split competence. Although the UK Government has primary responsibility, the Scottish Government has responsibility, too. There was almost an unspoken suggestion that that is not happening. However, the joint concordat has been signed, so it is clear that co-operation at that level is taking place.

I return to Scotland's position in the context of independence. A few members have suggested that the sector could be harmed. I want to root that firmly in the process that we are debating. In the proposals that are contained in the Energy Bill, the UK is setting up its future markets so that generation from outside the UK can work within the Great Britain markets. Therefore, under the UK Government's proposals, contracts for difference would be available to generation in an independent Scotland.

Given that the rest of the UK is—just as Scotland is—looking to improve its environmental performance and reduce its CO₂ emissions, and given that we know how well placed Scotland is to generate renewable energy in a way that no other part of Europe can, at a time when the UK is reforming the market so that companies outwith the UK can become involved in that market, it seems ludicrous to suggest that independence will harm Scotland's energy sector. To do so is scaremongering—I agree with Mike MacKenzie on that.

The Scottish Government's direction of travel in supporting renewables is absolutely correct and necessary for a variety of reasons. I hope that the Energy Bill and the electricity market reform process support that process of encouraging

renewables investment. I very much look forward to assessing that as the proposals emerge.

15:55

Mary Scanlon (Highlands and Islands) (Con):

I was going to say that I am pleased to continue the consensual approach, but I had to score out that part of my speech after I heard what Chic Brodie, Mike MacKenzie, Jamie Hepburn and others had to say.

I commend the minister, Fergus Ewing, for his on-going commitment to working with the United Kingdom Government to secure the best outcome for Scotland's electricity supply industry and consumers. Good communications and relations between the UK and Scottish Governments are essential for market reform and in working towards the consultation on the electricity market reform delivery plan, which is due to be published in draft in two months. Even the First Minister states:

"we will continue to work closely with the UK Government in the development of these measures both around EMR and in other energy related areas."

I welcome that approach. People do not want to see us in an energy debate sitting around bickering and arguing about independence or a separate Scotland when we are facing the lights going out in two years' time; they simply want to know that the lights will be on in two years' time.

Ofgem highlighted that the system's spare generation capacity could fall from 14 to 4 per cent by 2015 and that coal-fired generation is likely to end much earlier than expected under EU environmental legislation, which makes the risk of a shortfall in electricity as close as two years away. That background confirms the need for electricity market reform and the need for many of the measures before us.

The 106-page report on Scottish islands renewables marks the end of the first phase of the intergovernmental work to understand the barriers and opportunities to generation on the Scottish islands. I welcome the advance notice of the report from the minister and his email stating that a robust analysis of all options by DECC and the Scottish and UK Governments will be completed this summer. As others have said, the report makes it absolutely clear that Orkney, Shetland and the Western Isles can make a cost-effective contribution to 2020 renewables and decarbonisation targets, if grid access and transmission charging issues are addressed.

We have had many statements in the Parliament about conclusions and recommendations that still have not been reached. As the minister said, today's debate is a step along the way and an opportunity to highlight the renewables resource potential of the Scottish

islands, as well as the socioeconomic and wider benefits of island renewables, which include jobs, developing supply chains and security of supply.

The challenges that the islands renewables report outlines include the funding gap, early-stage funding for marine projects, support for the supply chain, the need for anchor projects and—this is the most contentious—grid access. The study concludes that the cost of deploying renewables on a large scale on the islands is high, given the technological and environmental challenges. Ironically, it is difficult—if not impossible—to build towers and turbines in high-wind conditions. I got that information from my son, who works in the sector.

According to the report, onshore wind projects have higher yields, are cost competitive and are significantly cheaper than round 3 offshore wind. That is why a co-ordinated policy response is urgently required, particularly given that the current locational charging model—with the figures used by the minister—was established eight years ago, when renewable energy and climate change targets were not at the centre of public policy. The current charging structure was Labour Party policy, so it is surprising that Labour members are criticising us for making and addressing the proposed change.

I trust that any new charging methodology for the islands would be in accordance with the two EU directives on renewable energy and the internal market for electricity, both of which enshrine the principle of non-discrimination between the mainland and islands, as well as with other EU laws.

Our amendment relates to Ofgem's principal duty to protect existing and future consumers by keeping costs as low as possible for consumers while promoting security of supply and facilitating the move to a low-carbon future.

No one can doubt the commitment of the UK Government and Ofgem to addressing the misselling of energy to consumers. The £10 million fine to Scottish and Southern Energy is a warning to other suppliers to get their act together on offering consumers the best possible energy tariff with no tricks and no loopholes. The complex and confusing array of tariffs has been a disincentive to consumers to switch and, even when consumers switched, they found that the gains were often short lived and not worth the hassle. I hope that, if Hanzala Malik finds anyone in his constituency whose supplier is not adhering to the guidelines, he will take that matter to Ofgem.

I commend the pluralist approach of the Scottish and UK Governments to electricity market reform. I trust that we will get the transmission charging regime for the islands that they need to progress

with investment and development in marine, tidal and other renewable energy.

16:02

Dave Thompson (Skye, Lochaber and Badenoch) (SNP): I want to deal with geographic variations in the prices offered to consumers. I received a leaflet from one of the suppliers that included a breakdown of the regional differences in unit price across the UK. The north of Scotland is consistently one of the most expensive regions; there is a difference of between 1.13p and 1.6p per unit between the unit price charged in the north and the unit price charged in the south of Scotland. For example, on the general domestic tariff, consumers in the north of Scotland pay 13.77p per unit; those in the south of Scotland pay 12.45p per unit; and those in Yorkshire get a unit for 12.12p. That represents a difference between the north of Scotland and Yorkshire of 14 per cent. That is replicated in some of the other tariffs. The economy 7 tariff has a 16.34p per day unit in the north, compared with 15.21p in the south of Scotland, with Yorkshire at 14.76p—a difference of 11 per cent. Equally, on the economy 10 tariff, there is a price difference of 10 per cent between Yorkshire and the north of Scotland.

