



Scottish Council for
Development and Industry

PRESS RELEASE

26 April 2009

BUDGET UNLOCKS £3.4 BN BOOST TO SCOTTISH ENERGY SECTOR

Figures published by the Scottish Council for Development and Industry (SCDI) suggest that the Budget's support for clean energy could deliver an additional £3.4bn of investment in Scotland's energy sector over the next ten years.

On Wednesday, the Chancellor announced increased support for up to four carbon capture and storage (CCS) demonstration projects, and Longannet, the only Scottish power station on the government's short list for the demonstration plants, could benefit from up to £1bn of public support to convert part of its generation to this new technology. But SCDI analysis suggests that Scotland could benefit from a £2.2billion boost if the plant's owner, ScottishPower, was to ultimately convert the whole plant to CCS.

Scotland also stands to benefit significantly from £500m of government investment in offshore wind.

Niall Stuart, spokesperson for SCDI, said:

"There are massive economic opportunities from the government's support for these two new industries, with the potential for an additional £3.4bn to be invested in Scotland alone over the next ten years.

"If Longannet is chosen as one of the Government's carbon capture demonstrator projects, the initial investment to convert part of the station by 2014 is worth in the region of £1bn. However, our analysis suggests that conversion of the entire plant would mean a total spend of some £2.2bn.

"And of course it offers to secure a market for the Scottish coal industry, as well as a vital source of baseload to balance the output of renewables.

In addition, the Government's support for offshore wind, a sector which has struggled to attract finance, could deliver total investment of more than £1bn in turbines and infrastructure around Scotland's coastline:

"A number of offshore wind projects have struggled to attract investment, especially in the current credit climate, but the Government's use of the Renewables Obligation Fund to support the industry will start to make the economics stack up.

"A realistic target of 500MW of offshore wind generation in Scotland by 2020, enough to power 350,000 homes, would mean around £1.2bn of investment."

SCDI also highlighted the global opportunities for any Scottish companies in the lead of the development of these technologies:

"Coal is still the main source of electricity around the world, with China and the USA both generating most of their power from coal. As the world's biggest producers of CO₂, these are ready-made markets for Scottish firms that can help deliver these low carbon technologies."



Scottish Council for
Development and Industry

PRESS RELEASE

“Scottish energy businesses need to start thinking about how they can form part of the supply chains to these new industries, not just here and in the UK, but around the globe.

“Across the energy sector as a whole, Scotland can create an additional 50,000 new jobs in the coming fifteen years. We now need to see government working with Scottish businesses that could be part of the supply chain, to make sure that they capture early investment in these two potentially huge industries.

SCDI’s figures suggest that carbon capture and renewables could together deliver a 50 per cent reduction in climate change emissions from Scotland’s power sector, with CO₂ output falling from 18million tonnes per year to 9million by 2020:

“Not only are there huge economic opportunities, Scotland has the potential to lead not just the UK, but the world in terms of de-carbonising its electricity supply, and moving to a sustainable mix of power generation.”

ENDS

For further information contact Niall Stuart on 07814 167477