



**Just Transition Commission**

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14 April 2023

Dear Ms McAllan and Mr Gray,

Further advice on the Draft Energy Strategy and Just Transition Plan

Congratulations on your respective appointments as Cabinet Secretaries with responsibility for your vital portfolios. The Just Transition Commission looks forward to working with you in ensuring justice and equity remain at the heart of Scotland's decarbonisation efforts, providing expert scrutiny and advice on just transition planning and helping to build consensus on this agenda's most challenging issues.

I am writing to you in the context of the ongoing public consultation on the Draft Energy Strategy and Just Transition Plan (ESJTP). I hope this letter and its annexes will be considered alongside the responses to this consultation.

The publication of a draft of this first sectoral Just Transition Plan was a step forward in the Scottish Government's innovative Just Transition Planning Framework. Turning aspiration into a detailed strategy for delivery is the key challenge of just transition policymaking. While Scotland's approach to just transition has rightly attracted considerable international interest and recognition, part of being a leader on this agenda means tough challenges will be brought into focus and confronted sooner. This is a benefit of seeking to apply just transition principles across critical areas of our economy at a relatively early stage.

Two common themes emerged during the Commission's deliberations on the Draft ESJTP: first, the remarkable scale of the opportunity on offer for Scotland from a just transition in its energy system; and second, the need for ambitious targets to be backed up by detailed and specific plans. If we can grasp it fully, this transition has the potential to deliver transformative and urgently needed changes across the economy and in the everyday lives of people across the country, whether in terms of the work we do, our household finances, our homes, our public infrastructure, health and wellbeing.

There will be special value to any plan that provides assurance and clarity through a strategic vision that is practical, actionable and credible. Such a plan has the potential to have a catalytic effect, buttressing the broad aspiration for a just transition with pragmatic



actions and strategic investment to embolden the communities, businesses, and industries that will drive forward the transition across the country.

The Commission looks forward to engaging constructively with the Scottish Government on the further development of the draft ESJTP towards its next iteration. This may include further meetings with ministers and officials to discuss specific issues in more detail, responding to specific requests for advice from Ministers as per the terms of the Commission's remit, as well as reviewing the next draft of the strategy in advance of wider publication.

The Commission wrote to the Minister for Just Transition, Employment and Fair Work on February 15 with high-level advice regarding the Draft ESJTP, with the intent that early advice regarding the approach to just transition plans more broadly could help shape work currently underway on further sectoral plans as well as revisions to the plan for Energy. This advice is appended to this letter under Annex A.

Subsequently the Commission has agreed further, more detailed advice with a particular focus on the fairness considerations of these proposals, identifying strategic risks and recommended actions for the Scottish Government in revising the ESJTP. Topics are grouped under cross-cutting themes, supply, and demand. This advice can be found in Annex B.

In considering its advice, the Commission held a series of roundtable discussions themed around equity, environment, business and industry. High-level 'readouts' of these meetings are appended under Annex C.

Our further key messages on the Draft ESJTP, to sit alongside those shared in my February 15 letter (Annex A), are as follows:

- Justice – further work is required to ensure the plan for Scotland's energy transition will deliver on just transition principles, including the equitable sharing of costs and benefits, fair work as a core strategic objective, and careful strategic use of public finance and procurement mechanisms to create true and lasting value for workers, citizens and communities.
- Demand – the current strategy is weighted to the supply-side and could be more balanced in terms of the demand-side and the gains that can be delivered, both in terms of decarbonisation and justice, taking a broader view of the entire energy system and its relationship with the whole economy to maximise the economic, social and environmental up-side of our energy transition
- Materiality – to make Scotland's energy transition tangible, the strategy should map out with as much precision as possible what workforce and skills will be required and where to support the enormous expansion of infrastructure that will be required (particularly in construction), the materials needed, as well as the changes to Scotland in terms of our



landscapes, marine environment and scenery. This heightened sense of a material change underway will support strategic clarity and help make the plan accessible by supporting public and institutional understanding of key changes and enabling wider participation in strategic decision-making.

- Co-operation and co-ordination – the Scottish Government must use its competencies and capacity as effectively as possible to catalyse the energy transition and ensure justice is embedded as the core strategic objective of the net-zero transformation. Clarity and credibility will be key to making the most of this leadership function, as will a strong plan for effective collaboration with the UK Government, other devolved authorities and local government. Previous experience of industrial change has shown that governments leaving progress solely to the market and failing to lead and engage in change, will result in unjust outcomes.

Commissioners look forward to working constructively with you on this agenda, especially now that we have an agreed Memorandum of Understanding in place, and we look forward to meeting you in person at a Commission meeting in the near future.

