

**ENGAGEMENT AT PORT OF SULLOM VOE, ORION / Sellaness visit
PRESENTATION AND DISCUSSION**

<p>Date /Time</p>	<p>11 August, 11:30-13:30</p> <p>Sullom Voe Oil Terminal and Shetland Energy Hub / ORION</p> <ul style="list-style-type: none"> • Sullom Voe Harbour Authority Port Administration Building Sella Ness Sullom Voe Shetland ZE2 9QR Tel: 01806 244200 • 11.30 – 13.00 – Presentations and discussions on Energy transition; ORION/Shetland Energy Transition and Just Transition with (REDACTED), Shetland Islands Council, (REDACTED) – Climate Change Strategy, (REDACTED) I&NE Operations (REDACTED), Enquest. • 13:00 – 13:30 Sandwich Lunch and departure from Sellaness. <p>(REDACTED)</p>
<p>Where</p>	<p>Sullom Voe Terminal and Scatsta area - Sellaness Boardroom</p>
<p>Who</p>	<p>Shetland Islands Council, (REDACTED)</p> <p>Climate Change Strategy, Shetland Islands Council, (REDACTED)</p> <p>I&NE Operations, Sullom Voe Oil Terminal, EnQuest (REDACTED)</p> <p>EnQuest plc is an independent United Kingdom-based petroleum exploration and production company which operates mainly in the United Kingdom Continental Shelf.</p>
<p>Key Purpose / Message</p>	<p>This is an opportunity to observe a presentation on ORION/Shetland Energy Transition and Just Transition followed by a discussion at the Sellaness Boardroom on one of the largest gas terminals in Europe, Sullom Voe Terminal, and the ambitious ORION Clean Energy Project which aims to transform Shetland into the home of secure and affordable clean energy.</p> <p>It will allow you to engage with EnQuest Stakeholders and the Shetland Energy Hubs' ORION Project to discuss opportunities and understand more about the energy transition means for the area.</p>

We have been consistently clear that oil and gas will continue to be part of Scotland's energy mix as we transition to net zero.

- **Our oil and gas infrastructure and highly skilled workforce have long been at the forefront of energy innovation.**
- However, the science is clear that the world cannot go on extracting fossil fuels indefinitely if the necessity of limiting global warming to 1.5 degrees is to be achieved. We cannot in good conscience ignore that.
- Our focus is now on achieving the fastest possible, just transition for the oil and gas sector – one that delivers jobs and economic benefit, ensures our energy security, and meets our climate obligations.
- Renewable or low carbon jobs cannot replace oil and gas jobs immediately – that is why we are committed to Scotland ending our contribution to climate change in a just and managed way.
- We are developing a skills guarantee for those workers in carbon intensive industries to remove access to skills as a barrier for decarbonisation.

Decommissioning

- Through its Decommissioning Challenge Fund, the Scottish Government has invested £12 million in 38 projects to support innovation and build capacity in the Scottish decommissioning sector.
- We welcome the 50% UK content target agreed with industry in the North Sea Transition Deal and hope it will open up more opportunities for the Scottish supply chain.
- The global decommissioning market is expected to be worth £67 billion over the next 10 years and offers significant opportunities for Scottish companies. Recognising its crucial role in the energy transition, decommissioning remains exempt from the limitations announced by the UK Government in March 2021 on any new direct financial or promotional support for the fossil fuel energy sector overseas.

Shetland Energy Hub; ORION

HYDROGEN

- Hydrogen will play a leading role and sooner than anticipated and we are witnessing a rush to grow a European hydrogen market. The finalised Hydrogen Action Plan will set out action in Scotland to ensure partnerships are in place, opportunities can be grasped and economic benefit derived.
- The Outer Hebrides, Orkney and Shetland Islands have some of the best wind conditions in Europe and have the potential to develop significant onshore and offshore wind generation through both community- owned and commercial renewable energy generators. This renewable energy could be used to produce renewable hydrogen via electrolysis that supports the location of Hydrogen Energy Hubs with large scale local demand ambitions.

<i>Sensitivities</i>	(REDACTED)
<i>Official Support</i>	(REDACTED)
<i>Comms</i>	
<i>Annexes</i>	ANNEX A: AT A GLANCE SUMMARY PAGE ANNEX B: BACKGROUND ANNEX C: ORION Project briefing

ANNEX A: AT A GLANCE SUMMARY PAGE

O&G JUST TRANSITION

The challenge for all countries is how quickly the transition to renewable and low carbon alternatives can be achieved – and in a way that is just and fair.

- In Scotland, a just transition means one that supports those currently employed in oil and gas into green alternatives, and ensures we don't replace domestic supply with imported oil and gas. But in achieving this, the approach and mindset matter.
- If we say the answer to our current reliance on oil and gas for jobs and energy is to keep opening new oilfields, we don't have sufficient imperative to develop alternatives quickly enough. Instead we become fixed in a cycle of dependency.
- We must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development.

**PORT of SULLOM VOE
and ORION**

ORION (Opportunity for Renewable Integration with Offshore Networks) aims to harness the natural resources of Shetland:

- onshore and offshore wind
- tidal and wave energy

to generate hydrogen and enable the electrification of oil and gas installations to reduce emissions and create a sustainable and affordable clean energy future.