That is a huge and unfair difference, which I believe is unjustified. Consumers in the north of Scotland—such as in Skye, Lochaber and Badenoch—also face a double whammy as homes are difficult to insulate, which further increases our costs. Whatever review of electricity systems we have, we must bear in mind the need for a level playing field in charges to consumers across the country. I hope that that will be addressed.

The high costs in the north come despite the fact that the most remote parts of Scotland have some of the best potential renewable resources in the European Union, as well as existing hydro power. Just last week, SSE confirmed that it will proceed with the Glasa development near Ardrross—a new £30 million hydro scheme, which is the largest to be built in the UK for five years. SSE has also proposed a huge 600MW pumped storage hydro scheme, Coire Glas, on Loch Lochy. At Kyle Rhea, the proposed tidal array has attracted more than £15 million in European funding through the NER300 programme—it is one of only 23 renewable schemes throughout the EU to share a £1 billion funding stream.

There are countless other examples along the west coast, in the Moray Firth and around Shetland and Orkney, yet consumers in the Highlands and Islands face amongst the highest bills in the UK. As we all know, the cost of fuel has risen substantially for consumers across Scotland in recent years. As the cost of heating our homes

accounts for a greater part of families' budgets, the geographic differences seem increasingly unjustifiable. Future policy must ensure a level playing field for all consumers in the UK.

Mary Scanlon: Has the member reported that supplier to Ofgem, given the new guidelines and proposals that it will implement in the forthcoming months?

Dave Thompson: I would certainly hope that Ofgem would pick up on these things. The tariffs were given to me not that long ago. They have been in place for an awfully long time, and it is absolutely scandalous that the folk in the Highlands are paying more than people in other parts of Scotland, or the UK for that matter.

The second issue that I will touch on is community benefit from renewables sources. There are numerous good practice guidelines and systems to deal with the distribution of community benefit. For example, Highland Council has published guidelines according to which the amount of community benefit is distributed among the local community, an area-wide fund and the Highland trust fund so that everybody benefits. The existing good practice guidelines are generally for onshore wind developments, but as new renewables technologies approach maturity, we will see an increasing number of offshore developments such as tidal arrays, offshore wind farms and wave farms. It is important that we recognise that and develop a robust framework to ensure that coastal and other communities get a fair share of community benefit in the coming years.

Offshore resources will make a huge contribution to meeting Scotland's ambitious renewable energy targets and will secure jobs in the renewable energy industry, bringing significant profits for the developers and benefits to the country. It is therefore right that we are prepared to ensure that some of the money goes to our coastal communities, and for that to happen we must have a robust community benefit system in place that ensures that the riches from areas such as the west Highlands do not just flow out of the area but directly benefit local communities as well.

Remote areas where the best resources are located will gain some improvements to infrastructure, but we must do better than that. As well as ensuring that there is direct community benefit, we must also feed back some of the bonanza to west coast communities. The Government must look favourably on using the benefits that we will get from west coast renewable energy for extensive improvements to our roads, rail, ferry and air infrastructure. If huge amounts of money are coming out of the west Highlands and Skye, surely it is not unreasonable to ask that some of it goes back in again.

16:08

Graeme Pearson (South Scotland) (Lab): As John Wilson said, our priority in any debate on energy provision must be the interests of consumers, but we must also take into account the impact on the environment. Ensuring an affordable and dependable energy supply to the general public and Scottish businesses while encouraging the provision of sustainable energy should be our paramount objective, but we should also have a focus on reducing consumption.

Fergus Ewing's motion raises some important points about electricity market reform. I welcome his announcement of intergovernmental co-operation and the concordat, but I believe that the motion concentrates too much on self-congratulation and not enough on how the Scottish Government will deal with the challenges that we continue to face. Like the majority of members, I am concerned about our dependence on one form of energy production, so I welcome the move from a reliance on fossil fuels to a more diverse renewable energy mix. A move towards renewable energy can, by its nature, only be a good thing.

The Scottish Government has pledged that by 2020 100 per cent of Scotland's energy will come from renewable sources, which will be up from 38.69 per cent currently. That is an ambitious target and I hope that ministers are not determined to achieve it at any cost.

When he is dealing with the electricity market reforms, I must remind the cabinet secretary of constituents' concerns across the south of Scotland on the impact of wind farms on local communities, their wildlife and economies. I hope that ministers will take those concerns seriously when planning the way forward on reform.

The principle behind the contracts for difference policy in the UK Energy Bill, which is designed to incentivise investment in low-carbon energy, is admirable, but the lack of detailed information on that element leaves me wondering whether it has been fully thought through and is deliverable. It is worth noting that, under the current system, Scotland's much heralded renewables market receives a third of the UK's total investment, despite contributing around a tenth of the funds. I wonder how that funding would be replaced should SNP members get their wish next year.

The principle behind localised community renewables generators is also desirable, but the Government must ensure that issues such as the costs of liability and maintenance are fully considered when they deal with market reform. Community ownership has the potential to empower local communities and offset any negative impact of developments, but it must be

done with due consideration and care, and with the interests of the community at its heart.

I must, again, emphasise the importance of prioritising the communities and consumers who will be most affected by the issues being discussed. One of my major concerns regarding the energy market is the apparently continual and disproportionate increase in cost to consumers. Over the past six months, each of the so-called big six energy providers, who together supply 99 per cent of UK households, have implemented price rises of between 6 and 10 per cent.

An average increase of almost £300 in three years is absolutely unacceptable. With the chief executive of Ofgem, Alistair Buchanan, warning that falls in UK power production capacity are likely to lead to more energy imports and further price rises, it is essential that we act now to minimise increases and deal with the impact on business and consumer confidence in relation to affordability.

It is estimated that around 30 per cent of Scottish households are currently classed as being in fuel poverty. The idea that almost a third of people are living in fuel poverty in what is supposed to be one of the most energy-rich countries in the world is frankly embarrassing. Measures such as a requirement for energy companies to place all over-75s—the most vulnerable to increases in fuel prices—on their cheapest tariff could save hundreds of pounds for millions of pensioners.