Sincerely,

**Professor Jim Skea**  
Chair, Just Transition Commission

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## **ANNEX A – Letter from Chair to Minister for Just Transition, Employment and Fair Work – 15 February 2023**

### **Just Transition Commission**

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Richard Lochhead MSP

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15 February 2023

Dear Mr Lochhead,

### Initial advice on Draft Energy Strategy and Just Transition Plan

Thank you for your letter of 21 December 2022 regarding the Just Transition Commission's role in providing scrutiny and advice on the Draft Energy Strategy and Just Transition Plan as well as the series of further Just Transition Plans currently under development.

I was glad to discuss this further with you at our most recent meeting on 10 January 2023. The publication of a draft of this first sectoral Just Transition Plan is a major milestone in the Scottish Government's internationally recognised Just Transition Planning Framework. We recognise the commitment of the Scottish Government in progressing this demanding agenda to this point and appreciate the complex challenge of turning aspiration into a detailed strategy. The Commission is eager to play a positive and constructive role in shaping the programme of work that lies ahead to develop and refine these critically important plans.

The Commission conducted an initial review of the ESJTP at our most recent meeting in Glasgow on 27 January. We identified some high-level considerations which we agreed to communicate to you promptly to provide an initial response to the Draft Energy Strategy and Just Transition Plan and, as some are generic, to assist with efforts underway to progress draft Just Transition plans for other sectors.

- **Inequalities** – Sectoral Just Transition Plans should begin with an assessment of the current 'state of the sector'. This should document in plain terms existing inequalities within a given sector (including those related to income, gender, race, ethnicity, disability, age, and regional disparities including remote, rural and island areas) and identify the key systemic factors contributing to these inequalities. Each plan should seek to redress these as a core strategic objective, as well as setting out realistic and achievable actions towards the delivery of fair outcomes.
- **Equity** – A just transition approach requires that the costs and benefits of transition be shared equitably. To demonstrate this, Just Transition Plans should map out clearly what the costs and benefits are, who will benefit, who is vulnerable to negative impacts and what these are, who will pay more for the transition and which groups will pay less.

- Fair work – Fair work considerations must be a central and explicit focus of all Just Transition Plans. Many of the new jobs required by our Energy transition will be in construction, and there is a risk local communities may not enjoy the full benefit of this unless a stable and settled workforce can be created within the areas where this work needs to occur.
- Engagement – Just Transition Plans should demonstrate how they have been shaped by engagement and co-design processes by documenting where this work has had a material impact on the plan, whether in terms of objectives, approach, actions or scope.
- Accessibility – Just Transition Plans must be accessible to everyone whose lives and livelihoods are likely to be impacted by the transition to Net Zero. The principles, decisions, aims, actions, costs and benefits of these plans should be expressed in a way that a non-specialist can understand. This is a minimal requirement to enable meaningful engagement, consultation and co-design.
- Scale/Quantification – The structure of Just Transition Plans should reflect the comparative scale attached to different elements of the strategy in terms of their importance to delivering a just transition.
- Risk management – Just Transition Plans should as a matter of course include a detailed and credible assessment of key risks to strategic delivery as well as actions to mitigate these risks. One key risk to the delivery of the energy transition, for example, is workforce capacity. A step change is needed if Scotland is to have the skills required to build a low carbon energy sector, both in terms of supply and demand, and to enjoy the associated benefits.
- Road maps – Road maps are a critical tool in the development of credible Just Transition Plans. These should be detailed and thorough, mapping interdependencies between actions and outcomes, and providing a critical path analysis that includes a realistic assessment of institutional capacity and other key constraints. As Commission members have previously engaged in strategic road-mapping activity, we will contact your civil servants with a more detailed account of what we believe to be needed.
- Finance and investment – All forms of finance in Scotland need to support a just transition, with a vanguard role for public finance, with private finance implementing clear just transition standards, and a real opportunity for Scotland to lead the way in community finance for a just transition. This needs to come together in the investment prospectus.
- Mainstreaming – A ‘standalone’ format for Just Transition Plans may be an effective approach to maintain a clear focus on the action plan to achieve fairness, how progress will be assessed, and key risks. Just transition considerations must in any case be core to all sectoral strategies covering the transition to Net Zero.

Over recent weeks we have discussed the need for close collaboration and exchange between the Scottish Government and the Commission, and our Memorandum of Understanding is currently in the process of being finalised for publication. In that spirit, the Commission has identified a number of specific topics related to the Draft Energy Strategy and Just Transition Plan where we would be grateful for further engagement with officials and/or information by correspondence as we work towards finalising advice regarding the Draft Energy Strategy and Just Transition, which I expect to share with you by correspondence in March.

On 7 February, a number of Commissioners had a productive meeting with officials and contractors regarding Project Ninian, particularly the analysis of markets and employment,

including on hydrogen. We would welcome the opportunity for Commissioners to discuss further the following topics through meetings with relevant officials during February:

- 1) Considerations related to a public energy company
- 2) Plans to develop an investment prospectus for the energy transition.