Shetland Hydrogen Hub – (ORION Project)

- The ORION Clean Energy Project is a strategic framework connecting organisations with a common ambition: to transform the Shetland region into a centre for secure and affordable clean energy.
- The ORION project aims to provide Shetland with secure and affordable clean energy whilst protecting the environment and developing a new industry.
- ORION strategic partners Shetland Island Council (SIC), Net Zero Technology Centre (NZTC), University of Strathclyde and Highlands and Islands Enterprise (HIE) are working with industry and key stakeholders to evaluate opportunities to maximize value and transition Shetland from an established oil and gas centre to a renewable energy hub.

OFFSHORE WIND JOBS (ORION)

- According to the latest report from the Offshore Wind Industry Council (OWIC) [14 June], jobs in this sector in the UK could grow to almost 100,000 by 2030.
- This recent OWIC report also shows a 16% increase in offshore wind jobs compared to last year, showing that the sector currently supports over 31,000 jobs, 30% of which are in Scotland.
- We welcome the report's recognition of the role ScotWind investment plays in this forecasted increase.

ANNEX B: BACKGROUND

'It's All Happening in Shetland' *Policy Document* [Provided by Shetland Council]

TRANSITION TO RENEWABLES

- Transition oil and gas infrastructure such as Sullom Voe Terminal and the pipeline infrastructure to reuse as much industrial land as possible
- The ports of Sullom Voe, Lerwick and Dales Voe and other Shetland ports are well placed to support the development of offshore floating wind and the export of hydrogen and hydrogen derivative fuel with Sullom Voe Terminal, which will become Shetland's energy hub (ORION Project).
- Shetland already has a presence in renewables; a global pioneer and supplier of hydrogen and other renewable solutions provided by Pure Energy, an established business on Shetland for the past 20 years.
- Nova Innovation set up the first tidal array in the world in 2016 and Shetland now has the first EV charging point powered by tidal energy
- Viking Wind Farm, the biggest and soon to be the most productive wind farm in the UK, is currently under construction

Decommissioning

- The decommissioning of North Sea oil and gas infrastructure presents the potential for Scotland to capitalise on a market that is forecast to reach £20 billion over the next decade.
- We want to ensure that the world class Scottish supply chain continues to develop competitive capabilities to maintain its position as a centre of decommissioning excellence, and to export its expertise.
- Decommissioning is integral to the pursuit of an orderly, managed transition to net-zero, which has the potential to create benefits and opportunities for people across Scotland.
- We are committed to ensuring that decommissioning is carried out to the highest safety and environmental standards, minimising the risk to the environment and other users of the sea.
- Last year's OEUK Decommissioning Insights report showed business returning to its usual pace following disruptions caused by COVID-19 and low commodity prices. The total UK Continental Shelf spend on decommissioning in 2021 is estimated at £1.46 billion – around 12% of total annual oil and gas expenditure. From 2022 to 2024 expenditure is forecast to increase slightly to £1.5 billion per annum, with almost 600 wells and about 45 platform topsides and structures predicted to be decommissioned.
- Maintaining activity for the decommissioning supply chain is vital to protect jobs and retain expertise in the industry, which can be exported or serve as a key asset as we work towards our transition to Net Zero by 2045.

Decarbonisation of the oil and gas sector and development of innovative wind energy projects in Scottish waters offers the opportunity to develop expertise and growth of supply chain anchored in Scotland.

- And it promotes the transfer of knowledge and skills across the energy sectors.
- Crown Estate Scotland is expected to open the INTOG seabed lease application process in Mid- August.
- As part of our commitment to the sustainable management of our seas, Marine Scotland is working with Crown Estate Scotland and other stakeholders through the

planning process to consider the potential impacts of INTOG and any in combination effects with other plans and activities including ScotWind.

We are investing in research to promote the sustainable development of offshore renewable energy, whilst protecting our marine environment and people.

- We are improving the scientific evidence base to ensure we are developing marine energy efficiently and sustainably, whilst also protecting Scotland's marine environment and our people. This is being achieved through our Scottish Marine Energy Research (ScotMER) programme.
- New evidence feeds back into the planning and licensing decision making process, to reduce any risk associated with uncertainty due to lack of evidence.
- In Shetland, we are supporting work to tag seal populations to improve our understanding of their distribution and abundance, in relation to marine energy developments.
- We are scoping out seabird colony monitoring and aerial surveys to support environmental assessments, with consideration of the impact of avian influenza to these species.
- We are also gathering evidence on the socioeconomic impacts of offshore wind at different stages of development, and examine the capacity of local supply chain development to understand how to harness opportunities.

NORTH SEA TRANSITION DEAL: SUPPLY CHAIN

- The NSTD estimates that 40,000 supply chain jobs will be created in the UK by 2030 in areas such as carbon capture, hydrogen production and the conversion of offshore oil and gas installations to run on electricity.
 - Ambition ➤ Develop a low carbon supply chain while delivering investment of £14-16 billion by 2030 in new technologies
 - Sector action ➤ Target 50% UK content, including capex, over the lifecycle of **new energy projects**, as well as oil and gas decommissioning
 - UK Government action ➤ Develop policies to enable the net-zero supply chain to flourish, particularly in CCUS and Hydrogen industrial hubs
- The UK energy supply chain has the potential to develop highly exportable services, creating jobs and boosting the economy, as well as helping to position the UK as a world leader in low carbon energy by supporting other countries as they work to cut their carbon emissions.
- The new role of Supply Chain Champion was created as part of the North Sea Transition Deal, a partnership between the UK Government and the UK offshore oil and gas industry.

Annex C: ORION – Shaping Shetland as a World Leading Clean Energy Hub

Shetland Regional Clean Energy Hub

ORION has all the critical ingredients of clean energy provision; significant wind & tidal resource, strategically important current and future hydrocarbon resource, established infrastructure for use and re-use and a knowledgeable and skilled local workforce.

