

BRIEFING FOR THE FIRST MINISTER

MEETING WITH EDF ENERGY CHIEF EXECUTIVE, SIMONE ROSSI

3 MAY 2018

Key messages	<p>Our Energy Strategy maps out our ambition for a flourishing energy sector and future.</p> <p>Scotland remains a very attractive place for renewable and low carbon investment.</p> <p>That includes Scotland's islands, where our huge wind and marine renewable resources can spur economic and community benefits.</p>
What	<p>This is a 30-minute introductory meeting with the new CEO of EDF Energy, Mr Simone Rossi.</p> <p>EDF has suggested a list of issues for discussion which is outlined at Annex B, alongside suggested lines to take.</p> <p>Lines to take are also provided in Annex C on the publicly owned energy company, should this be raised.</p>
Why	<p>The meeting has been arranged at EDF Energy's request.</p>
Who	<p>Simone Rossi, Chief Executive Officer, EDF Energy Matthieu Hue, Chief Executive Officer, EDF Energy Renewables</p>
Where	<p>Sheraton Grand Hotel, Edinburgh (in margins of SCDI Conference)</p>
When	<p>Thursday 3 May 2018, 2 – 2.30 p.m.</p>
Likely themes	<p>Onshore wind Remote Island Wind Nuclear energy</p>
Media	<p>None</p>
Supporting official	<p>David Ritchie - Energy Industries – [redacted]</p>
Attached documents	<p>ANNEX A – BIOGRAPHIES AND COMPANY BACKGROUND ANNEX B – LIKELY TOPICS AND KEY LINES ANNEX C – PUBLICLY OWNED ENERGY COMPANY</p>



Simone Rossi Chief Executive Officer, EDF Energy

Simone was appointed Chief Executive on 1 November 2017 and is a member of the Executive Committee of EDF Group. He recently visited Edinburgh to deliver a speech at a low carbon energy event, where he highlighted EDF's intentions to expand its footprint through significant financial investments to Scotland's energy sector. Simone joined EDF Energy in April 2011. Prior to being appointed as CEO, he was Senior Executive Vice President of EDF Group's International Division, and a former chief financial officer at EDF Energy.



Matthieu Hue Chief Executive Officer, EDF Energy Renewables Ltd

Matthieu has more than 15 years' experience within the EDF Group, in the energy sector and particularly in renewable energy. Matthieu joined EDF in the year 2000. He worked on the formation of EDF Energy Renewables and joined the company when established in 2008. Matthieu is responsible for further developing EDF ER's strong presence in Scotland which now includes an Edinburgh office. You appeared with Matthieu at the Scottish Renewables annual conference on 26 March 2018, where he took part in a question and answer session alongside you.

EDF ENERGY - BACKGROUND

EDF Energy is part of the French state-owned EDF Group, a leading global electricity company which began investing in the UK in 1998. Today, EDF Energy employs 13,500 people across the UK.

EDF Energy is Scotland's largest low-carbon electricity generator, supplying 40% of the country's needs. Through their Scottish Procurement contract, they supply electricity to 98% of Scottish public sector sites. It also holds a small market share of the energy retail market in Scotland.

EDF Energy invests around £40m p.a. in R&D to support the existing nuclear fleet; new build low-carbon generation projects; activities in energy storage and energy services.

EDF Energy currently operates the only two nuclear power stations in Scotland – Torness, based in East Lothian, and Hunterston B, based in North Ayrshire.

EDF Energy Renewables, the company's low carbon branch, is an experienced wind farm developer and operator with an office in Edinburgh, which you officially opened in January 2017. They operate seven sites in Scotland, totalling 317 MW, and have committed to further investment.

ANNEX B – LIKELY TOPICS AND KEY LINES

EDF has suggested the following Agenda –

1. Update on renewables, including onshore wind and Lewis
2. Update on nuclear, including current operations
3. Any other business.

1. Update on renewables, including onshore wind and Lewis

Onshore Wind

Key messages

- We will continue to push for UK-wide policy support for onshore wind and take action of our own to prioritise and deliver **a route to market**.
- Paul Wheelhouse, is due to meet shortly with Claire Perry – he will reiterate the compelling arguments for reintroducing a support mechanism for onshore wind / solar PV.
- Our **Onshore Wind Policy Statement** (OWPS) underlines that this remains the lowest cost renewable technology and thus vitally important to decarbonising the energy system.
- We believe that onshore wind will continue to make a huge **contribution to the renewable targets and future** set out in our Energy Strategy.