I understand our Secretariat has engaged relevant policy teams regarding these meetings.

We would also be grateful for further information and/or clarification on the following questions:

- 1) Regarding the Supply Chain Development Programme, whether further detail can be provided to the Commission on the following:
  - target sectors
  - target roles and skills requirements within those sectors
  - job-creation targets
  - longevity targets for employment
  - approach to co-design or co-production
  - approach to consultation with stakeholders (and who those stakeholders are thought to be)
  - fair work criteria and objectives
  - delivery strategies

All such information would be helpful to us, considering the core role diversification plays in ensuring adequate labour absorption in a just transition. Would it be possible for you to share specific examples which are in train, or where planning is nearly concluded?

- 2) Can additional detail be provided regarding plans to deliver decarbonisation of 1 million homes by 2030, including how existing constraints to financing, skills and workforce capacity will be addressed?
- 3) The draft strategy references a forthcoming review on approaches to shared ownership (p.42). We would be grateful for clarification regarding whether this refers to the review on community benefit best practice for offshore wind or is an additional, more comprehensive, review to look into different ownership models and maximising the potential of those models?
- 4) Can an update be provided on when we can expect the impact assessments to be published?

I look forward to welcoming you and the Cabinet Secretary for Net Zero, Energy and Transport to the Commission's next full meeting on March 8 in order to discuss further the Draft Energy Strategy and Just Transition Plan.

We also look forward to reviewing the forthcoming 'skeleton' Just Transition Plans for Transport, Land Use and Agriculture and Buildings and Construction next month. The Commission's work plan includes in-depth workshop sessions across each of these three sectors during the first half of 2023, with sectoral briefings to be published following each. In designing these workshops, early discussions with relevant officials will be invaluable to Commissioners in understanding the key challenges and opportunities currently in view as draft plans for these sectors are progressed. We would welcome attendance and participation from the Scottish Government at these sessions and will share formal invitations in due course.

*Advising on a net-zero economy that is fair for all*



Sincerely,

**Professor Jim Skea**  
Chair, Just Transition Commission

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## **ANNEX B – Further advice on the draft Energy Strategy and Just Transition Plan**

### **CROSS-CUTTING TOPICS**

#### **Monitoring and evaluation**

As the draft plan makes clear, significant further work is required to show in detail how strategic delivery of equitable outcomes for this sector will be monitored and evaluated.

#### Risks

- Lack of key metrics (particularly around fairness considerations) could risk delaying implementation, lack of clarity on strategic delivery focus, and unjust outcomes.

#### Actions

1. Ahead of the development of a comprehensive M&E framework for this sector and for just transition planning more broadly, the revised ESJTP should be geared towards delivery against an initial core group of metrics/indicators that address the following areas:
  - a. Fuel poverty, quality of housing and energy efficiency
  - b. Ownership; to have a clear breakdown of targets for community owned projects and shared ownership projects respectively, in accordance with community aspirations. Community benefit projects, that do not involve community ownership or shared ownership, should not be included in the 2GW and require a different, e.g. financial, form of target.
  - c. Economy, for example investment levels, tracking social and environmental impact of investment, value added per job created, proportion of supply chain orders in Scotland/UK/elsewhere.
  - d. Labour market: jobs, training and skills, to include fair work measures and assessment of demographic mix within workforce and skills pipeline across sectors.
2. Monitoring and evaluation for this sector should be designed on the basis of findings from engagement work, with a special focus on insights from those most likely to be negatively affected by the transition, those disadvantaged by the existing energy system and those hardest to reach.
3. Sectoral Just Transition Outcomes should be linked to a ‘state of the sector’ analysis of existing inequalities, systemic causes and associated actions to address these.
4. While the data landscape is developed to address key gaps, in the near term Scottish Government should consider how to make best use of experimental data as well as data currently collected by non-“official” sources, including trade unions, think tanks, trade associations, as well as considering how data related to the Sustainable Development Goals and National Performance Framework might best be incorporated into monitoring and evaluation of the energy system’s transition.

#### **Engagement and co-design**

The current draft ESJTP has not been co-designed, and a clear and pragmatic approach is needed regarding the extent to which sectoral plans, or elements of these, can be co-designed, given urgent timescales for development of plans in 2023.

#### Risks

- Risk of disenfranchising people from further engagement, loss of confidence in the process and a perceived lack of impact by participants.
- The use of the term co-design has raised expectations of stakeholders in developing the strategy.



- Specific risk around engagement with those most likely to be negatively affected by the transition, those disadvantaged by the existing energy system and those hardest to reach.
- Accessibility issues with the draft as noted in our February 15 letter (including length and strategic clarity) risk excluding key groups from meaningful engagement.