There is also still a distinct lack of clarity regarding SNP plans for the regulatory regime and energy system in an independent Scotland. The reform of the electricity market must be done transparently and openly so that consumers and providers alike know exactly where they stand.

The UK Energy Bill fails to adequately address the recent escalation in energy bills and the ongoing threat of fuel poverty, and it does not include sufficient measures to reduce electricity demand. I hope that the cabinet secretary can give us some comfort in those regards.

16:14

John Mason (Glasgow Shettleston) (SNP): It seems that the electricity market reform policy overview of November 2012 correctly highlighted the three objectives as being to keep the lights on, to keep energy bills affordable and to decarbonise energy generation. Most of us have signed up to that, and it is encouraging that both the UK and Scottish Governments seem to be taking a reasonably joined-up approach, although there are still differences between them. The question is how are we to fulfil all those objectives and get the

right balance between them. In addition, we need to look at the long term and not just the short term.

That is the point on which I would like to speak first. Whatever form of energy and electricity we are to produce, there needs to be investment in the short term now in order to ensure long-term supplies. That includes investment in both generation and distribution.

There was an article in today's *Herald* headed "Grid pays £6m to turn off wind farm turbines". Although the headline was slightly dramatic—perhaps not unusually, for *The Herald*—the article itself was more reasonable. The problem here is not so much the fact that wind energy is involved, but that the grid needs to be developed.

Chic Brodie: I, too, saw that article. It will not surprise Mr Mason that the Longannet coal-fired power station received £4 million for constraint payments, compared with the £1 million that wind farms received. Is the member prepared to comment on that?

John Mason: Yes, I read about that in the article. The next line of my speech says, in fact, that Longannet and Peterhead also received constraint payments. Politicians are accused at times of looking only to the short term, but the private sector can be equally guilty of that; an example is the insufficient past investment in oil-refining capacity around the world.

One of the encouragements that we see at the present time is the huge investment in the North Sea, which reflects the long-term confidence in oil and gas there. The constitution has been mentioned this afternoon, but the issue has not been a major problem for those investors.

The result of all this is that when we buy petrol at the pump or gas off the mains, part of the price is for the longer-term investment. That is true of almost anything that we buy, whether it is a loaf of bread or a pint of beer. Similarly, we need to take a long-term view of other sources of energy. That is especially true of new forms of energy, namely renewables. Nuclear power has been subsidised for a long time and clearly cannot be operated without a subsidy.

My father worked for his whole life for South of Scotland Electricity Board, Scottish Power, or their predecessors. He was a fan of nuclear generation: I remember going on a family outing to visit Hunterston. However, the idea that electricity from nuclear would be virtually free—as I think he and his generation hoped for—is now seen to have been a pipe dream. It is also clear that coal, oil, gas and uranium are finite; one day they will run out. Even uranium resources are measured to last for only about 70 to 100 years.

We want India, China and others to develop into modern economies. That means that they will need increasing amounts of electricity. We have a duty to this country and to future generations to produce more renewable energy to replace fossil fuels. I believe that we also have a duty to developing economies around the world to contribute our share to carbon reduction. That is why a key contribution that Scotland can make is through universities such as Strathclyde, which are respected worldwide and are responsible for bringing a considerable degree of investment to this country.

I add that one of the reasons why we have high fuel prices is the weakness of the pound. Although exporters can be glad that the pound has devalued over the years—of course, now it is about 85p against the euro, when it was 70p for a long period—the downside is that anything we buy on world markets is more expensive. That certainly includes fuel. One could say that one of the failures of successive UK Governments is that policies have led to a devaluation of the pound. I believe that one of the big advantages of investing in renewables now is that it reduces our reliance on imports, so we will be less vulnerable to a weak pound in the future.

I do not often get to speak on energy or on matters such as this, so I would like to range a little bit wider in my closing remarks. I was saying earlier that my father took me to Hunterston. I have another memory of being on holiday with him in the Highlands, when he would admire and point out to us the electricity cables sweeping through the glens. He was particularly pleased when the individual pylons did not interrupt the sweep of the cables.

Some people would say that renewable energy means spoiling the landscape; but it is also said that beauty is in the eye of the beholder. My father found that the pylons could be beautiful, though I am not sure that I entirely agreed with him. However, I think that the wind turbines we have now look superb. They make the M74 much more interesting to drive down. On Easter Sunday, I walked the dog at Whitelee, near Eaglesham. It really is impressive; it is clearly a tourist attraction in its own right and draws both locals and folk from further afield.

When we discuss the electricity market, we need to say that we should not be where we are now. I, for one, opposed privatisation in 1991 and did not buy any of the shares on sale at that time. It still seems ridiculous to me that the same electricity is coming out of the same wire, but we pay different companies for it. As far as I am concerned, it is an artificial market, but we are where we are. Clearly, I do not see nationalisation

as a realistic option, given the other demands on our finances.

I welcome the Government motion and I hope that we can work together with the UK and other European neighbours. I urge that we take a long-term view and encourage investment for the future.

16:20

Alison Johnstone (Lothian) (Green): The public would be forgiven for thinking that energy policy is entirely devolved to the Parliament, given that we discuss and debate it at length, and rightly so because it is extremely important. All members believe that Scotland's energy supply must be affordable, secure and decarbonised, but it is important to remember that we will achieve those three things only with a reduction in overall demand, which is a point that I will come back to.

The debate reminds us that energy is largely a reserved issue and that important decisions that will set the terms of energy investment in the UK for the coming decades will soon be made in Westminster. I am pleased that the Scottish Government has ensured that it is at the table in setting the contracts for difference and the EMR delivery plan. The Government has done a good job of promoting renewables with the powers that it has, and I urge it to continue efforts to ensure that renewables and low-carbon technologies are supported.

The current UK renewables obligation support mechanism works, and many renewables projects and innovations have been made possible because of it. The CFD, too, must deliver for renewables and give investment certainty. I hope that the job has been made slightly easier. During the previous EMR debate, the minister lamented the departure of Charles Hendry. I for one am less sad to see John Hayes go—many have said that his anti-renewables stance was spooking investors and he has been quietly moved on.

