

First Minister asks Prime Minister to support energy storage

The First Minister has written to the Prime Minister asking that the UK Government takes action to help rapidly and fully decarbonise the electricity system.

In a letter sent to the Prime Minister Rishi Sunak on Monday morning, the First Minister has called for more to be done to support long duration energy storage technologies such as pumped hydro storage energy through a market mechanism.

Pumped hydro storage is currently the only major renewable electricity technology which is ineligible for UK Government support.

Industry representatives have been clear that in order for long duration energy storage solutions to progress they require a cap-and-floor mechanism to ensure a minimum level of revenue. This would allow pumped hydro storage projects across Scotland, which already have secured planning permission, to begin construction immediately.

The First Minister said The Scottish Government's lack of devolved powers to reform the consenting regime in Scotland for grid projects and large scale electricity generation is a significant barrier to accelerating decisions, and called for the UK Government to find a legislative solution.

Letter to the Prime Minister

Dear Rishi,

Call for UK Government to support pumped hydro storage through a market mechanism

To tackle the climate emergency, we need to rapidly and fully decarbonise our electricity system. We fully support the UK Government's ambition for decarbonised electricity by 2035. I am pleased that our governments are already working together to accelerate the net zero energy transition. But we know there is more to do.

As you know, Scotland is a global leader in the deployment of renewables, and as we expand deployment both onshore and offshore, Scotland's renewable resources will play an increasingly important role in the transition to a net zero GB electricity system.

While additional deployment of renewables will play an important role in lessening dependence on fossil fuels for electricity generation, large-scale, long-duration energy storage is also absolutely critical to achieving our collective goals. It can help to integrate and maximise our significant renewable electricity generating capacity, ensure security of supply and manage constraints across the grid.

With this in mind, I am calling on the UK Government to support the development of long duration energy storage (including pumped hydro storage) through an appropriate market support mechanism.

Industry representatives have been clear that in order for long duration energy storage solutions to progress they require a cap-and-floor mechanism that ensures a minimum level of revenue. With an appropriate market support mechanism, several pumped hydro storage projects across Scotland, that

have already secured planning permission, could begin construction immediately. This would provide vital resilience and flexibility as thermal generation starts to retire.

Pumped hydro storage is currently the only major renewable electricity technology ineligible for UK Government support. UK Government inaction on this issue represents a significant obstacle to deployment, and risks failing to secure the economic benefits of pumped hydro storage projects.

A UK Government consultation in 2022 identified pumped hydro storage as the most well-established large-scale, long-duration electricity storage technology in the UK. It also committed to develop appropriate policy to support investment and ensure the deployment of sufficient large-scale, long-duration energy storage to balance the overall electricity system by 2024.

I am concerned that slow action in this area is dampening investor confidence and preventing projects that are essential to the joint goals of our governments from coming forward.

You will also be aware that planning and consenting timescales are raised by industry as barriers to rapid deployment. Work by the UK Networks Champion, Nick Winser, and others is already providing insight into how timescales can be accelerated. One key barrier is the Scottish Government's lack of devolved powers to reform the consenting regime in Scotland for grid projects and large scale electricity generation, the framework for which is set out in the UK Electricity Act – and which neither the Scottish Parliament or Scottish Ministers can amend. As you know, the Act dates from 1989 and its provisions on these matters are sorely outdated. The Scottish Government has proposed solutions to the UK Government that would enable changes required, and we continue to call on the UK Government to urgently find a legislative solution to accelerate the consenting process.

Whilst we believe legislative change is essential, we are also doing everything in our power under the existing regime to accelerate consenting processes in Scotland. We are continuing to review the current framework, and are considering options and engaging with key stakeholders to streamline our processes and make efficiencies in existing consenting processes.

I would be grateful to hear from you on how the UK Government plans to accelerate progress on these important issues.

Humza Yousaf

First Minister of Scotland



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