### Actions

5. Just Transition Plans should demonstrate how they have been shaped by engagement and co-design processes by documenting where this work has had a material impact on the plan, whether in terms of the strategic analysis of key challenges and potential negative impacts of the transition, over-arching objectives, approach, actions or scope.
6. Undertake strategic evaluation of engagement process to apply lessons learned towards future sectoral plans.
7. Ensure participants understand what is meant by co-design, the approach being taken, and what is in and out with of scope at the start of the process.
8. Without losing the aspiration to deliver co-designed Just Transition Plans, it may be necessary to focus co-design on elements of plans currently in progress and take a pragmatic approach given timescales for 2023. However, the Scottish Government should set a target for a date by which co-design of just transition planning can be fully implemented and ensure this ambition is appropriately resourced.
9. A 'gap analysis' of consultation on the draft ESJTP should support further targeted outreach into communities and hard-to-reach impacted groups, including providing capacity and support to enable further engagement.
10. The revised draft should demonstrate how the Scottish Government has considered and responded strategically to the insights and proposals, including the 10 Worker Demands, of the [report](#) commissioned by Platform and Friends of the Earth Scotland, "Our Power: Offshore Workers' Demands for a Just Energy Transition".

### **Finance**

The draft strategy shows a lack of strategic public investment in just transition delivery. The investment prospectus will require substantial development to deliver fairness objectives. Just Transition, like any significant industrial change, will not be delivered solely by the market, and will require greater engagement and leadership by the state.

### Risks

- Lack of detail in 'investment prospectus' regarding quantum, timing and type of finance and investment required from public and private sectors, as well as financial model for supporting community sector.
- Lack of strategic connection between major financial gains of the transition with areas of significant financial need to deliver fairness (eg fuel poverty, energy cost crisis, retrofit, etc)
- Strategic reliance on inward investment risks economic 'leakage' e.g. loss of investment and "imported transition".

### Actions

11. Develop a renewed definition of the value we are seeking to create. For Scotland to finance a just transition for our energy system and other sectors, it will be necessary to incorporate just transition thinking in how we assess the relative value being created by investment and procurement decisions. A purely commercial approach risks

undervaluing critical long-term gains on job creation, public infrastructure and fairness that go beyond short-term commercial returns.

12. Revised strategy should provide a clear and rigorous quantification of the key elements of the Just Transition challenge for Scotland's energy system (both supply and demand) and the short, medium and long-term finance that will be required to deliver a just transition for the sector.
13. Public investment: much more detail is required on how every pound of public finance is to be used to greatest effect including by supporting key actions aimed at achieving specific Just Transition Outcomes. More detail is required on long-term role of public finance in mainstreaming just transition within Scottish financial decision-making.
14. A clear plan should be developed for how public procurement can drive Just Transition Outcomes.
15. Need for clarity on key barriers to the required business, bank and institutional investment capital and how to address these strategically.
16. Clear vision for how private investment can adhere to just transition principles and clear "ask" of private financial institutions.
17. Links need to be made to the UK-level work on business and finance net zero plans, where efforts are being made to hardwire just transition through the Transition Plan Task Force.

### **Co-operation with UK Government and Devolved Administrations**

The energy transition in Scotland involves certain critical interdependencies with other jurisdictions which require careful strategic consideration.

#### Risks

- The draft treats Scottish energy production and consumption as separate from the UK energy system, however the UK's energy system and economy and the supporting jobs and value to the Scottish economy are interconnected, regardless of the constitutional scenario.

#### Actions

18. The draft should recognise the recent Committee on Climate Change advice to the Scottish Government on working with the UK Government: "Many aspects of policy, especially in the industry, engineered removals and electricity supply sectors, are reserved to the UK Government. Finding a way to cooperate with the UK Government effectively is key for realising both Scotland's ambitions and the full potential of Scotland's contribution to the UK's own decarbonisation plans."
19. The draft highlights the need for action on reserved matters and calls on the UK government to make action happen. However, the Scottish Government should set out how it intends to partner with UK Government to achieve effective and transformative energy system change.
20. Need for detail on work requiring collaboration with other devolved governments or neighbouring regions in England.
21. Need a clear plan for working with the UK Government to modernise the electricity transmission and distribution system and decouple the wholesale price of electricity from the wholesale price of gas (or contingencies for long term consumer protection if this is unsuccessful).
22. On the question of the Climate Compatibility Checkpoint, the Scottish Government should work constructively with the UK Department for Energy Security and Net Zero to

represent its perspective and build an aligned, cohesive plan to work with industry to deliver in a manner consistent with emissions reduction targets.

## **FAIRNESS**

### **Fair Work**

In line with just transition principles, fair work considerations must be a central and explicit focus of all just transition plans.