Getting support for renewables right is vital and seems possible, but EMR also seems likely to hand out vast subsidies to new nuclear power stations. That will divert investment away from faster, less costly, more job-rich and more secure means of meeting our energy needs, such as interconnection, energy efficiency and renewables. The nuclear industry has been telling us for years that nuclear is the cheapest form of energy. Caroline Lucas, my Green colleague at Westminster, has tabled an amendment to the Energy Bill to ensure that nuclear does not receive payments that exceed the lowest payments to renewables. If the nuclear industry's claims are correct, it should have no qualms about supporting the Greens on that.

The Scottish Government in its negotiations with the UK Government needs to ensure that renewables are placed as a priority above the nuclear industry. It is clear that, in the integrated UK energy market that the motion welcomes, the cost of nuclear subsidies will be borne by consumers in Scotland, too. I have argued for continued support for renewables and against the same for nuclear.

It is important that the Energy Bill does not enable the dash for gas that many commentators fear. The Economy, Energy and Tourism Committee's report on the achievability of Scotland's renewables targets concluded that the targets are achievable, but only if a number of issues are addressed. One of the priorities that was highlighted for the Scottish Government's engagement with the UK over the Energy Bill was for

"A revision of the Emissions Performance Standard that does not create incentives which will lead to investment being unduly diverted from renewables to gas".

The emissions performance standard is one of the few tools that the Government has to tackle the most polluting power stations and encourage the almost complete decarbonisation of the power sector that the UK Committee on Climate Change says is necessary by 2030. As Rhoda Grant has highlighted, the Government seems to be in no mood to try to reduce the UK's pointlessly high EPS or set a Scottish one to lead the way. The committee's report on the legislative consent memorandum for the Energy Bill details the amendments that Labour and I lodged and our dissent from the recommendation to Parliament.

Finally, I want to talk about alternatives. The UK Energy Bill entrenches the dominance of the big six energy companies, which have not delivered affordable energy. In Scotland last year, 26,000 people were added to the fuel poor, largely as a result of fuel price increases. There would have been many more were it not for Government-led energy efficiency measures, which can of course always be improved on. For an alternative, we can look not so far away, to Germany, and a case that was reported by Alan Simpson, the ex-Labour MP. In the small town of Schönau in the Black Forest, a feisty primary school teacher called Ursula Sladek and others decided that they wanted to buy non-nuclear energy, and consume less at that. An approach to the local energy company failed but, after a five-year battle, the community took ownership of the local grid and could supply their own energy.

That idea took hold and there are now 600 community energy companies democratising Germany's energy market. Several years ago, Germany too was dominated by its own big four but now, more than half of the 60GW of renewable

energy that has been installed in less than a decade is citizen or community-owned. That is delivering cheaper, cleaner energy, but importantly, it is an energy market that is not dominated by a few players but is owned and controlled by citizens. That is a vision that we in Scotland should aspire to.

16:25

Rob Gibson (Caithness, Sutherland and Ross) (SNP): In electricity market reform, we aim for stability but unfortunately we inherit uncertainty over how that stability will be delivered. I will first look at some of the origins of that uncertainty, before looking at some of the effects.

Earlier this year, "Delivering renewable energy under devolution"—an academic study done in the four parts of the UK and led by Dr Richard Cowell—showed:

"We can point to a range of actions by the devolved governments—especially Scotland—that have shown significant support to renewable energy in the UK."

Let us be clear: it also shows that the main policy-making powers and capacity lie in London, with DECC and the Treasury playing central roles.

Our energy policy in Scotland is very much a part of the devolved settlement. It has followed a model that was created in London and, indeed, in the conclusion of the report the authors point out:

"Among the devolved governments, political commitment to large-scale renewable energy development is longest standing in Scotland, being evident in the 1999 elections, allowing debates about delivery to develop sooner than in Northern Ireland and Wales."

We can see that the issue of getting large-scale renewable energy came in with devolution, and we also know that the ROCs were set up in a fashion in 2002 under the Labour Government.

We have been following a model that emphasised the creation of large-scale development but, as Alison Johnstone has pointed out, there are alternatives. Denmark and Germany started to build from the bottom up in many cases, or indeed dismantled the top to create more local control. We have the potential to do that in our future as well, but we need to recognise that, in order to get the stability that I talked about at the start, we have to be sure that the contracts for difference will deliver it.

That is uncertain in the minds of those in the electricity industry. Scottish and Southern Energy said on 1 May this year:

"renewables developers do not have certainty over how the CfD will work in practice when the RO closes to new projects which are expected to begin generating after March 2017. This uncertainty has led to an investment freeze for those projects which are not certain to commission by that date; this freeze will exacerbate in 2013

as more projects reach the stage at which significant development investment is needed.”

Getting some security of investment is clearly a major part of the stability that we are talking about. It is underlined by why we have a renewables policy in the first place: it stems from the necessity to tackle climate change. The most recent UK Committee on Climate Change report, in March this year—I may have mentioned part of this before, but it bears repeating—states:

“The Scottish Government has helped to provide longer-term certainty for industry by setting a 2030 decarbonisation target, which is in line with the Committee’s recommendations. However uncertainty over post-2020 support at the UK level may feed back to current investment decisions.”

The report reflects what producers such as SSE have said—that there is uncertainty in the process.

As one of the members who represent areas that can make a big contribution, it bothers me intensely that, in an attempt to argue that the UK market is more stable than a Scottish one would be, Ed Davey said on 19 March in Aberdeen that Scottish electricity generators have “unhindered access” to a market of more than 23 million households. I do not see the producers in the islands or the Highlands having “unhindered access”; I see a transmission system that makes it impossible for them to contribute on a level playing field. The electricity market reforms must address that. The evidence of our minister Fergus Ewing helping with the islands project also points to the fact that even electricity that is generated on the mainland in the north of Scotland will face a huge problem.

