

# Draft Energy Strategy and Just Transition Plan (Scottish Government Consultation)

To: All Chief Executives, Main Contacts and APSE Contacts in Scotland. For information only to England, Northern Ireland and Wales

## 1 Executive Summary

The Scottish Government released a consultation on their Draft Energy Strategy and Just Transition Plan that closes on 9 May 2023. The draft strategy sets out policy positions on oil and gas, and provides an opportunity for the public to give their views on the Government's vision to transition to an affordable, resilient and clean energy system.

The consultation is wide ranging and asks for views on the energy supply, conditions for a net zero energy system, heat in buildings, the route map to 2045 as well as on energy for agriculture, industry and transport.

Link to the consultation: <https://consult.gov.scot/energy-and-climate-change-directorate/energy-strategy-and-just-transition-plan/>

## 2 Background

The Scottish Government has released a consultation that closes on 9 May 2023 in order to ensure that all have had an opportunity to engage in the design of the energy transition, and to allow the Government to gain further understanding on how they can achieve the largest benefits socially and economically. Links to the consultation and the various different documents released can be found below:

- Draft Energy Strategy and Just Transition Plan consultation - [link](#)
- Draft Energy Strategy and Just Transition Plan publication - [link](#)
- Energy system and Just Transition: independent analysis - [link](#)

The draft Energy Strategy and Just Transition Plan sets out the vision of Scottish Government for the country's energy system to 2045 as well as a route map for the action and policy to support this outlined in Chapter 6 of the accompanying [consultation paper](#). It sets out the vision for an affordable, resilient and clean energy supply for Scotland's households, communities and businesses that delivers on net zero targets, as well as generates economic opportunities.

The global market volatility and high prices of energy has shown that there is a need to structurally reform the energy system to ensure that people, communities and businesses can be offered affordable energy prices. The reworked system will also enable Scotland's climate and environmental ambitions to be delivered and reduce dependence on oil and gas.

Through the Just Transition Plan, steps must be taken to ensure that the strategy and plan delivers for all parts of Scotland. This includes taking action so that the majority of the 170,000 off-gas homes are converted to zero emissions heating by 2030. The Scottish Government has plans to transition fossil fuel dependent economies to wind and marine energy, and attract private and inward investment into Scotland's energy sector.

The draft Strategy and Plan sets out how the fastest possible just transition can be achieved and consults on the principles behind it; these drafts will then be tested and refined through a co-design process.

## **2.1 Energy and energy generation**

Around a quarter (26.7%) of Scotland's heat, transport and electricity use in 2020 was met with renewable energy, and since 2000 Scotland has increased its renewable capacity almost 10 times and the plans in place currently could more than double this; there are significant opportunities here for domestic and international businesses, as well as the opportunity to provide fairer energy bills for residents. This transition makes sense since independent analysis has shown that gas generation is approximately 9 times more expensive than renewables.

The energy generation sector in Scotland is also well placed to export electricity, with 13.4 GW of currently capacity and ambitions to increase this by 20 GW by 2030 including 12 GW of onshore wind; Scotland is well placed to assist other nations with decarbonisation. The Government has set a renewable and low-carbon hydrogen production ambition of 5 GW by 2030 and 25 GW by 2045, with plans to grow the hydrogen economy. There is also great potential with hydro power with appropriate market mechanisms realised by the UK Government.

## **2.2 Oil and gas**

The policy position of no support for unconventional oil and gas in Scotland has been finalised, and positions on onshore conventional oil and gas and coal extraction will be finalised as part of this strategy. Oil and gas in the North Sea is becoming less plentiful and harder to extract.

## **2.3 People, communities and regions**

The Scottish Government wants people to have access to affordable clean energy, and to develop a multi-skilled green workforce to boost jobs. The Climate Emergency Skills Action Plan (CESAP) will be central in defining their ambitions to create a workforce that can support the net zero economy transition.

The increases in energy prices have had profound negative impacts on households in Scotland,

and although bill payers are relatively protected from the full extent of increases by UK Government Energy Price Guarantees, many are unable to afford the energy they need and require support. The Scottish Government wants communities and places to be able to participate in and benefit from the net zero energy transition. They want much of the action to happen at local and regional levels, supporting communities through regional hydrogen hubs and wider local and community energy projects.

These types of projects provide revenue that can be directly invested back into local communities and can make a real, lasting difference.

## **2.4 Policy environment**

The Scottish Government wants to create a supportive policy environment and to maximise the impact of government expenditure. All of the different levers of government will be required to support Scotland's energy transition including policy, investment and engagement with the UK Government. An extensive list of actions that the Scottish Government would require to deliver the maximum benefit to Scotland has been prepared. The proposals also allow Scotland to be a "good global citizen" and play our part in tackling global challenges such as poverty, injustice and inequality.

