

Introduction

It is a pleasure to be invited here today and to speak at such an important event. As Minister for Energy, my portfolio is about delivering the energy transition and I am honoured to have taken up this appointment ahead of this conference.

All-Energy is one of the most important events in Scotland's – and the UK's – energy calendar, bringing together a huge diversity of people and businesses who all share the same ambition: to deliver a flourishing net zero energy system, delivering maximum benefit for Scotland, the UK and indeed the world in terms of tackling climate change, providing affordable, clean and secure energy and securing economic and social benefits.

Many of you will have heard the First Minister's address at the conference yesterday setting out the Scottish Government's support for the energy sector in every way we can, working with the sector and our key partners as we progress to net zero.

As Scotland transitions to net zero, a growing and increasingly decarbonised electricity sector is critical to enabling other parts of our economy to decarbonise, notably transport, buildings and industry. The decarbonised electricity sector will also be an

essential underpinning for significant new industrial opportunities, such as the hydrogen economy.

As we deliver that future electricity system, we also need to ensure we maintain security of supply and a resilient electricity system. Significant investment in Scotland and the wider GB electricity grid is needed to ensure clean, affordable renewable electricity is available where it is needed.

We require high levels of investment in electricity transmission infrastructure, to ensure the grid does not become a barrier to net zero. Whilst it is important to acknowledge we are part of the GB electricity system, regulation of which is reserved to the UK Government, we must work together to enable vital investment to ensure full grid decarbonisation, drive down costs and increase benefit for customers and communities.

Energy is one of the most important sectors in the Scottish economy, and Scotland is at the forefront of the clean energy transition. To ensure we meet our net zero targets, we have committed to an ambitious package of measures right across the energy sector.

I would like to use the opportunity today to talk about some of these measures. In particular, what we are doing in Scotland to

become a net zero nation by 2045, grasping the opportunities of onshore and offshore wind, hydrogen, and CCUS, as well as a revitalised North Sea energy sector focused on renewables.

Scotland is a highly attractive location for investment in renewables, from the emerging Hydrogen Coast, to Scotland's competitive advantage in Carbon Capture and Storage based on the built- and natural assets of the North Sea oil and gas industry. The North Sea is also critical for our expanding Offshore Wind sector - a great example is ScotWind.

Offshore Wind/ScotWind

The Scottish Government sees offshore wind as one of the most important economic and net zero opportunities we have. Whilst oil and gas continue to play an important role in our energy mix, we are clear that unlimited extraction of fossil fuels is not consistent with our climate obligations.

I have worked alongside the oil and gas sector for a number of years now, and will continue to champion the extensive knowledge and skills which the sector has built up over the past 50 years. Offshore wind will be crucial in our just transition to renewable energy sources, alongside offering good quality green jobs for our highly skilled oil and gas workforce.

Our operational, under construction, consented and in planning projects - together with the market ambitions expressed in the ScotWind and INTOG leasing rounds - now sets our reported potential pipeline at over 40GW. This is the equivalent of producing enough electricity annually to power every home in Scotland for 17 years.

In order to unlock all these potential developments, we must build on our robust offshore wind planning programme to address the challenges going forward.

We will continue to make efforts to streamline our consenting processes, where possible. And we must, of course, see significant investment into the Scottish supply chain.

The announcement of plans for a new subsea cable manufacturing facility in Scotland by Sumitomo Electric demonstrates the strength of confidence investors have in our vision for a net zero economy. Sumitomo's announcement in April was an important milestone in securing their inward investment. We need to build on that. We need to support our offshore wind developers as they meet their supply chain commitments.

We expect ScotWind developers to invest an average projection of £1.4bn in Scotland per project into our economy across the 20 ScotWind Offshore wind projects.

At last year's conference the former First Minister announced the Offshore Wind Collaborative Framework Charter, signed by 24 developers, as a clear way to support and enable developers' collective supply chain commitments.

We have made good progress since then. Much of our work is being taken forward through the Scottish Offshore Wind Energy Council who have been leading on the development of a Strategic Investment Model to facilitate the delivery of the commitments agreed in the Collaborative Framework.

All of the original 17 successful ScotWind projects, and existing Scottish offshore wind developers, have committed to fund the development of the Strategic Investment Model. I would like to take this opportunity to thank the developers and all of our public sector partners for working together to deliver this ground-breaking approach.

This work aims to pool funding and invest in necessary infrastructure for offshore wind projects, with an initial focus on ports and manufacturing infrastructure.

I am delighted to announce today that the SIM process is now open and welcoming applications from industry, ports the supply chain and the public sector.

This collaborative way of working across Government and industry will be a differentiator in our just transition, and I look forward to continuing to work together with you all to ensure Scotland's supply chain has the capacity and capability to deliver our pipeline of offshore wind projects.

Onshore Wind

As you will all know, Scotland continues to lead the way on onshore wind deployment across the UK.

Our Onshore Wind Policy Statement introduced a new ambition of a minimum installed capacity of 20GW of onshore wind in Scotland by 2030.

To support achieving this goal, we have formed an Onshore Wind Strategic Leadership Group. The group will take forward the aspirations of the policy statement and develop an Onshore Wind Sector Deal, which we are aiming to agree this year.

The Sector Deal will be a shared commitment between government and industry to deliver upon government ambitions while growing a key sector in a way that aligns with the principles of a just transition to net zero.

Hydrogen

The pipeline of onshore and offshore wind projects, will enable Scotland to produce industrial-scale quantities of renewable hydrogen.

The Scottish Government sees the development of a domestic hydrogen sector and of hydrogen production for export as an important part of our just transition to net zero by 2045.