I will conclude with the question of what Britain requires. Decarbonisation is at the heart of the issue. A report from Scottish Renewables, which was also published on 1 May, points out:

“The UK Government estimates that in 2011 renewable electricity generation in Scotland displaced over 8.3 million tonnes of carbon dioxide. This is equivalent to over 15 per cent of Scotland’s total carbon emissions. Onshore wind makes up the largest percentage of this generation.

Furthermore, in response to the Economy, Energy and Tourism Committee, National Grid showed that between April 2011-September 2012 the electricity generated by wind farms in Britain resulted in an estimated 10.9 million tonnes less CO2 being emitted.”

There is never likely to be as much production of wind energy in England. Therefore, I argue that Britain will require Scotland’s production of clean energy in order to meet the UK’s targets or England’s targets in the future.

16:31

Alex Johnstone (North East Scotland) (Con): It has been an interesting debate. I think that I need to set a slightly different backdrop to it from

that which has been set by some members who have participated.

The United Kingdom was very lucky in that, by the mid-1990s, we had a stable, well developed and diverse power generation system. We had nuclear, coal and gas. Here, in Scotland, we also had a significant overcapacity in our ability to produce electricity for our domestic market.

Sadly, the good record of the previous Conservative Government on controlling energy policy left us overconfident. The subsequent national Labour Government rested on its laurels for rather too long and took too much time to produce its proposals for developing the electricity market in the longer term. In fact, the current grid access and charging arrangements have been in place for eight years and were put in place by a Labour Government in the south at a time when there was a Labour Government, in effect, in Scotland as well. It is remarkable that the criticisms that we have heard today seem to take into account nothing of that record.

Our SNP Government has been in power in Scotland for a number of years, during which period it has used the luxury of overcapacity to concentrate its energy policy on the extension of onshore wind power. There is a lot to be said about onshore wind—some positive, some negative—and I will never deny that it has a significant place within a balanced energy policy. However, the fact that we have become so reliant on it to replace the capacity that we are going to lose has left us in an exposed position, as we have discussed in the debate.

Fergus Ewing: Does Alex Johnstone accept that the success of onshore wind has provided the rationale to allow the National Grid and Ofgem to approve upgrades of the grid on a massive scale, without which there cannot be any offshore wind, tidal or wave energy? Does he agree that the success of onshore wind is a stepping stone to other forms or renewable energy?

Alex Johnstone: I think that the minister exaggerates his case. There is obviously a case for improving grid connections to the north and west in order to accommodate the current proposals for onshore wind in far-flung areas and in the islands, but the bulk of proposals for development of offshore wind are in the east. Although those developments will require specific connections to the grid, they are in effect already in a position to access the existing grid.

I want to say a bit about the attitude towards markets. One reason why the Conservatives can agree to the Government’s motion—and, I hope, the reason why the Government can agree to our amendment—is that we share a not dissimilar understanding of the function of markets. Our

understanding is that the function of a market is to balance supply and demand, to ensure that there is an adequate price for power that will deliver enough investment to continue to develop the grid where necessary and, in an ideal situation, to produce affordable electricity for both domestic and industrial consumption.

I am concerned that some of the interpretations that we have heard from the Labour Party today are not entirely consistent with my understanding of the function and effect of markets. For example, the proposals that we heard about to pool power could serve to undermine the opportunities that the Westminster Government is trying to produce to achieve competition and effective pricing in the domestic market. Perhaps I need to find out more about Labour's proposals to work out whether they correspond to my understanding of markets.

During the course of the debate, we have heard a number of interesting arguments, some of which I found easier to understand than others. We heard Chic Brodie deliver his usual scaremongering attack on the nuclear power industry. I trust that Ayr still has at least some bonnie lasses.

Chic Brodie: I know that the Conservatives find it difficult to empathise with us on all counts, but I remind the member that Ayr is a town of honest men and bonnie lasses.

Alex Johnstone: Indeed, my reference to the bonnie lasses was to cast doubt on the existence of the honest men.

The Deputy Presiding Officer (John Scott): We need parliamentary language, Mr Johnstone. You have another two and a half minutes.

Alex Johnstone: Presiding Officer, I apologise.

Another area of considerable discussion was the effect that separation between Scotland and England might have on the electricity market. As several members pointed out, what might be described as Scotland's overinvestment in wind energy could take us to a point where, in the event of separation, considerable costs could fall on Scottish consumers. However, we did not quite get to the bottom of that argument today, as we have also failed to do in the past.

Mike MacKenzie spoke at some length about the fact that the subsidies for renewable energy are paid not by the taxpayer but by the consumer. If we end up as a separate market within a single grid, we could find ourselves in the difficult position in which Scotland's renewable energy industry has to compete across a grid with electricity that is supplied from other European countries, which might be generated on a more stable and predictable basis. We must remember that, if we are reliant on that broader market to produce the

subsidy for our wind energy, there is a danger that those in the south may choose to get their carbon-free electricity from a French industry reliant on nuclear power that is perfectly willing significantly to undercut the Scottish industry.

The Deputy Presiding Officer: You should be drawing to a close, please.

Alex Johnstone: In coming to a close, I think that it is essential that we remember that we have a UK-wide electricity market, which serves Scotland's diverse requirements well. Our pursuit of onshore wind and other renewables requires a stable market—

The Deputy Presiding Officer: You must close.

Alex Johnstone: The grid has the capacity to produce that stable market. Separation may actually undermine that opportunity.

16:39

Ken Macintosh (Eastwood) (Lab): This has been a relatively thoughtful, consensual and constructive debate, all of which is to be welcomed.

I admit that, like Murdo Fraser and Malcolm Chisholm, I was slightly surprised to see the terms of the motion. As expected, the motion lauds the efforts of the Scottish Government, but it also praises the efforts of the UK Government and welcomes the UK and Scottish Government's working together not once but twice. In his speech, the minister talked about

"continuing and enduring joint working between the Scottish and UK Governments".

The only phrase that was missing was "better together".

All that mutual back-slapping and talk of securing the best outcomes seems slightly misplaced at a time when the industry is clearly worried about delay and uncertainty. There is a lack of clarity about renewables, in particular, with a consequent lack of investment. The minister himself used such language when he talked about concern about capacity and security of supply.