#### Risks

- The draft defines success on employment in terms of job creation, however a raw 'headcount' on jobs on either side of the energy transition is insufficient for ensuring a just transition.
- Lack of fair work as core objective of strategy and associated actions to deliver it across relevant industries, including construction and manufacturing, risks perpetuating bad practices including those affecting offshore workforce.
- In developing a strategy for delivering fair work via Scotland's energy transition, there is a risk of making Scotland a fair work nation by offshoring bad jobs.
- Without strategic investment geared around achieving a just transition, there is a risk of losing this rare opportunity to drive the creation of an economy based on fair work and wellbeing.

#### Actions

23. The revised strategy must ensure that jobs created and sustained via the transition align with fair work principles which means that workers should be well paid, enjoy good conditions, and have an effective voice. Embedding fair work effectively is essential to achieve a well-being economy.
24. Fair Work must be prioritised across the energy sector, as in all sectors. The importance of effective workforce planning and the central need for fair work conditionality in all Just Transition Funding Streams was noted in the Fair Work Convention's inquiry into Construction. Effective implementation of the inquiry's recommendations will be essential to delivery of the ESJTP.
25. The Scottish Government should develop a just transition strategy on procurement, including within the construction sector, to drive change as a major client via conditionality. This should incorporate the Fair Work Convention's recommendations on procurement in their inquiry into Construction.
26. Just as we mustn't offshore carbon, we also mustn't offshore harmful employment practices, and the procurement processes and supply chain for our energy infrastructure must reflect this.

### **Sector-specific Just Transition Outcomes**

Broad outcomes help with high-level vision, but require further definition, specificity, tangible indicators and realistic actions with accompanying timetable for delivery.

#### Risks

- Lack of detail regarding how progress towards sectoral just transition outcomes will be monitored or evaluated risks underperformance, delay and/or unjust outcomes.

#### Actions

27. A guiding principle for this and other just transition plans is that the just transition needs to be redistributive in principle and delivery. The strategy, including its outcomes, needs to reflect the urgency of the cost of living crisis and in particular fuel poverty.
28. As stated in the initial advice, each plan should begin with a 'State of the Sector' report so that strategic actions can be geared to tackling existing systemic issues.
29. Bring forward actions to achieve Outcomes, and develop pathways with associated actions and financing to deliver for most disadvantaged now.
30. An additional Just Transition Outcome on Institutional Capacity to reflect the need for Scotland's collective resource to be expanded to meet the scale of the task at hand. This outcome would break down and help to track progress in expanding institutional capacity across specific high priority areas, including Scottish Government, local authorities, workforce bottlenecks and skills shortages, etc.
31. Outcomes could include consideration of the impact of the energy transition on future generations and the international context, considering impacts on citizens, communities and the environment beyond Scotland.

## **SUPPLY**

### **Hydrogen**

The Commission welcomes the decision not to use hydrogen for domestic heating.

#### Risks

- Half of projected new jobs in the draft strategy are associated with hydrogen, which are in turn heavily dependent on its export market and Scotland's capacity to capitalise on that market. Without contingency plans and alternative pathways, this could represent a single point of failure for a just transition in energy.
- GVA in the independent analysis includes profit as well as pay, jobs, taxation, etc; accordingly the strategy needs to include actions to ensure this value remains in Scotland to mitigate the risk of loss of investment in our economy.
- Lack of community element within hydrogen strategy risks excluding community projects from a core aspect of the transition.

#### Actions

32. Undertake comprehensive international market analysis (via HSEP) to firm up details on export opportunities, challenges and how these will be addressed, identifying clear and practical actions to ensure Scotland is able to support this major new export industry
33. Develop realistic contingency pathways in the event of major difficulties or delays in establishing hydrogen as a key export industry.
34. The jobs strategy for the energy transition should look at employment in the round, e.g. the whole new low carbon economy, not only raw numbers of jobs within the same sector (i.e. renewables instead of oil and gas) and how workers can be supported to transition between sectors.
35. The independent analysis published alongside the draft plan assumes renewables industry will replicate the current level of supply chain involvement in oil and gas, however this underscores the need for significant policy work to develop local supply chain for renewable generation. The strategy should also consider whether a higher proportion of domestic supply chain could help support delivery of Just Transition Outcomes.

### **Offshore wind**

Further strategic planning is required to ensure supply chain and other benefits from the expansion of offshore wind are maximised and shared equitably.

#### Risk

- Discrepancies across various strategies and plans risks lack of clarity to industry and wider public.
- Transmission bottlenecks.

#### Action

36. To ensure clarity and consistency between Sectoral Marine Plan for Offshore Wind Energy and ESJTP regarding scale of generation, since at present the latter is much more ambitious.
37. The revised strategy must incorporate and work to rapidly implement the supply chain development programmes for ScotWind.