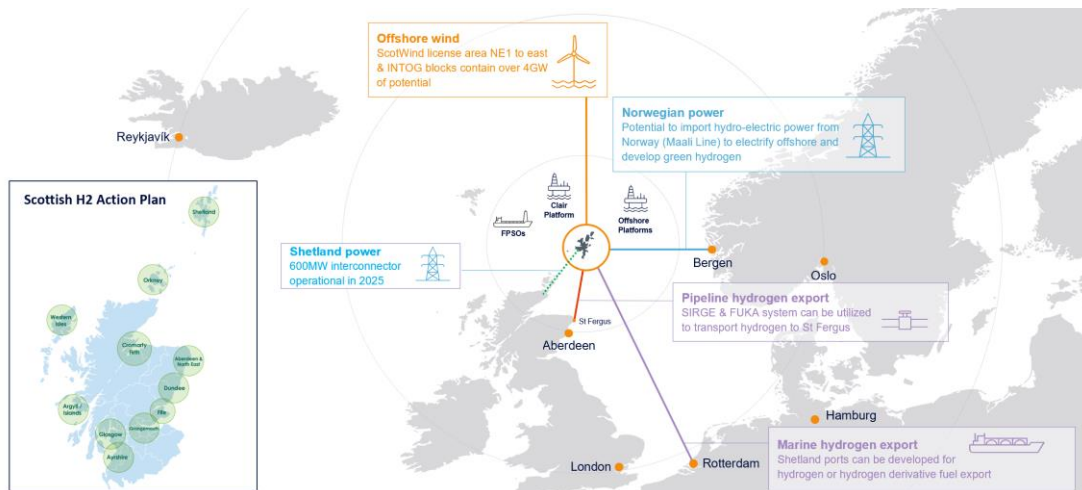


Figure 1: Shetland regional clean energy hub potential

The Shetland region has unique natural assets to create a world-leading clean energy hub, generate affordable clean heat and power, sustain, and develop new jobs, and deliver diverse economic growth for Shetland, Scotland, and UK for decades to come.

The key ambitions of the project are to: -

- Create on Shetland a green hydrogen export business at industrial scale by harnessing offshore wind power creating 500 high-quality net zero jobs by 2030.
- Transform Shetland's current dependency on fossil fuels to affordable renewable energy to address fuel poverty and improve community wealth.
- Enable offshore oil and gas sector transition to net zero utilizing renewable energy to sustain thousands of jobs and provide security of supply.

Onshore Wind

Currently Shetland onshore wind farms only supply 8% of the islands energy needs but this will change in 2025 when SSE Renewables Viking Wind Farm (VWF) becomes operational generating over 430MW of electrical power which will replace the fossil fuel power stations in Shetland, which currently supply the island with 50-70MW of power, and also make electrical power exportable via a 600MW HVDC interconnector to the Scottish Mainland.

Peel Energy wind farms at Beau Field and Mossy Head (120MW) will become operational before 2027 followed by Energy Isles (120MW) once planning permission is received from the Scottish Government.

The onshore wind potential for Shetland is therefore ca. 750MW and ideally some of this power will also be used to create clean fuels on the island, such as green hydrogen.

However, a key issue is the affordability of wind powered electricity, given 1 in 3 Shetland families are in fuel poverty, and several issues exist, namely:-

- Requirement to optimize and/or remove the current approach to curtailed wind under the Contract for Difference (CfD) process to generate green hydrogen and/or power storage.
- OFGEM's Transmission Network Use of System, (TNUoS) charges apply to small scale generators, less than 100MW. Local wind and tidal generation play an important part in providing electricity and will also be important for green H2 production and/or power storage in the future. The economic viability of local generation systems in Shetland is therefore impacted by these charges. In addition, SSE are stating that there is no capacity in the grid, once VWF is operational, for new local wind and tidal developments to be connected.
- Transmission charges (TNUoS) in Shetland and the North of Scotland are higher than the rest of the UK. The difference in charges between the highest and lowest tariff zones are projected to double from 2016/17 to 2026/27 increasing from £23 to £48 for every kW of capacity connected to the transmission network. These higher transmission charges also impact Scottish offshore wind generators when compared to projects in south UK.

Offshore Wind

- There is considerable offshore wind potential in the Shetland region and licenses were offered during the ScotWind round, but no qualified bid was received for the NE1 block fifteen miles to the east of Shetland. However, since the clearing process was initiated in April 2022 there has been significant interest in NE1, and it is likely bids will be made based on a green hydrogen business opportunity. There has also been interest in INTOG offshore wind license areas to the West of Shetland (WOS) where BP, Equinor and Ithaca have discovered resources of ca.1bnbbls waiting to be developed.
- Shetland Island Council (SIC) has also been working proactively with offshore wind developers to ensure that the concepts around Energy Developer Principles and Supply Chain Development Statements are being considered.