The back-slapping seems particularly misplaced at a time when families are struggling with growing fuel poverty. People are angered by the profits and bonus culture of the big six power companies and anxious about a bill that might bolster those companies' dominance at the expense of independent renewables companies, leaving community ownership untapped and undeveloped for the most part.

Scottish Labour thinks that Scotland will benefit from an energy policy that balances our energy needs with our climate change and carbon

reduction targets and in which the interests of consumers are central to the process of reform. Although we support some of the measures in the UK Energy Bill, we think that the bill lacks ambition and that there has been a remarkable lack of progress, as Rhoda Grant said.

A number of factors in the background to EMR are worth highlighting. The big six energy companies are responsible for 99 per cent of household energy bills. Household bills have increased by nearly £300, just in the past three years. Security of supply is an increasing concern, as several members said, and Ofgem has projected that the UK's spare capacity will fall from 14 to 4 per cent in two years.

It is purported that the Energy Bill will increase investment in low-carbon and renewable energy, but the bill does not set decarbonisation targets. Although Labour supports the principle behind contracts for difference, there remains a lack of information on vital details, most notably the process for setting strike prices.

In addition, concern has been expressed about the ability of community renewables and small independent electricity generators to access finance under the new regime. Margaret McDougall made a particularly useful contribution on that point.

Many members who have spoken in the debate will have heard from the independent generators group, whose members operate more than a fifth of UK onshore wind generation and are responsible for some two fifths of proposed projects. To secure financial backing, independent generators must secure long-term contracts with credit-worthy partners—in practice, one of the big six. Already, due to the uncertainty over EMR, fewer energy companies are offering terms to independent generators. That could prove a threat not just to the independent generators but to our chances of meeting Government targets. There will be an impact on communities, too, which I will return to.

There is also uncertainty about the impact of the emissions performance standard. Malcolm Chisholm made the point well. The EPS imposes a limit on the level of carbon that is emitted by new power stations, but the limit has been set fairly high and will be grandfathered until 2045. The lack of ambition on the target has led to concern that it will provoke a dash for gas. It is not clear whether the Scottish Government will have unilateral power to alter the EPS in Scotland without recourse to the Westminster bill, now that we are in the process of agreeing to a legislative consent motion. I think that the minister was asked about that in committee; Rhoda Grant asked him about the issue during the debate. Will he clarify the point?

The minister, Liam McArthur and other members mentioned the recently published report, "Scottish Islands Renewable Project", which confirmed the sizeable potential renewables capacity in the Scottish islands and identified the significant socioeconomic benefits that could be unlocked. Sufficient investment could secure up to 400 jobs in the Western Isles, more than 400 jobs in Orkney, more than 400 jobs in Shetland and an additional 3,000 jobs in the rest of Scotland or elsewhere in the UK, over the next seven years. However, the report concluded:

"further renewable generation on the Scottish Islands will not be developed on any scale ... under current policy",

primarily because of lack of funding and the high costs of transmission. That is a matter of urgency.

Just before Christmas, Scottish Hydro Electric Transmission announced delays to every upgrade project in Scotland associated with renewables except for the Beaully to Denny power line. SSE has said that it has already missed its window for having the high-voltage connector to the Western Isles in by 2016. My colleague Rhoda Grant commented that the company could lose its procurement contract on new cable.

We back the islands report's conclusion that

"a co-ordinated policy and regulatory response will be required urgently".

I welcome the minister's opening remarks, which talked about proposing a CFD uplift and the joint underwriting of subsea cables, but what will he do if further support from the UK Government is not forthcoming?

I turn to two important points that a number of members raised. The first is fuel poverty. Hanzala Malik talked about his concern about rising household electricity bills. Graeme Pearson and Mary Scanlon also talked about that. Dave Thompson in particular highlighted the unacceptable regional variations, and John Wilson made typically thoughtful comments on the impact of fuel poverty on families in Scotland.

Energy Action Scotland estimates that there may be more than 600,000 families in fuel poverty. As members know, Labour set the eradication targets for fuel poverty. We introduced the winter fuel allowance and free central heating for older people, so members will not be surprised that we want further measures to be taken.

I hope that members will also not be surprised at our disappointment at the Scottish Government's apparent backsliding on energy standards in new buildings. Those who can afford to will fit small-scale renewables to their property or insulate their homes, but those who cannot afford those measures will fall further into fuel poverty.

The Association for the Conservation of Energy sent a letter to Mr Swinney and Mr Mackay last week warning that, if they water down and delay energy standards for new buildings, it will have a severe and damaging effect on energy efficiency.

Mike MacKenzie: Will Ken Macintosh give way?

Ken Macintosh: I will not, if Mr MacKenzie does not mind.

I hope that the minister will raise the issue with his colleagues, because there is clearly a cross-party and cross-parliamentary consensus in support of further measures.

Alison Johnstone, Rob Gibson, Dave Thompson and virtually all the Labour members raised a very important issue: community ownership.

I was delighted to be present for the official opening of the Neilston community wind farm earlier this week. Nicola Sturgeon came to open it. It is jointly owned by the local community and is now beginning to generate substantial income for the village. However, community ownership models such as that at Neilston are the exception. It is fair to say that up to 90 per cent of profits from wind farms are exported, along with 75 per cent of the expenditure on the industry. We are in danger of repeating the mistakes that we made with the oil industry.

There was an interesting article in *The Scotsman* today in which Alison Elliot highlighted the fact that, even in the tenth of the industry that may be more locally owned, wealthy landlords are more likely to benefit from public subsidies than local or fuel-poor communities are. It is probably safe to say that as little as 3 per cent of renewable energy is owned by communities.

We need to be more strategic. The Scottish Government needs to show more leadership on funding, risk and planning. The use of Forestry Commission land is welcome, but what about using more Scottish Water resources? We could also explore the potential of some of our housing associations, which have the land and the communities. That would not only help the communities but help us to reach our targets.

I am conscious of time. I have not had a chance to mention hydroelectricity, which is still important and could be affected particularly by the feed-in tariffs.