### **Supply chains**

A gap in the strategy from a justice and equity perspective is the supply chain implications of Scotland's net zero plan, and how this will or will not support a just transition, particularly in developing countries.

#### Risks

- Absence of regulations / conditionality of domestic content risks an “imported transition” with accompanying loss of investment in local/national economy.

#### Actions

38. Show how key lessons have been learned and applied from international best practice on local content and supply chain development, including in Denmark, Norway, Sweden, Spain and South Korea.
39. Revised strategy needs to show how Scotland's transition will be achieved fairly in the emerging international trade context, including the United States' Inflation Reduction Act and the European Commission's Green Deal Industrial Plan.
40. Develop a clear plan for capitalising on the once-in-a-generation opportunity on floating wind, including development of necessary yards and ports at scale via public and private investment.
41. Need strategy to deliver local supply chain for construction schemes and retrofit/energy efficiency.
42. Need clarity and detail on how ScotWind will deliver supply chain benefits.
43. Need for careful analysis of strategic position in relation to international trade and markets.
44. Revised strategy should include a plan for fair delivery on critical transition minerals.
45. As we set out in our 2022 report, Scotland's just transition efforts could be shaped to have positive impacts overseas, including by evaluating “embodied fairness” in addition to embodied carbon.

### **Community Energy**

The strategy states Scottish Government will maximise community benefit from energy projects, including through community ownership. However, it is unclear what actions are planned to achieve this. More detail is required on how the strategy will work with different communities to meet their various challenges i.e. how it will achieve a place-based approach via planning consultation with different communities to understand specific local needs and aspirations.

### Risks

- Risk of perpetuating existing inequality of access to community generation development across different communities and areas of the country
- Risk that community projects continue to struggle to access grid capacity

### Actions

46. Clear and strategic differentiation between distinct elements currently conflated as “community energy”, including shared ownership, community ownership, community benefit, etc
47. Acknowledgement and strategic response to the challenges the community energy sector is currently facing, as detailed in [the Community Energy State of the Sector UK 2022 report](#), which noted key obstacles to maximising the far-reaching benefits of community energy, and develop an improved offer on finance and capacity building.
48. Clarification is required on what is within scope for the 2GW target for community-owned energy by 2030.
49. Strategy needs to recognise communities as end-users/consumers.
50. Communities need broader and wider support, including both financial and logistical support, allowing for local procurement options and utilising local knowledge including provision of a “one-stop shop” with legal, finance, planning skills, support and guidance for community projects.
51. Strategy should prioritise community benefit in a tangible way by ensuring communities have fair access to the grid, reserved capacity for community projects and reduced connection costs for community energy generation.

### **Ownership and equitable sharing of benefits**

The strategy for the energy sector has a critical role in ensuring costs and benefits of the transition as a whole are shared equitably.

### Risks

- Risk to core Just Transition principle of equitable sharing of costs and benefits, given absence of delivery mechanisms for this from strategy.

### Actions

52. In the absence of plans for a public energy company, the strategy must show how it would deliver equitable sharing of benefits in terms of jobs, fair work, supply chain and local content, reduced energy bills for consumers, etc via the preferred ownership model/mix.
53. Apply international best practice in achieving fair distribution of costs and benefits, including consideration of public equity stakes, profit-sharing mechanisms, etc.
54. Need to learn key lessons from ScotWind in terms of how renewables expansion can support a Just Transition and apply to future leasing rounds.

### **Skills and workforce planning**

The draft is focused heavily on skills on the supply side, while major opportunities/needs are on the demand side, particularly construction and civil engineering. Many jobs will need to be created in the infrastructure, construction and civil engineering side for the renewable sector and the retrofitting of buildings, with a workforce and skills production pipeline to match.

### Risks



- The capacity of the current workforce is not being supported sufficiently in developing skills, reskilling and upskilling. More work needs to be done to attract a diverse workforce to the renewables sector to match the ambition and pace of the transition set out.

#### Actions

55. Need strategic clarity on key skills gaps for delivery of the transition are and how these will be addressed.
56. A skills programme that supports retraining and encourages school leavers to seek trades in these industries is essential.
57. Active communication campaign to target and amplify clear messages and engagement with colleges on the workforce of the future, matched by approach to funding colleges, to ensure investment in courses supports production of required workforce with necessary skill set.
58. Plan to raise the profile and attractiveness of construction as key growth sector.
59. Plan must show how workforce and skills pipeline will be matched to areas/regions where work is required to maximise local jobs and avoid itinerant workforce.
60. A mass uplift in skills and employment in the construction sector to allow Scotland's workforce to be retrofitting to standards and reductions for heat demand and carbon reduction to be met.
61. Just transition needs to be a key priority of CESAP. In setting out a further set of short, medium and long-term activities, it needs to provide a more detailed level of planning and coordination in the delivery of education and training for energy sector jobs.
62. A plan to ensure diversity and inclusiveness of the new workforce rather than carrying across existing imbalances from high-emitting industries, including for women, racial and ethnic minorities and young people.