## **2.5 Private sector and business**

The Scottish Government wants to attract private investment through the net zero energy transition. They plan to work with stakeholders such as the Scottish National Investment Bank to ensure that infrastructure investment is aligned with energy policy priorities. Work is already underway on industry financing solutions and an investment prospectus.

The Government need the private sector to work in partnership with the public sector to deliver the scale of investment required to enable the net zero energy transition. Securing this private investment will be key in supporting Scotland's companies. Moving from a funding to a financing policy model where appropriate will also more effectively leverage private sector investment and will amplify the impact of public investment.

## **3 Investment in the net zero energy transformation**

Over the course of this parliament, the Scottish Government is investing almost £5 billion (£4,938m) in the sector's net zero energy transformation. This includes:

### Green jobs, skills and energy transition - £875m

- Energy Transition Fund - £75m
- Green Jobs Fund - £100m
- Green Growth Accelerator - £200m
- Just Transition Fund - £500m (over 10 years to the North East and Moray)

### Industry and manufacturing decarbonisation - £263m

- Green Hydrogen Fund - £100m
- Investment in Wave Energy Scotland to support innovative wave technology development - £18.25m
- CCUS Fund - £80m
- CCUS Utilisation Fund - £5m
- Scottish Industrial Energy Transformation Fund - £34m
- Local Carbon Manufacturing Challenge Fund - £26m

Heat decarbonisation - £1.8m (delivered through Heat and Energy Efficiency Scotland)

- Heat Decarbonisation Fund
- Social housing decarbonisation
- Public sector decarbonisation
- Energy efficiency and fuel poverty measures
- Enhanced support for rural off gas households

Transport decarbonisation - £2bn

- Rail electrification
- Active travel
- Active freeways
- Future Transport Fund
- Bus priority investment
- Zero emission buses

## **4 Scottish Government route maps**

Scottish Government has produced route maps for policy and legislation, energy supplies and energy demand which have been reproduced below:

Route map for policy and legislation to enable a net zero energy system

2022

- Hydrogen Action Plan published
- Onshore Wind Policy Statement published

2023

- Draft Energy Strategy and Just Transition Plan published
- Revised National Marine Plan published
- Onshore Wind Sector Deal published, supporting Scottish supply chain
- Draft Energy Strategy and Just Transition Plan published
- Renewables Export Plan published
- Final Solar Vision published
- Heat in Buildings Bill published for consultation
- Emissions Trading legislation published
- Final Energy Strategy and Just Transition Plan

- Climate Emergency Skills Action Plan updated
- Investment Prospectus developed
- Publication of Just Transition Plan for Transport

2024

- Regulatory regime for heat networks established
- Draft Climate Change Plan to Scottish Parliament
- Heat Network Delivery Plan review and report

#### Route map to 2045 – Energy supplies route map

- 2022 - Response to Offshore Transmission Network Review published
- 2024 - Shetland HVDC network transmission link to mainland grid is live
- 2026 – UK Government decision on role of hydrogen in heating buildings
- 2027 – 25% reduction in emissions associated with production of oil and gas (North Sea Transition Deal)
- 2028 – No nuclear power sited in Scotland
- 2030 – 8-11 GW of installed offshore wind capacity
- 2030 – 12 GW additional onshore wind capacity operational
- 2030 – 5 GW of installed renewable and low-carbon hydrogen production capacity
- 2030 – Appropriate investment in transmission networks in Scotland by 2030 (by SSEN and SPEN)
- 2030 – 2 GW of locally or community owned energy generation
- 2030 – Transmission network link from the Western Isles to the mainland grid is live
- 2030 – No unabated Combined Cycle Gas Turbines in Scotland
- 2030 – 50% reduction in emissions associated with production of oil and gas (North Sea Transition Deal)
- 2045 – 25 GW of renewable and low-carbon hydrogen production capacity

#### Route map to 2045 – Energy demand route map

- 2025 – A dedicated National Public Energy Agency (Heat and Energy Efficiency Scotland)
- 2027 – 2.6 TWh of thermal energy supplied by heat networks
- 2030 – Renewable heat target met – provisionally set at minimum 22%
- 2030 – 68% emissions reduction from homes and non-domestic buildings against 2020 levels
- 2030 – Large majority of Scottish homes at least equivalent to EPC Band C
- 2030 – Heat in over 1 million homes decarbonised and emissions reduced in non-domestic buildings
- 2030 – 6 TWh of thermal energy supplied by heat networks
- 2030 – At least the equivalent of 50% of our energy across heat, transport and electricity demand comes from renewable sources
- 2030 – Car KMs driven reduced by 20% from 2019 levels
- 2032 – Industrial emissions decreased 43% from 2018 levels, and industry remains globally competitive
- 2033 – All homes reach EPC Band C or at least equivalent