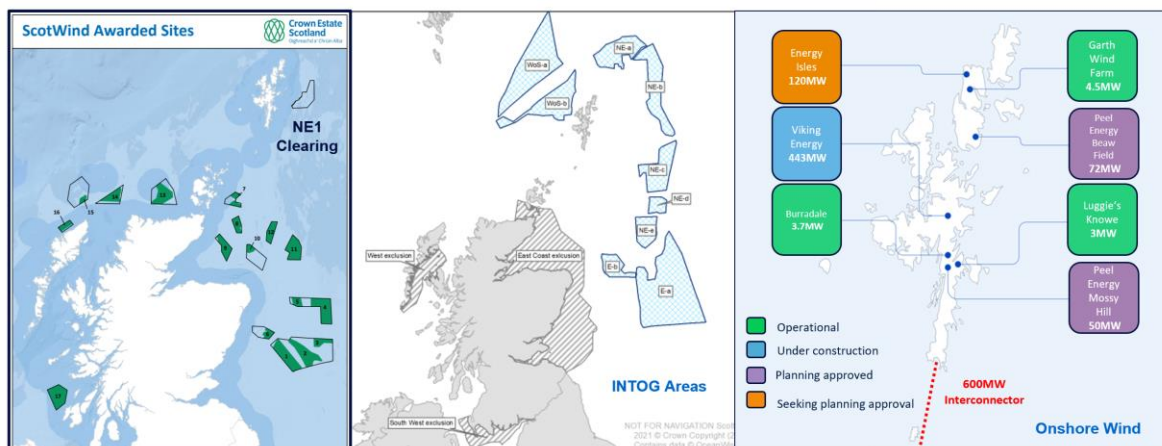


Figure2: Onshore and Offshore Wind Potential

There is a real urgency to develop offshore floating wind to replace the declining oil & gas sector and to sustain and create jobs and develop clean fuels for local, regional, and national use. Current predictions are that offshore wind in the Shetland region will not be operational until 2030 due to permitting and planning requirements. These processes need to be accelerated and additional offshore wind acreage offered to deliver an industrial scale clean energy hub.

Tidal Energy

Shetland was the first location in the world to have an operational tidal turbine array, which has been producing electricity for the local grid since 2016, and in 2021 set up the first ever EV charging point for vehicles. NOVA Innovation have recently applied to Crown Estate Scotland to expand their operation to produce 15MW of tidal energy and NOVA are working closely with the ORION team.

Repurposing Onshore Oil & Gas Infrastructure

The EnQuest operated Sullom Voe Oil and Gas Terminal (SVT), the TOTAL Energies operated Shetland Gas Plant (SGP), and the Shetland Island Council (SIC) Port of Sullom Voe (POSV) and surrounding SIC land (Scatsta) are ideally situated to become a renewable energy hub. This brownfield site has deep water berthing (over 20m), laydown areas, unused industrial land and infrastructure that can be repurposed for clean fuel production, storage and export coupled with support for the developing floating offshore wind sector. However, significant investment, ca. £150m, will be required to improve the facilities to support these industries. EnQuest & SIC are working very closely together to optimize the transition from an oil and gas hub to a renewable hub and in addition potentially import CO₂ for offshore transport and storage. Feasibility work has also been proposed for the POSV to decarbonize by transitioning the vessel fleet to renewable marine fuels. Offshore wind developers have also shown significant interest in developing the site for offshore floating wind turbine assembly.



Figure3: Sullom Voe brownfield site a future renewable energy hub

Technical & Commercial studies

Several studies have been undertaken or are underway to provide a techno-economic foundation to underpin the significant opportunities that the Shetland region offers to become a clean energy hub. These studies have been funded and

resourced by a combination of ORION partners, industry, and Scottish Government (ETF) funding mechanisms.

An important next step will be to undertake pilot and demonstration projects on Shetland to produce green hydrogen-based fuels for use by the marine sector, which uses 40% of fuel consumed on Shetland, and heavy-duty vehicles.

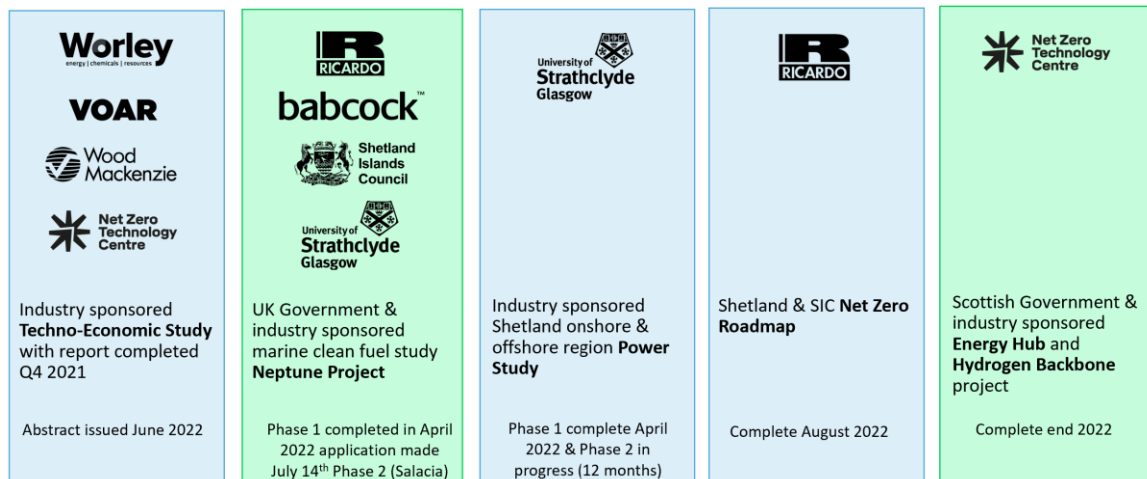


Figure 4: ORION project built on a solid study foundation

Supply Chain Skills and Capability

Ensuring that the Shetland and NE Scotland supply chain has the skills and capability to undertake work in the renewable energy sector is a vitally important aspect of the ORION Project. The University of Highlands & Island (UHI), HIE, SIC and Skills Development Scotland (SDS) have developed an action plan to ensure capability is developed in partnership with industry. Key focus areas of the plan are:-