#### **Environmental impact**

The strategy does not yet provide clarity on the appropriate balance it is aiming to achieve between environment, biodiversity and energy production.

#### Risk

- Risk energy transition may have disproportionate negative environmental impacts without detailed and strategic measures to minimise this.

#### Actions

63. There must be recognition of the environmental impact of renewables and detail on how this will be monitored through spatial planning. All Just Transition Plans should each contain an environmental assessment with clearly defined monitoring indicators.
64. The next version of the ESJTP should detail clearly the work Scottish Government is undertaking to minimise environmental impact of the plan.
65. The next draft should include strategic consideration of the role of a circular economy approach, what this will look like for the energy transition with particular consideration given to the relevant materials on which the transition will rely.
66. An assessment of the plan's impact on future generations is required, including in terms of the infrastructure required and its impact on the quality of the country's scenic landscapes and associated considerations related to domestic and international tourism and hospitality.

## **DEMAND**

### **Transport**



The Commission welcomes the inclusion of Transport and other key demand sectors as part of the ‘whole system’ approach to the energy sector.

#### Risks

- Without acknowledging and assessing existing inequality in our current transport system there is a risk of “baking in” inequalities rather than repairing and redistributing in line with just transition principles.

#### Actions

67. Urgency of timeline means annual reports are required with outcome measures including fairness elements to track clearly who is being impacted and who is paying for the transition.
68. Need clear strategy to achieve equitable access to mobility for low income, rural, island, and semi-urban communities via decarbonisation.
69. Need for clarity on who has responsibility for delivery of key elements of plan (e.g. governance and accountability).
70. Need clear delivery plan on 20% reduction on 2019 traffic by 2030.
71. Some unpalatable policy levers, e.g. car restraint, will be necessary in order to meet targets, however these do not feature in the current draft.

### **Land Use & Agriculture**

The strategy is light on the detail on energy demand in agriculture, while the evidence base for this is in production. Not enough information has been provided to fully assess the demand reduction measures and the just transition implications of any policy.

#### Risks

- The energy element regarding land and agriculture needs to be developed further, and at pace, or there is risk we may miss significant time-limited opportunities to achieve decarbonisation fairly.

#### Actions

72. The forthcoming Land Use & Agriculture Just Transition Plan will need to build on the detail presented significantly.

### **Buildings & Construction**

This is an area of significant concern for Scotland’s just transition. The gap between aspiration and what is being done and our existing investment model presents a major challenge, with harmful effects on people’s everyday lives in terms of fuel poverty, social inequity, health, mental health and wellbeing, energy efficiency and demand reduction. This is despite the existence of proven technologies in this area to address the problem. We are at risk of another “lost decade” with major justice ramifications. It is encouraging to see the draft reference the importance of decarbonising heat and the need to deploy energy efficiency measures across our existing building stock to help reduce energy demand.

#### Risks

- Current activity in this sector risks locking in high carbon emissions. We know that significant numbers of buildings currently under construction will require immediate retrofit and this is clearly unsustainable.

#### Actions

73. Access to a warm, affordable home should be applied across all plans as a core strategic deliverable and a basic human rights principle. Just transition planning should

link in with relevant areas of policymaking across government portfolios to eradicate fuel poverty and homelessness.

74. Draft plan needs to embrace smarter, industrialised solutions and people powered retrofit approaches, and prioritise sustainable, healthy, circular materials and products, rather than defaulting to the current business-as-usual models. This will help to ensure positive carbon and health outcomes across Scotland's communities.
75. Further detail regarding how the planned programme of retrofit will be delivered within the identified timescales, and clear definition of the leadership role of Scottish Government and Scottish Local Authorities in this delivery.
76. Further detail regarding how Scotland will develop the necessary skills and competencies from both within the existing construction industry, and in attracting new talent into the industry to grow the required capacity for this retrofit programme.
77. A clear plan for financing retrofit delivery.
78. A strategy is required for the development of supply chains at local level capable of delivering the innovative materials and products that will be needed to ensure high quality outcomes, and maximise the benefits of decarbonisation in the sector for communities across Scotland through tangible measures to deliver fair work.
79. Plans on this sector must include analysis of embodied carbon in our buildings, and integrate a circular economy approach.
80. As the scope and remit for Heat and Energy Efficiency Scotland is developed, there should be a focus on a clear and deliverable route map that ensures the green heat and energy efficiency components of the Energy Strategy maximise opportunities for the construction sector and broader built environment ecosystem, to contribute fully to wider policy objectives set out in, for example, NSET and the anticipated Innovation Strategy.
81. The forthcoming Buildings and Construction Just Transition Plan should build significantly on the detail outlined within the Energy Strategy in relation to green heat and energy efficiency approaches, amongst others, and we would expect a high degree of alignment between these.
82. Plans for this sector must show how they have taken account of the impacts of our changing climate and associated adaptation measures.