I urge both Governments to tackle the uncertainty and lack of clarity around EMR with real urgency. I support the amendment in Rhoda Grant's name.

The Presiding Officer (Tricia Marwick): I call Fergus Ewing to wind up the debate. Minister, I would be obliged if you could continue until 4.59.

16:48

Fergus Ewing: Thank you, Presiding Officer. I will do my best to oblige.

The debate has been useful. There have been a number of excellent speeches and, by and large, the tone has been positive.

I will start off by trying to answer some of the questions that have been asked. One of my duties is to provide answers, and there has certainly been no shortage of questions. Therefore, I do not propose to write to every member whose questions I cannot answer but, if members wish to persist with any of those questions, I ask them to let me know and I will ensure that they get answers in writing later on. I make that absolutely clear.

Rhoda Grant asked a number of questions that were followed by other Labour members quite consistently. I will address some of the questions that she raised and will, in doing so, answer points that were made or echoed by a number of her colleagues. She raised the important matter of demand reduction. Of course we all want less energy to be used; a great number of policy measures are being put in place to that end. There is a general desire across all parties to reduce demand—it is not a political point. Although it is not for me to defend DECC, I know that it will lodge amendments to the Energy Bill to incentivise electricity demand reduction and to help to address fuel poverty. We will work with DECC to develop such measures in Scotland's interests and to ensure that they go as far as they can.

Many members rightly raised the issue of the effect on consumers. Dave Thompson made a solid contribution, in which he analysed bills in the Highlands and compared them with bills in other parts of Scotland and south of the border. His speech merits close reading and further consideration. The Energy Bill will provide a power for the UK Government to force energy companies to simplify tariffs, if Ofgem's work to do so is not enough. Regardless of our political standpoints, I think that we all agree that that is a good power. The question is whether, how and in what circumstances it should be exercised. Forcing energy companies to provide simple tariffs has been a theme of many members, so I welcome the provision in question.

The bill will also introduce consumer redress orders, whereby energy companies will be forced to pay compensation to consumers who are mistreated. Again, I think that that is an extremely useful—and long overdue—provision. Historically in Britain, complaints by consumers have been seen, more or less, as a futile exercise, because of a sense that one's complaint was dealt with in a call centre somewhere, went into the ether and

nothing happened. Therefore, the prospect of consumer redress orders is a good idea and one to which, in principle, we can all subscribe.

Malcolm Chisholm raised a number of specific points. The closure of the Scottish RO was not an issue that other members dwelt on at length. We have always made it clear that matching the wider UK timetable for closing down the RO to new generation will depend on a number of factors, including detail on CFD strike prices, a resolution of the issue of a fair deal for our islands on transmission charging, which I will come on to, the back-up that we will need—at some stage, we will probably need another gas power station in Scotland as back up—and various other technical matters. We are not there yet, and we have made it clear that we would proceed to CFDs only once all those matters have been dealt with.

Malcolm Chisholm also mentioned fixed ROC mechanisms. Fixed ROCs are a bit of a technical beast, but basically the ROCs will be closed for good in 2037. As time goes on, there will be less of a market for them, the market will become less liquid and there will be more risk of price fluctuations. The fixed ROC system, details of which are still to be consulted on, is designed to come into play in 2027. It will guarantee generators a fixed payment for all their ROCs.

I want to turn to some of the more controversial and less technical points that have been raised. I turn first to the issue of renewables in an independent Scotland. It is not the purpose of today's debate to go into that topic in detail; that great day will come. I see that on that there is a great deal of barely suppressed anticipation on the part of our opponents. Of course, the sensible thing to do is to maintain the cross-border electricity market. When electricity goes along a transmission line, it does not realise when the line ceases to be Scottish and becomes English. Therefore, it makes sense for the grid system, which has been developed as it has for practical reasons, to continue to operate on that basis. Energy is an area in which Scotland makes a huge and necessary contribution to keeping the lights on south of the border.

Several SNP members mentioned the recent contribution to the debate by Alistair Buchanan of Ofgem. Whatever we might think about other parties' views, I think that we can all agree that Alistair Buchanan is in a position of some authority to opine on such matters. After all, he has been the head of the regulator in the UK. His opinion was issued to the UK Government last October: it is that neglect of the electricity system in the UK has been so serious that we are now reaching a point at which there is a real risk of the lights going out, at least south of the border, around 2015.

Murdo Fraser: Given what Mr Ewing has said about listening to people in authority, what is his response to the paper from the David Hume Institute, by Professor McGregor and his colleagues at the University of Strathclyde, from which I quoted earlier, which warned about issues around security of supply and rising costs to consumers in Scotland in the event of independence?

Fergus Ewing: I was going to come on to deal with those matters. Murdo Fraser quoted from the Bible in his opening speech, so let me do likewise:

“seek, and ye shall find”.

I suggest that, if Murdo Fraser seeks the answer, he will find it in the DECC EMR technical annex A, at paragraph 63—which I am sure the member has read but has temporarily omitted to bring to his frontal lobe. It points out the truth. In its Energy Bill, the UK has formulated plans to purchase electricity from outwith the UK. It plans to provide subsidies to other countries and to co-operate with other countries such as Ireland and Norway. It is planning to give itself the powers to grant CFDs—to grant subsidies—to all those other countries. That is perfectly reasonable.

The SNP is a party with an international outlook. Not only will England be our greatest friend, but we will have friendly relations with Norway, Ireland and all those other countries. We therefore welcome that approach being adopted by the UK Government. What a strange thing it is that that approach is not matched in this Parliament, where the assumption is that the only country that will not receive the benefit of that friendly international co-operative approach will be Scotland. Scotland will apparently be cut out from that approach.

Here we reach some other inconvenient facts for our colleagues on the Opposition benches. The first of those inconvenient facts is that the spare generation capacity in England will drop to 4 per cent in 2015-16. That means that there is a huge risk that the lights will go out. How is that going to be averted? Some members have said that we will import French nuclear energy. Unfortunately, the Germans and Belgians have already more or less got that tied up. In any event, even if that were not the case, what is the maximum capacity that could be imported using that interconnector? It is 4 per cent, which is not enough.