General Update

- The latest provisional BEIS Energy Trends data published on 29 March 2018 show that **2017** was a record year for renewable electricity generation in Scotland with **68.1%** of electricity demand met by renewable sources, up 14.1 percentage points from 54.0% in 2016.
- The increase in Scotland's renewable electricity capacity in 2017 was 16 per cent on a year earlier, with 95 per cent of this increase achieved due to additional onshore wind capacity.
- Onshore wind is not currently included in the next Contracts for Difference (CfD) Pot 1 allocation round. Industry is calling for a 'market stabilisation' mechanism, such as a **subsidy-free CfD**, to encourage further investment in this technology. Claire Perry has hinted that she may be open to such proposals.
- EDF is currently in discussion with the Energy Consents Unit in regard to **19 wind farm projects** which include consented developments with proposals for redesign.

Lewis (Remote Island Wind)

Key messages

- Remote Island Wind remains a strategic priority for the Scottish Government. EDF, and all island stakeholders, have played an important role in changing the fortunes of Island Wind through sustained positive engagement with the UK Government.
- We are alive to concerns regarding the competitiveness of Island projects in future Contracts for Difference (CfD) auctions. This week, Paul Wheelhouse is meeting with the UK Energy Minister, Claire Perry, and will discuss how the auction mechanism can help deliver Island Wind.

Key Sensitivity

- Island developers are concerned the projects will be unable to compete against offshore wind in the CfD auctions. This is largely due to higher network costs. Matthieu Hue raised this directly with Paul Wheelhouse in November 2017.
- EDF currently have two Consented projects on Lewis, totalling 342MW. They are seeking to make changes to these developments to increase their capacity and the competitiveness of the projects. They are preparing two new applications to be submitted to Scottish Ministers next year.
- Energy Consents Officials met with EDF and key consultees in Stornoway on 30 April for pre scoping discussions. Following the meeting local and national newspapers reported unfavourably on proposals for up to 200 metre high turbines at the sites, highlighting community concerns over the potential negative impact on tourism and stating that the proposed magnitude of the wind farms could take up all capacity on any future interconnector, at the expense of any community owned wind farm projects.

General Update

- Significant progress has been made over the last year. The European Commission has approved the State Aid case and the UK Government is preparing a Statutory Instrument to enable RIW projects to compete in future Pot 2 Contracts for Difference (CfD) auctions, to be laid before Summer Recess.
- The Scottish Government, along with the key Island Wind delivery partners, wrote to the UK Government as part of its recent consultation exercise suggesting that additional measures should be put in place to secure a positive outcome.

- The UK Government is yet to formally respond but has commented that neither it nor the European Commission are likely to support measures that would reduce competition.
- The Scottish Government remains in regular contact with all key developers and SHE-TL, which will submit the Needs Case for the Western Isles transmission cable in July.

2. Nuclear energy

Key messages

On **Hunterston**:

- On 22 April 2018, the Sunday Herald reported that checks have detected fresh cracks in the graphite core of a Reactor 3 at Hunterston B nuclear power station. The reactor was taken offline on March 9. It is not expected to restart until May 1 at the earliest, more than a month later than originally planned. This type of deterioration is not unexpected but, before it can resume generating, EDF will need to satisfy the Office for Nuclear Regulation (ONR) that it is safe to do so.
- Scottish Government officials are in regular contact with EDF as the site operator as well as with the nuclear safety and security regulator, the Office for Nuclear Regulation (ONR).
- We understand that the ONR's assessment is on-going and that formal permission must be provided before the reactor can be restarted.

On wider **nuclear policy**:

- We remain opposed **to the building of new nuclear stations in Scotland** under current technologies.
- Our priority will continue to be to support energy efficiency, develop Scotland's huge renewable resource and to promote storage and flexibility.
- We will continue to support **life extensions for our existing nuclear power stations** – but only where the strictest environmental and safety requirements are met.

General Update

- EDF Energy currently operates the only two nuclear power stations in Scotland – **Torness**, based in East Lothian, and **Hunterston B**, based in North Ayrshire.
- The company has made a clear statement during a recent EDF Energy event that they are eager to prolong the life spans of their existing nuclear power plants in Scotland beyond

the current decommissioning dates, provided that they meet all the safety regulations. As things stand, the decommissioning of Torness is scheduled for 2023, and Hunterston B for 2030.

3. Any other business

You may wish to mention the **Energy Efficiency Routemap** which you will have launched at the SCDI Conference on 2 May 2018.