- Ensure that skills issues across Shetland, and wider, energy sector are well understood
- Ensure a skilled workforce is in place to address challenges and capitalise on opportunities
- Ensure a co-ordinated and partnership approach to help address Shetland's skills & training requirements
- Inform and influence Shetland's education and skills provision

ORION Vision

The ORION Project is a holistic collaborative approach to undertake just transition from a current fossil fuel dependent society and oil and gas hub to a renewable energy hub providing affordable clean fuel for industry and the community. Factors critical to the success of this vision will be for offshore floating wind licenses in both ScotWind and INTOG in the Shetland region to be awarded, investment undertaken in Shetland ports to support both clean fuel and offshore wind industry and green hydrogen pilot and demonstration projects being established by 2025.

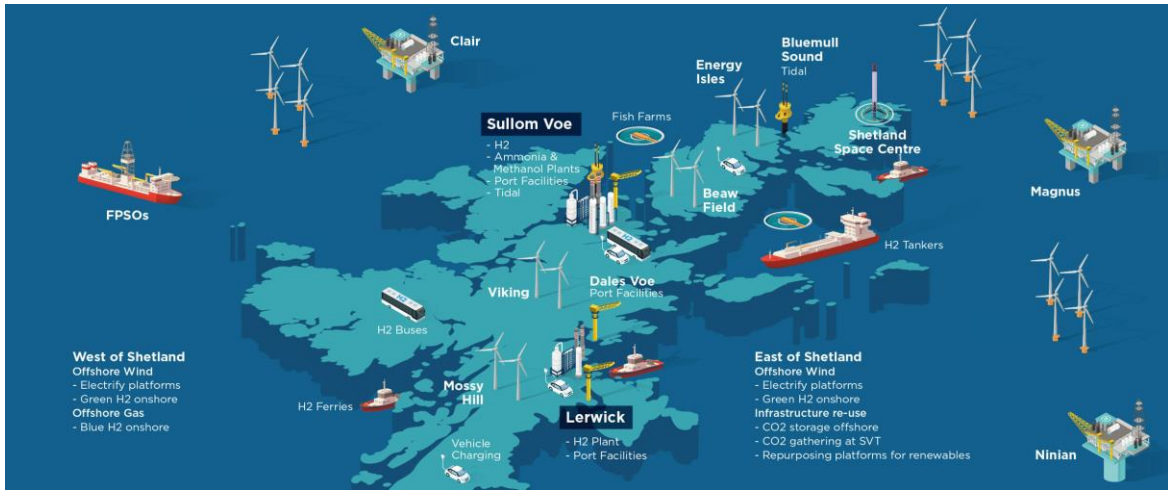


Figure 5: ORION vision to deliver a renewable energy hub by 2030

ENGAGEMENT WITH VIKING WIND FARM

Date /Time	<p>Sunday 11 August, 9.00am -10.30am</p> <p>Viking Wind Farm construction site</p> <ul style="list-style-type: none"> • 09.00 – 09.15 Site induction and issue of PPE. • 09.20 – 10.25 Tour of Mid Kame Ridge section of wind farm, taking in view of VEWf substation, HVDC convertor station and subsea cable route (onshore section), plus quick visit to wind farm show base N112 (time permitting). • 10.25 – 10.30 Return of PPE and departure from VEWf site. <p>Contact: (REDACTED)</p>
Where	<p>SSE Renewables Viking Energy Wind Farm Main Compound South Nesting Access, A970 Shetland ZE2 9LP Google Map</p> <p>Directions in ANNEX C</p>
Who	<p>Onshore Wind Development, SSE (REDACTED)</p> <p>Governmental Liaison (REDACTED)</p> <p>SSE Renewables (REDACTED)</p>
Key Purpose / Message	<ul style="list-style-type: none"> • This is an opportunity to learn more about Viking Wind Farm and hear the priorities and concerns surrounding the just transition in this area. • It is a chance to view a HVDC convertor station and subsea cable route to gain an understanding of its potential to support the just transition by generating jobs.
Sensitivities	<p>(REDACTED)</p>
Official Support	<p>(REDACTED)</p>
Comms	
Annexes	<p>ANNEX A: AT A GLANCE SUMMARY PAGE</p> <p>ANNEX B: BACKGROUND</p> <p>ANNEX C: DIRECTIONS</p>

ANNEX A: AT A GLANCE SUMMARY PAGE

Transmission Cable

“HVDC” high voltage direct current

TOP LINES

- The Scottish Government has supported the case for an electricity connection to Shetland to unlock the vast renewable electricity potential on the island.
- This will make a valuable contribution to our Net-Zero transition while supporting a host of wider economic, environmental and social benefit.
- I have been pleased to see SSE and Viking Wind Farm have engaged constructively with local supply chain creating opportunities for over 60 local businesses.



VIKING WIND FARM

Onshore Wind

TOP LINES

- We do not believe that Scotland can achieve our 2030 decarbonisation targets without a substantial increase in onshore wind deployment.
- Onshore wind is a cheap and reliable source of electricity generation; with Scotland's resource and commitment seeing us lead the way in onshore wind deployment and support across the UK.
- Figures from 2020 show that renewable technologies generated the equivalent of 98.6% of gross electricity consumption, with Scotland generating almost a quarter (22.3%) of the UK's renewable electricity generation in 2021.
- The majority of Scotland's renewable electricity generation continues to come from wind (20.0 TWh in 2021) with 17.3 TWh generated by onshore wind.

