

## PRESS RELEASE

Article for The Scotsman

30 April 2009

### **The very real 'green' shoots of recovery**

After years of focusing on the threats and costs of climate change, Scotland and the UK have to focus on the opportunities from the worldwide demand for sustainable energy.

Climate change poses huge threats to our way of life and economic wellbeing, with Lord Stern estimating that 2 per cent of world GDP will be required year on year to curb CO2 emissions. But Scotland has the potential to build a new industrial sector and lead the global green energy revolution in a new industrial age.

Just meeting our own targets and objectives here in Scotland will unlock some £13bn of investment in new electricity generation and distribution over the next ten years. This will deliver a five-fold increase in wind power; the conversion of Longannet to Carbon Capture and Storage (CCS); and new sub-sea grid connections to the north east and north west of England. In addition, Scotland could be the first country in the world to harness the potential of marine renewables on a commercial scale.

This investment will give us a lead in emerging world markets worth hundreds of billions of pounds over the coming years. For example, coal is still the main source of electricity around the world, and the main source of CO2 emissions. In total there are some 50,000 fossil fuel plants around the world which could be retrofitted or re-built with CCS. Economic giants like China and the USA are both looking to carbon capture and storage to provide a future role for coal as part of a more sustainable energy mix, and offer ready-made markets for Scottish firms that can deliver a lead in this technology.

Our politicians are right to identify the clean energy sector as one which can power us out of the recession. But all this requires support, and a collective approach from government in Scotland, Westminster and Europe.

Firstly, Firstly, we need speedy delivery of the Beaulieu to Denny line and other fundamental on and offshore grid connections, which are obviously key to development

Secondly, we want access to the grid on a more equitable basis, and an we need an end to the discriminatory charging regime which subsidises electricity generation in the south of England, and subsequently penalizes generators in the north of the country, which ignores that the fact that this is where our best renewable resources are to be found.

Thirdly, Ofgem should drop its proposals for Scottish generators to meet all the costs of constraints in the network which are caused by a lack of capacity on the Scotland-England interconnectors that straddle the border. These measures could add an additional £100m a year to the costs of generators in Scotland, money that could be better invested supporting the development and roll out of new technology.



Scottish Council for  
Development and Industry

## PRESS RELEASE

Basically, we want a level playing field for development across the UK, and a genuine single British electricity market that encourages on- and offshore renewables and clean coal in the best sites of production, such as northern Scotland or the Firth of Forth.

The other key role for government is in taking on more of the financial risks in the development of these new technologies. Carbon capture and storage is a proven technology – but there are still real questions to be answered about whether it can be proven on a commercial scale, and if we can overcome the mechanical and logistical challenges that large-scale CCS and marine renewables present.

Last week's Budget will provide a welcome boost for both CCS and offshore wind, but we need to press on quickly if we are to gain a competitive and comparative advantage over our competitors, who are also looking to the potential economic gains associated with these technologies.

In Scotland there is plenty of support for research and development, and generous subsidies for renewable devices once they have been operating commercially. The years of testing and refining before commercial scale deployment normally involves significant costs with no commercial revenue, and it is this funding gap that additional public support – such as the newly announced Scottish Investment Bank - must target.

We also need to see support and advice for the huge numbers of businesses that could form part of the supply chain to these new industries. Businesses in design, engineering, construction, and offshore support that are currently on the fringes of the renewable energy sector but which could be at the very heart of its growth.

And finally, our schools, universities and colleges must make sure that they can meet the huge demand for all levels of skills in Science, Technology, Engineering and Mathematics. With the creation of 50,000 new energy jobs here in Scotland in the next ten to fifteen years, the sector can play a key role in getting the labour market moving again.

The threats from climate change to our economy and way of life are almost unprecedented. But so are the opportunities for the countries that lead the way. At SCDI we intend to invest all our energies to make sure Scotland takes them.

ENDS