

**EU Renewable Energy Strategy:
Scotland Europa comments in the context of the Stakeholder Consultation**

Scotland Europa is a membership-based organisation that promotes Scotland's interests across the institutions of the European Union and to the representatives of Europe's regions and Member States. Our membership brings together a wide range of Scottish organisations from the public, private and education sectors. We are also part of Scottish Enterprise, Scotland's main economic development agency.

This paper brings together broad comments from Scotland Europa's Membership on a new EU Renewable Energy Strategy, in the context of the recent European Commission stakeholder consultation. For a full list of Scotland Europa Member organisations, please click [here](#).

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Timely moves to set in place a post-2020 framework to increase renewable energy penetration are welcome. Looking towards the 2030 horizon better reflects the timescales for investment decisions in the sector.

Target setting for the 2030 timeframe sends strong signals of political commitment to a defined level of ambition, which can increase investor confidence in bridging the divide between energy investments that work on the long-term; and financial markets that operate on the short-term.

A number of Scottish actors, including SSE – the UK's broadest based energy company and second largest generation firm – believe a binding 2030 package (covering renewables, CO2 emissions and energy efficiency) is necessary to provide a post-2020 market signal. In particular for the renewable energy sector, a binding renewables target and a well functioning emissions trading system are essential. SSE, alongside European partner firms, further [calls for a greater level of ambition in the shorter term](#) with a domestic emissions reduction goal of at least 25% by 2020.

The Scottish Government has already committed to a target of 100% gross annual electricity demand from renewables by 2020, and at least 11% renewable heat in addition to a 10% target for the transport sector. Together this will bring Scotland to an overall share of at least 30% of energy demand from renewables in 2020.

While political commitment shown through overall targets is welcome, their implementation must be the key focus going forward. This should recognise that energy goals will to a large extent be realised through action taken at the sub-national, local and sectoral levels. High level debate on target setting should not detract from practical actions and measures to accomplish the energy transformation, which are directed at the appropriate level where they will be enacted.

At the operational level, targets for renewables uptake in the EU are perhaps less important than ensuring that a sufficiently supportive wider policy "package" is in place. This needs to include adequate measures and political commitment to realise the infrastructure, technologies and levels of energy efficiency necessary to support a massive increase in the proportion of renewables in the energy mix. The EU approach should consider these pillars together as an overall package and ensure complementarity between the policy initiatives. In particular, certain Scottish actors would like to see

more support and incentives to encourage the development and take up of renewable heat technologies and infrastructure.

In addition to ensuring compatibility between the different strands of energy policy, attention should be paid to ensuring harmony with environmental protection goals. The new Renewables Strategy should reflect not only costs but also the optimal environmental outcome that can be delivered by renewable energy technologies. Renewables support mechanisms could, for example, be linked to environmental performance. Scotland's Environmental Protection Agency would like to see in particular a link between support mechanisms and evidence of a valid authorisation/ permit to ensure adherence to best practices in construction and licensing to create a level playing field for operators.

Financing of course also remains a central question in the wider framework for renewable energies. The EU is considering a shift to greater coordination or even harmonisation of national support schemes, but should be aware that a number of energy firms are convinced that an imposed harmonisation would be detrimental to the development of the renewables sector, in ignoring the diversity in national circumstances. That is not, however, to say that the EU might not provide a valuable role in stimulating convergence where this occurs naturally between Member States.

It should further be noted that national level subsidies are often – and increasingly – subject to public opposition and political backlash. The current economic context is certainly a factor in this, as is ill feeling towards the construction of renewable generation technologies and associated infrastructure near communities. This can of course have a negative impact on investor confidence.

Although subsidies are certainly important for the sector until it achieves market competitiveness, the importance of other market design measures in influencing investment decisions should be recognised. Systemic changes can give a sense of longer term certainty to investors. For example, the locational transmission charging system in place in the UK (one which regulator Ofgem has recently proposed to reform) has shown to strongly influence investment decisions in wind, wave and tidal energies which naturally are sited in remote areas far from population centres.

Aside from the financing question, the development of energy infrastructure and of renewable and low carbon energy technologies should be focal points of future EU action to support renewable energy uptake.

The recent EU energy infrastructure package recognises the strategic importance of key projects such as the development of a North Seas Offshore Grid in harnessing offshore generation capacity in the region and supports the successful regional cooperation model already apparent in this initiative. It further rightly recognises the need to speed progress on smart grids and address the storage challenge. Scotland's University of Strathclyde is establishing a first-of-its-kind [Power Network Demonstration Centre](#) to foster innovation in tackling these, and other, issues in realising a decarbonised grid.