The opportunity for Scotland within the developing global hydrogen market is significant and has the potential to bring great benefit to Scotland and the UK.

Last year, we published our Hydrogen Action Plan, setting our strategy to support the growth of Scotland's hydrogen economy, backed by a £100m funding programme. I'm delighted that awards from the first tranche, the £10m Hydrogen Innovation Scheme were announced by the First Minister yesterday, with funding for projects that will bolster innovation in renewable hydrogen production, storage, and distribution, including the

establishment of hydrogen innovation centres in both Stornoway and Glasgow and feasibility studies into the use of seawater for electrolysis.

Hydro Power

The Scottish Government is also clear that hydro power has the potential to play a significantly greater role in our future energy system, both at small scale in co-operation with local communities, and at larger scale providing flexibility services to the grid and helping to ensure a continued resilient and secure electricity supply.

I was pleased to hear that SSE are moving forward with their plans for their Coire Glas project – and if built, would be the first pumped storage hydro project to be built in the UK in more than 40 years. However, to ensure this and other projects are realised, it is vital that the UK Government provide an appropriate market mechanism for hydro power.

There is currently 1.5 GW of pumped storage hydro projects awaiting construction in Scotland that could deliver vital flexibility for the grid and balance out the intermittent nature of renewables.

CARBON CAPTURE UTILISATION AND STORAGE (CCUS)

As well as Hydro power we are also clear that the UK Government plays a critical role in delivering carbon capture, utilisation and storage (CCUS) in Scotland.

I don't need to tell this audience how vital Carbon Capture, Utilisation and Storage is to achieve Scotland's net zero targets and a just transition. You also don't need to take my word for it as the Climate Change Committee describes CCUS as a "necessity, not an option" and the Scottish Government fully supports the development of CCUS. I'll be doing everything that I can to accelerate and scale its deployment.

CCUS will be essential for capturing residual emissions in our energy system. CCUS will play a role in reducing emissions in hard to decarbonise industrial sectors that cannot electrify their industrial process.

The potential for CCUS in Scotland is huge. Over half of the UK's carbon storage potential is in Scottish waters and as part of our just transition plan, I want to see the skills and expertise that have been developed within the Oil and Gas industry used to drive forward our ambitions for CCUS.

At the centre of those ambitions is the Scottish Cluster. I was delighted that my first engagement as a minister was with the team behind the Scottish Cluster.

I can see why the UK Government have acknowledged they are “best placed” to meet Track 2 requirements, I just wish the UK Government would hurry up and confirm the award – hopefully we won’t have much longer to wait.

Tidal

It is clear that Scotland has wide opportunities as it transitions to net zero. As well as the advantages offered by our vast renewable energy resource and unparalleled wind, wave and tidal energy offers Scotland distinct opportunities for both achieving net zero and exporting Scottish technology and expertise.

Marine energy provides a predictable and reliable source of clean energy which can complement intermittent sources of energy, smoothing the overall power supply from renewables and providing a grid balancing function.

We have all the ingredients for success. An outstanding natural marine energy resource. A global centre of expertise at the European Marine Energy Centre in Orkney which with the

publication of its economic impact assessment demonstrates the invaluable role it has played over the past two decades.

The largest and most powerful tidal stream energy projects anywhere in the world, with the potential to greatly increase the size of those projects over the next five years. And thanks to our Wave Energy Scotland programme we are leading the way in wave energy too.

We need to build on those achievements, get more wave and tidal turbines in our waters, and we are working with industry to deliver the jobs, supply chain and export potential of these highly promising technologies.

Our draft Energy Strategy and Just Transition plan includes a draft marine vision for Scotland recognising the role of marine energy and what collective actions are required to fully unlock the potential of marine energy.

Heat Decarbonisation

Whilst increasing renewables is important, we also need to rapidly decarbonise Scotland's demand sectors. Heating Scotland's buildings accounts for around a fifth of our total greenhouse gas emissions. My colleague Patrick Harvie spoke yesterday about the action the Scottish Government is taking to

address the challenge of decarbonising our homes and buildings and how we are approaching the task of making our homes more sustainable, efficient and affordable.

Our Heat in Buildings Strategy sets out our ambition to decarbonise Scotland's homes and buildings. This includes our commitment to investment at least £1.8bn over the course of this Parliament towards heat and energy efficiency measures, including to support those least able to pay.

Energy Strategy and Just Transition Plan

Bringing all of these ambitions and actions together is our draft Energy Strategy and Just Transition Plan. This sets out our vision that by 2045 Scotland will have a flourishing, climate friendly energy system that delivers affordable, resilient and clean energy supplies for Scotland's households, communities and businesses. This just energy transition will benefit communities across Scotland, provide high quality jobs, capture economic opportunities and deliver affordability.

The consultation ran from 10th January to 9th May and I hope you have all had an opportunity to respond.

My colleagues and I look forward to considering the responses, and using these to inform the final Strategy and Just Transition

Plan. The final Plan will be published once we have conducted a thorough review of the consultation responses and engaged with as wide a range of stakeholders as possible.

Conclusion

Delivering the net zero transition will require rapid transformation across all sectors of our economy and society, and changing the ways we produce and use energy will be a vital part of this transition.

It will require a genuine partnership approach between the public and private sectors, and with individuals and communities, with us all having a role in this transition.

Since taking up my role as Energy Minister, I have been fortunate enough to see first hand a great many examples of the creative and inspirational work that you are all doing to accelerate the just energy transition.

I very much look forward to continuing to work collaboratively with you as we strive to deliver the net zero energy system of the future.

Thank you.