Key messages

- You will have seen my announcement of our **£500 million commitment to help continue to create an Energy Efficient Scotland** in the four years to 2020/21.
- We believe that **improving the energy efficiency of our buildings** is a vital element of decarbonising our energy system and of tackling fuel poverty.
- We are keen to work alongside suppliers and retailers such as EDF to help deliver this commitment.

Background

- The Route Map for Energy Efficient Scotland (formerly Scotland's Energy Efficiency Programme) sets out the Scottish Government's vision for all buildings in Scotland – that by 2040 all our buildings are warmer, greener and more efficient – and how we will deliver the **National Infrastructure Priority for Energy Efficiency**.
- Sitting behind our 2040 vision are two key objectives; **removing poor energy efficiency** as a driver of fuel poverty, and **reducing greenhouse gas emissions** through more energy efficient buildings and decarbonising our heat supply.

ANNEX C – PUBLICLY OWNED ENERGY COMPANY

Key messages (if raised)

- We have made a significant progress since the announcement last October.
- We have given ourselves until the end of this Parliament to ensure that we put the right mechanisms and expertise in place – it is important we get this right.
- This is **a complex and challenging market**, we need to ensure that we consider all areas, current and future in a fast moving sector, before finalising any detail.
- We have recently published an independent **Strategic Outline Case**. We will consider the report with a view to undertaking a public consultation later in the year.

Background

- At the October 2017 SNP Party Conference you pledged to set up, by the end of this Parliament, a publicly-owned, not-for-profit energy company in Scotland to give people, particularly those on low income, “more choice and the option of a supplier whose only job is to secure the lowest price for consumers”.
- 26.5 % of Scottish households were in fuel poverty in 2016 - a clear indicator that the energy market is failing many households.

From: [redacted]
Sent: 24 April 2018 13:43
To: [redacted]
Cc: [redacted]
Subject: RE: FM - Mr Rossi meeting at SCDI

Hi [redacted]

Draft agenda as follows:

- Welcome and introductions
- Update on renewables, including onshore wind and Lewis
- Update on nuclear, including current operations
- Any other business.

Sorry for the delay but is the above helpful.

Best wishes

[redacted]
External Communications
Strategy and Corporate Affairs

[redacted]

GSO Business Park
East Kilbride
South Lanarkshire, G74 5PG



Please consider the environment before printing this email

From: [redacted]
Sent: 24 April 2018 11:48
To: [redacted]
Cc: [redacted]
Subject: RE: FM - Mr Rossi meeting at SCDI

Hi [redacted],

Just to follow up on [redacted] email below – could I ask please if you happen to now have a list of items for discussion at the meeting between the First Minister and Mr Rossi on the 3rd?

You'll understand that we are required to provide our First Minister with a briefing note in advance of the meeting - we are obviously keen to cover relevant issues within it to ensure that the meeting is a productive one for all concerned.

As a short introductory meeting, we understand that they may not have the chance to have an in-depth discussion on a wide range of issues, but a heads-up on the priority issues for Mr Rossi would be really helpful.

Would you or [redacted] be able to get back to us on this at some point this afternoon please? Happy to discuss on the phone if easier too.

Many thanks
[redacted]

[redacted]
Utilities, Markets and Networks | Energy Industries Division
Directorate for Energy and Climate Change | Scottish Government
Atlantic Quay | 150 Broomielaw | Glasgow G2 8LU
[redacted]

From: [redacted]
Sent: 11 April 2018 14:10
To: [redacted]
Cc: [redacted]
Subject: FM - Mr Rossi meeting at SCDI

Hi, [redacted]

You will be aware of the introductory meeting that has been arranged between the First Minister and Mr Rossi at the SCDI conference on the 3rd of May.

I wonder if I could ask please if you are aware of any particular issues that Mr Rossi may wish to raise?

Be grateful if you could also advise please of any colleagues who may accompany Mr Rossi to the meeting and if you could confirm the venue for the meeting, which I understand you kindly said you were going to arrange.

I look forward to hearing from you.

[redacted]
Utilities, Markets and Networks | Energy Industries Division
Directorate for Energy and Climate Change | Scottish Government
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[redacted]

From: [redacted]
Sent: 30 January 2018 14:01
To: First Minister
Cc: [redacted]
Subject: Proposed introductory meeting with EDF Energy's new CEO

Dear First Minister

As you are aware, EDF Energy has a new CEO, Simone Rossi and he is very keen to meet with you when he is next in Scotland.

He is due to be in Edinburgh on 3 - 4 May to attend the SCDI annual conference at which he is a guest speaker. Can you let me know if you have availability to meet with Simone?

Best wishes

[redacted]

EDF External Communications