Scotland has potential to be world leader in renewables

Scotland could earn £2 billion a year exporting electricity and become a world leader in new-energy technology, a leading think tank forecasts today.

But the country will realise its full potential only if energy policy is fully devolved from Westminster to Holyrood.

With its natural resources, academic research talent and the energy companies already based here, Scotland has the potential to become a world-leader in new energy generation technologies, Reform Scotland says.

This would be a realistic possibility if the Scottish Government's ambition of reaching 100 per cent renewable target by 2020 is met, Reform Scotland says in a report Powering Scotland published today.

Reform Scotland also proposes that all of Scotland's nuclear power stations be phased out at the end of their natural lives because, unlike other forms of energy production, Scotland does not have a competitive advantage in nuclear energy.

Energy powers should be formally devolved to Holyrood so that the Scottish Government can formulate a policy that meets the country's needs, the think tank proposes in a 15,000-word research paper produced by economist and Reform Scotland Trustee Graeme Blackett, Chairman Ben Thomson and Director Geoff Mawdsley.

While Westminster has theoretical responsibility for energy policy, the Scottish Government has an effective veto through planning powers which created something of an impasse.

Mr Blackett said:- ‘We would support the aim of a substantial increase in energy exports with a target of around half of electricity generated in Scotland being exported because, even using conservative assumptions on prices, this would increase Scottish exports by £2 billion per annum, equivalent to around 17% of manufacturing exports to the rest of the UK.

‘Given that some of the current fossil fuel and nuclear capacity will still be available in 2020, this is feasible if the 100% renewables target set by the Scottish Government is met.’

With the right policies and drive, Scotland could become the biggest exporter of low carbon electricity in Europe, the report authors believe. For that to be realised, a significant majority of the electricity generated in Scotland, – between 50% and 75% – would have to be met from low carbon sources by 2030 so that enough electricity is generated from renewable sources to exceed Scottish demand.

Mr Blackett explained: ‘We support the policy of the SNP Scottish Government and the previous Labour and Liberal Democrat Scottish Executive, which has been to promote renewable energy development. This policy has been successful and it is now the time to go further.

‘The Scottish Government was right to encourage the further acceleration of renewable energy generation by increasing the 2020 renewables target to 100% of Scottish electricity demand. A large proportion of that target can be achieved by wind power – on-shore over the next few years and increasing off-shore as 2020 approaches. The Scottish Government should set longer-term targets to encourage investment and to signal that the country is an attractive location for the development and deployment of new and emerging technologies.

‘Following the devolution of energy policy to the Scottish Government, we would support a policy environment that

encourages innovative, ‘low carbon’ sources of energy to accommodate new and emerging technologies that can make a significant economic development and environmental impact, including carbon capture and storage.’

This would include:-

• Increased support for research and development
• A strategy for skills provision from universities and colleges

• A framework for renewable development eg. port, testing and manufacturing facilities

• Accelerated planning arrangements for renewable projects

• Investment in domestic grid to facilitate an increase in new electricity generating capacity, distributed across Scotland

• Support for a wider European grid to facilitate a competitive Europe-wide market in electricity supply

• Access to grid at prices that do not discourage investment

Mr Blackett added:-‘We do not think that Scotland’s existing nuclear power stations should be replaced and we believe that the sites should be used to develop new energy technologies.’

He said that the disadvantages of nuclear electricity generation included cost risks – associated with the risks of capital cost over-run and uncertainty on the long-term costs connected to treating and storing waste – and the limited potential for the nuclear sector to contribute to economic development in Scotland, compared to other generation sources.

The report concludes: ‘Energy policy is crucial to Scotland’s economic future. The energy sector has the potential to make a major contribution to the development of the Scottish economy.

‘As a result of Scotland’s natural energy resources, the

strengths of the university research base, the energy companies based in Scotland and a favourable policy environment, Scotland could become a world-leader in new energy generation technologies.

‘Scotland could become a case study in sustainable development and export the technology and know-how around the world. Scotland needs an energy policy that recognises this opportunity and removes the barriers to realising it.’