## **ANNEX C – Roundtable discussions**

The Just Transition Commission convened three themed roundtable discussion on the draft Energy Strategy and Just Transition Plan. A note of the participants and key discussion points for each is provided below.

### Roundtable 1: Equity

Participants were as follows:

- Inclusion Scotland
- Poverty and Inequality Commission
- Fuel Poverty Advisory Panel
- Common Wealth
- Wellbeing Economy Alliance Scotland
- Glasgow Disability Alliance
- Scottish Women’s Budget Group
- Oxfam Scotland
- Scottish Trade Union Congress

The key discussion points were as follows:

- The ESJTP needs to include further actions to alleviate severe hardship endured by those currently disadvantaged by the energy system, including those in fuel poverty.
- The strategy details major renewables expansion, however, it is not clear how the consumer will benefit. When discussing costs and benefits of the transition, this must be clearly attributed. There needs to be mechanisms for profit-sharing from renewables expansion or public equity stakes.
- Overall, the strategy should give more focus to inequalities and justice. It provides little detail on considerations related to gender, race, or disability.
- It is currently not clear how engagement work influenced the strategy, nor does the strategy address the points raised through the engagement process or give feedback on why points may not have been incorporated strategically.
- There is a conflation of different elements under “community ownership”; noting that access to community generation development is highly unequal and needs to be addressed strategically.
- Just Transition Plans should be accessible to all who will be impacted by the transition.
- There is an opportunity for Scotland to use devolved tax levers as drivers of change which Scottish Government should seek to maximise.
- Scotland has a historic role as an industrialised nation and emitter. The strategy could, for example, include a fund for future generations as well as increase support for loss and damage.
- There is a need for a comprehensive oil and gas transition strategy with workers' rights and well-paid jobs at its centre, analysing specific impacts on communities reliant on the industry.

## Roundtable 2: Environment

Participants were as follows:

Stop Climate Chaos Scotland  
Community Energy Scotland  
Scottish Environment LINK  
CEMVO Scotland  
Quakers  
Royal Society for the Protection of Birds  
Royal Society for the Protection of Birds Scotland  
Keep Scotland Beautiful

The key discussion points were as follows:

- There should be further consideration of how supply, demand and environmental impacts are interlinked. There needs to be an assessment of the environmental impact of any proposed new infrastructure, with clear and tangible steps on how to minimise the impact.
- There will need to be behaviour change across all the different levels of society, including with enterprises and businesses. Communities can play an active role in engaging with those hardest to reach.
- The strategy should consider the justice and fairness aspects of the energy transition. Just transition plans must also articulate their objectives more clearly so it can be better understood by the public and the people it is most likely to impact.
- Targets, timeframes and monitoring and evaluation are key elements of just transition plans. There is a need for detailed planning which is underpinned by the level of urgency that the transition to net zero requires.
- Conflation of distinct elements under “community energy”, particularly around the terminology usage for community energy, shared ownership and community benefit.
- Further detail is required on the 2GW target for community owned energy and how this will be achieved. There is uncertainty as to whether this target will be achievable with the current levels of support.
- The strategy should embed a circular economy approach in achieving a just transition.

## Roundtable 3: Industry and Business

Participants were as follows:

Costain  
Storegga  
Worley  
Offshore Energy UK  
SSE Renewables  
SSEN Transmission  
Equinor  
Scottish Power  
Aberdeen University  
Shell

The key discussion points were as follows:

- The strategy should include detailed planning with interim targets, sequencing and actions, highlighting, who, what, when, and where.
- In order to achieve the targets set out, a high level of co-ordination and collaboration is needed between Governments, industry and the general public. Collaboration between the Scottish Government and UK Government needs to focus on effective regulation and long-term planning.
- There needs to be further detail and clarity around jobs, workforce shortages and skills. There is a huge pressure on resources at a global level and Scotland needs to be planning and acting now to build and attract the right skills to service the industry. There is a risk of major bottlenecks hampering the transition and associated benefits.
- There needs to be policy actions to deliver local supply chains to support our transition. Otherwise, there are considerable risks that Scotland's transition will be imported, as well as major investment losses.
- The strategy should balance sustainability, security and equity, in equal measure.
- There needs to be clear measures and steps to ensure the renewables workforce is diverse and inclusive and to avoid replicating gender and ethnic disparities of oil and gas workforce.
- There is a need for a more detailed assessment of the risks associated with the delivery of the energy transition and appropriate mitigation measures are required.
- For the strategy to be successful it must also address how the transition will be financed.