- 2040 – All scheduled passenger flights within Scotland decarbonised
- 2040 to 2045 – Heat networks decarbonised
- 2045 – Zero emissions heating systems used in all homes

## 5 UK Government requested actions

The Scottish Government is calling on the UK Government to take action on a large number of issues that have been outlined below:

- Applying a windfall tax to the companies with significantly higher profits
- Extra support for vulnerable energy consumers
- Supporting households that use alternative fuels
- Accelerating the review of support for domestic / non-domestic consumers after March 2023
- Consider the mechanisms for maximising community benefit from renewable energy and how local communities can benefit from electricity infrastructure
- Creating a frictionless trading environment for renewable energy, goods and services and electricity trading
- Facilitating Scottish export ambitions for the international trade of hydrogen
- Enabling the international trade of CO<sub>2</sub> with bilateral agreements under the London Protocol
- Assessing new exploration and offshore oil and gas licences where drilling has not yet commenced against climate commitments
- Providing more support directly to the decommissioning sector
- Establishing a streamlined and coherent licensing and consenting system in conjunction with the Scottish Government
- Ensuring that the reforms of existing environmental assessment and habitats regulations assessment processes should not add complexity
- Expediting progress on amending regulations and legislation to support hydrogen blending
- Supporting infrastructure development for the offshore transportation of green hydrogen
- Implementing proposed new market mechanisms to drive investment in zero emission heat systems
- Accelerating decisions on the role of hydrogen and the future of the gas network
- Rebalancing energy bills that supports the transition away from fossil fuels
- Reviewing energy prices to reduce the difference in unit costs between gas and electricity
- Reforming motoring taxes to remove barriers to decarbonisation of road transport
- Reversing the carbon capture utilisation and storage cluster sequencing decision and providing clarity on the timelines of the next stages
- Developing a common international standard on CO<sub>2</sub> storage
- Passing legislative proposals in the Energy Bill
- Incentivising consumers to choose low carbon products
- Securing the delivery of substantial infrastructure as well as new energy generation and conversion assets
- Calling for reform of the Great Britain wholesale market

- Updating the requirements for systems restoration in relation to National Grid Energy System Operator black start services
- Supporting the development of pumped hydro storage
- Make ancillary markets more accessible for Battery Energy Storage Systems
- Urging Ofgem to ensure its ongoing review of charging arrangements delivers a fairer solution
- Urging the UK Government and Ofgem to ensure that investment in grid infrastructure happens at pace
- Facilitating the necessary reforms to Scotland's onshore grid consenting regime

## 6 The Consultation

The consultation itself contains 58 questions on the just transition, energy supply, North Sea oil and gas, heat in buildings, energy for transport, energy for agriculture, energy for industry, conditions for a net zero energy system, the route map to 2045, impact assessments, just transition energy outcomes and the strategic environmental assessment. The Scottish Government are encouraging respondents to answer as many questions as they are able to. You can submit your response at: <https://consult.gov.scot/energy-and-climate-change-directorate/energy-strategy-and-just-transition-plan/consultation/>

## 7 APSE Comment

APSE encourages our members to respond to this consultation. The net zero energy transition will present significant challenges and opportunities for local authorities, and it is important that the views of councils are considered fully in developing Scotland's Energy Strategy and Just Transition Plan. Many of our APSE members already have exemplary community energy generation projects and have begun implementing renewable energies such as hydrogen into their fleets.

We encourage our members to continue discussions on this by participating in our Scottish Renewables and Energy Efficiency Advisory Group, which is free to attend for APSE members. Information on this can be found by [clicking here](#). APSE also runs a national Climate Change and Renewable Energy Network that meets to facilitate discussions between our members across the United Kingdom, more information on attending this can be found by [clicking here](#).

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Our national advisory groups include:-

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- Cost of Providing/Cost of Living Network
- Highways and Street Lighting
- Housing, Construction and Building Maintenance
- Local Authority Commercialisation, Income and Trading Network
- Parks, Horticulture and Grounds Maintenance
- Recovery and Renewal
- Renewables and Climate Change
- Roads, highways and street lighting
- Sports and Leisure Management
- Vehicle Maintenance and Transport
- Waste Management, Refuse Collection and Street Cleansing

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