ENERGY STRATEGY AND JUST TRANSITION PLAN

- Scottish Government committed to publishing a draft Energy Strategy and Just Transition Plan. This will be published in 2022 and will refresh the 2017 Energy Strategy, and deliver Scotland's first Just Transition Plan.
- The ESJTP will take a whole-system view of how the sector must evolve to drive our transition to net zero, with a specific focus on actions needed to meet our 2030 interim target.
- The ESJTP will consider the whole energy system as part of the strategy and indicate the change required not just in electricity generation but in heat, transport and all energy demand across Scotland.
- It will also set out what is needed to deliver a just transition for the sector, in line with the principles set out in our National Transition Planning Framework published in September 2021.
- This means it will be a plan that not only achieves our ambitious emissions reductions targets, but does so in a way that ensures a positive outcome for all of Scotland, including business, the economy, jobs and skills.

ANNEX B: BACKGROUND

ONSHORE WIND TOP LINES

- We do not believe that Scotland can achieve our 2030 decarbonisation targets without a substantial increase in onshore wind deployment.
- Onshore wind is a cheap and reliable source of electricity generation; with Scotland's resource and commitment seeing us lead the way in onshore wind deployment and support across the UK.
- Figures from 2020 show that renewable technologies generated the equivalent of 98.6% of gross electricity consumption, with Scotland generating almost a quarter (22.3%) of the UK's renewable electricity generation in 2021.
- The majority of Scotland's renewable electricity generation continues to come from wind (20.0 TWh in 2021) with 17.3 TWh generated by onshore wind.
- The Onshore Wind Policy Statement consultation was launched on 28 October 2021, which includes our ambition that an additional 8-12 GW of onshore wind be installed by 2030.
- The consultation considered other key themes such as barriers to deployment, positive environmental impacts, community benefits and shared ownership, circular economy and supply chain opportunities.
- The consultation closed on 31 January 2022, and a full policy statement is expected to be published later this year. Consultation analysis undertaken on the consultation responses have been published on the SG website.

Transmission Cable

- Delivering high voltage transmission connections between Scotland's main island groups and the Scottish mainland has been a strategic priority for many years, as a means of developing the large renewable resources on the islands, and capturing the associated economic and social benefits.
- Recent sub-sea cable failures across some Scottish island groups also underline the security of supply benefits that these links could deliver.
- The 600 MW link will connect Shetland to the wider GB transmission system with 257km of Subsea HVDC cable connected through converter stations at Weisdale Voe on Shetland and Noss Head in Caithness

BACKGROUND: Viking Wind Farm

- The wind farm will consist of 103 wind turbines set around the central Mainland of Shetland. The project was modelled using a 4.3MW turbine, providing enough electricity to meet the needs of up to 475,098 homes while saving 0.5 million tonnes of carbon dioxide (CO₂) emissions each year.
- It is hoped that Viking will become one of the most productive onshore wind farms in the world.
- Around 140 people will be needed to work on the project during construction and around 35 permanent jobs could be created. As a result of the community investment to date, millions of pounds could be injected into the Shetland economy annually. In addition, the islands would receive around £2.2 million in community benefit every year^[4] if a 4.3MW turbine is installed.
- The original partnership deal between the Shetland community and SSE was signed in 2007. In May 2009 an application was submitted to the Scottish Government for the construction of 150 turbines. This was followed in September 2010 by a revised

application, known as an addendum, reducing the number of turbines to 127. Of these, permission was granted for 103 and denied for 24 adjacent to Scatsta Airport.

- Shetland is not currently linked to the UK electricity transmission network. To enable the electricity generated by the Viking Energy Wind Farm – and future renewables projects – to be exported, a subsea high-voltage direct current (HVDC) cable will be laid between the islands and Caithness.

Energy Consents Unit:

- The decision letter for Viking wind farm acknowledged generally that “*substantial economic benefits to the local Shetland and Scottish economy were anticipated and that these socio-economic opportunities were of particular importance to Shetland, which was seeking to further diversify its economy and take advantage of the resulting opportunities if a renewable energy sector could be established.*”

ANNEX C: DIRECTIONS

Getting to the site from Sumburgh Airport:

- Head north-east towards A970 (0.7 miles)
- Turn right onto A970 (21.7 miles)
- Turn left onto B9073 (1.4 miles)
- Turn right onto A970 (1.5 miles)
- Turn left to stay on A970 (8.3 miles)
- Turn right to enter Main Compound

On approach to site:

- On approach to site (on A970) you will arrive at a 50mph zone
- Shortly after entering 50mph zone, please take the junction to your right to enter the site compound. Signpost as above.
- On entry to the main compound, please switch on hazard lights as instructed by relevant signage.
- You will arrive at the security gate/ barrier where you will be asked to sign in.
- Please see designated parking area for SSER and Consultants.
- Please remember to reverse park.