There is another point, which was made by Alistair Buchanan—and Mike MacKenzie was right to mention it: if England, after Scotland winning the referendum and becoming independent, decided that it would cease all fraternal relations and trade, and that it would stop companies from England from participating in renewable energy schemes in Scotland, that would come as very bad news to some of the members of

RenewableUK with which I deal. If that is to be part of a new policy of non-co-operation, non-engagement and non-trade, what will happen? What will happen is that either England will be left with regular power cuts, or it will pay very high prices for electricity. That is because the law of supply and demand comes in, you see? If supply and demand are matched, or if supply is outstripped by demand, the prices goes up. The Scottish Conservatives' policy would have English consumers paying through the roof for their energy bills, were their ridiculous policy ever to be pursued.

The Presiding Officer: The minister needs to wind up now.

Fergus Ewing: I have perhaps dwelt over long on that area, but I wanted to try and do it justice. I hope that I have. We are close to decision time.

Let me return to the immediate and pressing priority. For me as energy minister, the biggest priority is to get a fair deal for our islands. I am delighted that we have had a very good, positive and constructive relationship with Ed Davey—so much so that we put out a joint press release. There we are: Ed Davey and myself are on the same page, as it were. We want jointly to persuade the Treasury that there must be a fair deal for the islands that does not disconnect their renewable energy potential from the UK grid. That will mean power from Scotland to avoid power cuts in England.

Parliamentary Bureau Motions

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of two Parliamentary Bureau motions. I ask Joe FitzPatrick to move motion S4M-06600, on committee membership, and motion S4M-06599, on substitution on committees.

Motions moved,

That the Parliament agrees that—

Richard Lyle be appointed to replace Mark McDonald as a member of the Health and Sport Committee;

Christian Allard be appointed to replace Dennis Robertson as a member of the Equal Opportunities Committee;

Christian Allard be appointed to replace Jim Eadie as a member of the Subordinate Legislation Committee; and

George Adam be appointed to the Standards, Procedures and Public Appointments Committee.

That the Parliament agrees that—

Dennis Robertson be appointed to replace Richard Lyle as the Scottish National Party substitute on the Health and Sport Committee;

Christian Allard be appointed to replace Mark McDonald as the Scottish National Party substitute on the Local Government and Regeneration Committee;

Colin Keir be appointed to replace George Adam as the Scottish National Party substitute on the Standards, Procedures and Public Appointments Committee; and

Jim Eadie be appointed to replace Maureen Watt as the Scottish National Party substitute on the Public Petitions Committee.—[*Joe FitzPatrick.*]

The Presiding Officer: The questions on the motions will be put at decision time.

Decision Time

17:00

The Presiding Officer (Tricia Marwick): There are five questions to be put as a result of today's business.

The first question is, that amendment S4M-06582.1, in the name of Rhoda Grant, which seeks to amend motion S4M-06582, in the name of Fergus Ewing, on electricity market reform, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Renfrewshire South) (Lab)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)

Against

Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Allard, Christian (North East Scotland) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Gavin (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)

Davidson, Ruth (Glasgow) (Con)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Finnie, John (Highlands and Islands) (Ind)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Goldie, Annabel (West Scotland) (Con)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Johnstone, Alex (North East Scotland) (Con)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland Islands) (LD)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

The Presiding Officer: The result of the division is: For 33, Against 71, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S4M-06582.2, in the name of Murdo Fraser, which seeks to amend motion S4M-06582, in the name of Fergus Ewing, on electricity market reform, be agreed to.

Amendment agreed to.

The Presiding Officer: The third question is, that motion S4M-06582, in the name of Fergus Ewing, as amended, on electricity market reform, be agreed to.

Motion, as amended, agreed to,

That the Parliament welcomes the continuing commitment of the Scottish Government to work within an integrated UK market framework; notes the importance of the electricity market reform proposals in maintaining investor confidence in Scotland in both renewable and carbon capture and storage technologies and supports the Scottish Government's working to secure the best possible outcome for Scotland's electricity supply industry and consumers; also welcomes the role of the Scottish Government in the Energy Bill, including setting the level of the UK decarbonisation target range and in the design and delivery of the contracts for difference in the Electricity Market Reform Delivery Plan, which the UK Government will publish in draft for consultation in July 2013; supports agreement of a joint concordat to embed the principles of working together; notes Ofgem's report, Electricity Capacity Assessment 2012, which strengthens the rationale for investment in Scotland's electricity grid, and further welcomes the commitment of both the UK and Scottish governments to working together to consider and agree solutions to mitigate the barriers facing developers on the Scottish islands and welcomes the proposals from Ofgem on tariff reform for energy consumers, which will provide better transparency and help reduce bills.

The Presiding Officer: The fourth question is, that motion S4M-06600, in the name of Joe FitzPatrick, on committee membership, be agreed to.

Motion agreed to,

That the Parliament agrees that—

Richard Lyle be appointed to replace Mark McDonald as a member of the Health and Sport Committee;

Christian Allard be appointed to replace Dennis Robertson as a member of the Equal Opportunities Committee;

Christian Allard be appointed to replace Jim Eadie as a member of the Subordinate Legislation Committee; and

George Adam be appointed to the Standards, Procedures and Public Appointments Committee.

The Presiding Officer: The final question is, that motion S4M-06599, in the name of Joe FitzPatrick, on substitution on committees, be agreed to.

Motion agreed to,

That the Parliament agrees that—

Dennis Robertson be appointed to replace Richard Lyle as the Scottish National Party substitute on the Health and Sport Committee;

Christian Allard be appointed to replace Mark McDonald as the Scottish National Party substitute on the Local Government and Regeneration Committee;

Colin Keir be appointed to replace George Adam as the Scottish National Party substitute on the Standards, Procedures and Public Appointments Committee; and

Jim Eadie be appointed to replace Maureen Watt as the

Scottish National Party substitute on the Public Petitions Committee.

Meeting closed at 17:03.

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