From a Scottish perspective, there is recognition – in a national Renewable Infrastructure Plan – of the need to look wider than generation in planning significant infrastructure upgrades, taking into account the full supply chain and potential for manufacturing and construction opportunities which will maximise the economic benefits from renewables. There is further awareness of the unique opportunity for regeneration, not least in coastal and port locations where investments will be necessary to tap Scotland's offshore and marine renewable resource. There is a unique opportunity for economic development and job creation in those areas of deployment, which face challenges due to their remote nature.

On technology development, EU-level funding programmes play an important role in encouraging coordination and cooperation across Member States, bringing about the necessary scale and avoiding

fragmentation. There is a strong case for their continuation to bring existing technologies towards cost-competitiveness and their expansion to support new technologies with medium term potential.

Ocean energy technology should certainly be included among priorities for expansion of the EU energy technology strategy, to support the development of a world-leading European ocean energy sector. Political backing for this is evidenced by the recent Position Paper "[Towards European industrial leadership in Ocean Energy in 2020](#)", supported by nine EU Member States.

Significant investments further show strong progress and increased industry confidence. ScottishPower Renewables will develop the world's first [tidal array in the Sound of Islay](#), deploying Norwegian technology. The company cooperates with a range of private and public actors engaged in a local Renewable Alliance (the [Argyll and Bute Renewables Alliance – ABRA](#)) for joint delivery of the area's Renewable Action Plan; and partners with a local Energy Trust (the [Islay Energy Trust](#)) to ensure community engagement in and benefit from the project.

It should be borne into consideration that non-renewable, low carbon technologies are also expected to play a significant role in facilitating the desired level of renewables penetration. In particular, the role expected of gas in providing system flexibility and balancing. Carbon capture technology for gas will therefore be important to ensure emissions reduction goals can be met in conjunction with energy targets. Development of a full chain [CCS on gas demonstration project](#) is underway in Peterhead, Scotland. However, while the EU Energy Roadmap 2050 recognises the need to develop this technology, current initiatives at the centre of the EU's energy strategy – notably the NER 300 financing mechanism and the recently tabled energy infrastructure package – discriminate against CCS on gas in their design, which is focused on coal plants.

Besides the opportunity for Scotland to become one of the leading carbon storage centres for Europe there is also the recognition that Scotland's vast offshore renewables resources at the periphery of Europe offer the ability to bring energy intense processes and industries to the outer, economically fragile areas of Scotland such as the Northern Isles and Outer Hebrides island chains. This would not only avoid electricity transmission losses and therefore increase energy efficiency but also offers the future potential to marry up carbon capture and this vast pool of renewable energy to produce synthetic hydrocarbon fuels to replace fossil fuels.

Beyond 2020 Scotland also has a vision of utilising its offshore renewable energy resources and new "air to liquid fuel" technologies, currently under development, for the capture of carbon from the atmosphere to produce aviation and road transport fuels along with other synthetic hydrocarbon chemical products to replace our declining North Sea oil and gas reserves.

Several Scottish organisations would further be interested in EU initiatives to support international cooperation in renewable technology development, as exemplified in partnerships such as that between the world leading [European Marine Energy Centre](#) in Orkney and the Chinese Ocean University. A recent agreement signed between the Scottish Government and Masdar will see further development opportunities in research into renewable energy. In addition, Scottish Government International Development funding has since 2008 supported partnership between the [University of Strathclyde and Malawi](#) in developing solar electricity supply to rural communities.

Planned European Commission attention on further development of the Smart Cities and Communities Initiative is also anticipated. This initiative gives attention to smaller – yet important – deployment activities rather than focusing solely on large scale generation to meet targets. Further clarity on the EU framework, goals and support for this scheme will be welcome.

The holistic, Smart Cities approach offers particular potential to boost uptake of renewable transport solutions especially given the potential synergies with the energy storage system. As part of a wider

Smart City ambition, the Scottish City of Aberdeen has committed to achieve world leading hydrogen city status, rolling out hydrogen buses in a first phase of a wider hydrogen strategy.

A project between the Universities of Edinburgh and Strathclyde, "[Heat and the City](#)", further seeks to facilitate the role of cities as practitioners of the energy transition, in developing a blueprint for catalysing shifts to renewable and sustainable heating in cold climate cities.

As a horizontal issue across supply technologies, the EU's future energy research and innovation programme should encourage efforts to remove, reduce and recycle critical raw materials – for which there is a heightened supply risk – from low carbon energy devices.

Finally, as an oil and gas producer, Scotland is keen to make the most of its existing wealth of knowledge in offshore energy production – including on key issues such as health, safety and environmental protection – in supporting the development of the offshore renewables industry. A strong existing skills base in the conventional energy community is also an asset for the development, deployment, maintenance and operation of (particularly offshore) renewables. There is certainly scope for EU action to encourage skills development in the renewables sector, in encouraging cooperation across Europe and sharing of knowledge and experiences between expert EU regions.