ENGAGEMENT at Lerwick Port Authority and Dales Voe Base

Date /Time	12 August, 10:00 – 10:45 <ul style="list-style-type: none"> • 10:00 – 10:45 - Just Transition opportunities around Dales Voe base - oil rig decommissioning project, opportunities around offshore wind services and support and general marine and sea transport energy transition.
Where	Lerwick Port Authority, Albert Building, Lerwick, Shetland, ZE1 0LL
Who	(REDACTED)
Key Purpose / Message	This is an opportunity to discuss: <ul style="list-style-type: none"> • Just Transition opportunities around Dales Voe base (including the following); <ul style="list-style-type: none"> ○ Oil rig decommissioning project, ○ Opportunities around offshore wind services in the area and support that may be needed ○ The marine and sea transport energy transition.
Top Facts / Figures	<ul style="list-style-type: none"> • Scottish Government is committed to establishing an ultra-deep water port (UDWP) at Dales Voe in Shetland as part of our investment of up to £50 million in the Islands Growth Deal (IGD). • The project has been offered £9m from the Scottish Government through the IGD and, alongside Highlands and Islands Enterprise is in a late stage of development with its business case to reach heads of terms by the end of the year. • The project will create 100 jobs sustained for the next 25 years as well as creating a new supply chain that does not currently exist in the UK, along with significant Gross Added Value (GVA) • Currently acts as the sole decommissioning site for two thirds of North Sea oil and gas structures.
Sensitivities	(REDACTED)
Official Support	(REDACTED)
Annexes	ANNEX A: AT A GLANCE SUMMARY PAGE ANNEX B: BACKGROUND

ANNEX A: AT A GLANCE SUMMARY PAGE

Ultra-deep Water Port (UDWP) at Dales Voe, Shetland – deep dive

- Scottish Government is committed to establishing an ultra-deep water port (UDWP) at Dales Voe in Shetland as part of our investment of up to £50 million in the Islands Growth Deal (IGD).
- The project has been offered £9m from the Scottish Government through the IGD and, alongside Highlands and Islands Enterprise is in a late stage of development with its business case to reach heads of terms by the end of the year.
- Currently there are no port facilities in the UK that can take the largest heavy-lift vessels directly to the quayside. As a result, a number of recent decommissioning projects have been taken to alternative locations such as Norway.
- Investment in an UDWP that could accommodate the largest heavy-lift vessels currently in operation in the North Sea will unlock the potential for Scotland to secure a greater number of large decommissioning contracts.
- In a feasibility study conducted in 2018, Dales Voe in Shetland was selected as the **most cost-effective and optimal location for an UDWP in Scotland**.
- We continue to meet regularly with Lerwick Port Authority, the North Sea Transition Authority, Crown Estate Scotland, Highlands and Islands Enterprise to collaboratively develop the UDWP project and unlock the business opportunities that the port will provide.

Ultra Deep Water Port Dales Voe - Overview

- The £9m investment from SG will fund the creation of Scotland and the UK's first ultra-deep water port, servicing the energy sector, oil & gas decommissioning and large-scale offshore renewables.
- Positioning Shetland as a centre of excellence for energy transition, allowing the UK to compete for decommissioning projects and renewable opportunities.
- Acting as the sole decommissioning site for two thirds of North Sea oil and gas structures. At present the majority of that activity goes to Norway.
- It also presents significant opportunities in the offshore wind sector with a number of locations identified as part of INTOG and future ScotWind leasing rounds.
- The project will create 100 jobs sustained for the next 25 years as well as creating a new supply chain that does not currently exist in the UK, along with significant GVA

Lerwick Port Authority

ScotWind

- The announcement (17 Jan) puts Scotland at the forefront of the global development of offshore wind.
- According to the latest report from the Offshore Wind Industry Council (OWIC) [14 June], jobs in this sector in the UK could grow to almost 100,000 by 2030.
- ScotWind is the first devolved leasing round for offshore wind development in Scottish waters, and the first leasing round in Scotland in a decade.
- ScotWind is also the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally.
- A clearing process is currently in progress for ScotWind site NE1 off the East coast of Shetland. The window for eligible applications to confirm their intention to bid closed in May 2022, and option agreements with successful applicants will be signed later in 2022
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ANNEX B: Background

ScotWind

- The ScotWind announcement (17 Jan) puts Scotland at the forefront of the global development of offshore wind. This will allow us to make huge progress in decarbonising our energy supply – while bringing billions of pounds of investment into our indigenous supply chain.
- ScotWind is the first devolved leasing round for offshore wind development in Scottish waters, and the first leasing round in Scotland in a decade.
- ScotWind is also the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally.
- A clearing process is currently in progress for ScotWind site NE1 off the East coast of Shetland. The window for eligible applications to confirm their intention to bid closed in May 2022, and option agreements with successful applicants will be signed later in 2022.

Offshore Wind

- Recent reports forecast a significant growth in jobs in the offshore wind sector in Scotland.
- According to the latest report from the Offshore Wind Industry Council (OWIC) [14 June], jobs in this sector in the UK could grow to almost 100,000 by 2030.
- This recent OWIC report also shows a 16% increase in offshore wind jobs compared to last year, showing that the sector currently supports over 31,000 jobs, 30% of which are in Scotland.
- We welcome the report's recognition of the role ScotWind investment plays in this forecasted increase. As Charlotte Stamper of Scottish Renewables said **[QUOTE]**: *“This investment will deliver tens of thousands of skilled jobs, allow Scottish firms to compete in the global offshore wind market and revitalise communities from the Borders to the islands.”*
- The Green Jobs Fund will make £100 million of capital investment available to businesses and supply chains across Scotland to help create new green jobs.
- We will also drive forward offshore wind skills development – working with stakeholders to focus on the opportunities for diversification and skills transfer from our oil and gas sector, in line with our commitment to a Just Transition.

BRIEFING FOR: MINISTER FOR JUST TRANSITION, EMPLOYMENT AND FAIR WORK

ENGAGEMENT TITLE: Roundtable discussion with CBI Scotland

Date and Time of Engagement	Thursday 16 March, 3.00 – 4.00 pm
Where	CMS LLP offices, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EE
Who	(REDACTED) CBI Scotland (REDACTED) CMS LLP and around 10 members of CBI Scotland, specifically invited to participate in discussion. Annex I provides detailed attendee list.
Key Purpose / Message	To chair a roundtable discussion on 'how best to make Scotland's energy surplus work for Scotland'. We propose that the discussion can cover the generation of energy surplus, and levers available to Scotland to harness the benefit in a more effective way (e/g through regulation, financial incentives etc)
Top Facts / Figures	<p>Scotland has long been a net exporter of electricity. In 2021, Scotland exported 17.7 TWh, equivalent to powering every household in Scotland for over 2 years. This had an estimated wholesale value of almost £2.4 billion (Scottish Statistics Hub).</p> <p>The significant increase in installed capacity of renewable generation over the coming decade could mean Scotland's annual electricity generation is more than double Scotland's electricity demand by 2030, and more than treble by 2045. This will enable Scotland to meet a large proportion of our demand through renewables alone, while still creating an export opportunity for our surplus¹</p>
Sensitivities	(REDACTED)
Media Handling	No proactive media activity planned. Proposed tweet to consider: <i>Valuable and productive discussion today with members of CBI Scotland, exploring ways to harness the potential of Scotland's energy surplus.</i>
Case Studies	N/A
Official Support	(REDACTED)
Dress code	Business
Greeting Party and specific meeting point on arrival	You will be met by (REDACTED) and (REDACTED) at the front door to CMS offices at Castle Terrace. You will then be taken to the conference room
Specific entrance for Ministerial car/parking arrangements	TBC
Briefing Contents	Annex A – Proposed Running order and CBI / CMS Biographies Annex B – Suggested opening remarks and discussion prompts

^[1] [Scottish whole energy system scenarios \(climateexchange.org.uk\)](https://www.climateexchange.org.uk) – TEC scenario figures used for this example.

BRIEFING FOR: MINISTER FOR JUST TRANSITION, EMPLOYMENT AND FAIR WORK

	<p>Annex C – Sensitivities to be aware of Annex D – ESJTP and Energy Supply Top Lines Annex E – Hydrogen Top Lines Annex F –ClimateXChange report Annex G – Offshore Supply Chain and Infrastructure Annex H - Community Energy, Community benefits and shared ownership</p>
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Proposed Running Order

2.30 – arrive at Castle Terrace, met by **(REDACTED)** CBI. Taken to discussion room

2.35 – Minister, as Chair, invites brief introductions around the table

2.40 – Minister, as Chair, opens the discussion – says a few words by way of introduction and then move on to discussion prompts noted in annex B

3.20 – Minister hands over to **(REDACTED)** CBI **(REDACTED)** for summing up

3.30 – Minister thanks all attendees and departs

Biographies

(REDACTED)

ANNEX B

Suggested opening remarks

- **Scotland's transition to Net Zero is one which presents us with many opportunities. Only by maximizing these opportunities, will we see Scotland realise it's true potential**
- **Through this transition we are taking action to transform and expand Scotland's energy generation sector. Scotland's rich renewables endowment means we can not only generate enough cheap green electricity to power Scotland's economy, but also export electricity to our neighbours, supporting jobs here in Scotland and the decarbonisation ambitions of our partners**
- **We must seize the huge opportunity that the energy transition presents and deliver maximum benefits to Scotland's people, communities and economy from our vast renewable energy resources.**
- **Scotland has long been a net exporter of electricity. In 2021, Scotland exported 17.7 TWh, equivalent to powering every household in Scotland for over 2 years. This had an estimated [wholesale value](#) of almost £2.4 billion**
- **The significant increase in installed capacity of renewable generation over the coming decade could mean Scotland's annual electricity generation is more than double Scotland's electricity demand by 2030, and more than treble by 2045. This will enable Scotland to meet a large proportion of our demand through renewables alone, while still creating an export opportunity for our surplus**
- **Particularly keen to hear from all of you around the table today about Scotland's potential to generate an energy surplus and how we use that to maximum effect for Scotland. Really interested to hear your views on steps that both SG and also industry yourselves, can take to enable us to fully explore what we can do, collectively, for Scotland's future.**

Potential discussion points to be used to prompt discussion:

1 Keen to ensure that, where possible, Scottish Government provides a supportive policy and regulatory environment required to maximise our potential as a net zero economy. What do you see as the existing barriers and potential opportunities to ensuring that we can make this happen? What levers can Scotland use effectively to support our ambitions?

2 We know that while there will be many new and emerging 'green jobs' throughout the transition, many jobs will remain the same but with new skills required. To what extent is the existing provision adapting to provide people with the skills they need for the net zero transition. What more to we need to do to ensure a Just Transition, leaving nobody behind?

3 What more could the Scottish Government do to maximize opportunities for communities from our energy transition? What support could CBI offer?

(REDACTED)

Draft Energy Strategy and Just Transition Plan

The draft ESJTP 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 transition will deliver maximum benefit for Scotland, enabling us to achieve our wider climate and environmental ambitions, drive the development of a wellbeing economy and deliver a Just Transition for our workers, businesses, communities and regions.
- The draft ESJTP sets out a route map of ambitions, milestones and actions to deliver this vision and will guide decision making and policy support out to 2030.
- We are taking action to transform and expand Scotland's energy generation sector. Scotland's rich renewables endowment means we can not only generate enough cheap green electricity to power Scotland's economy, but also export electricity to our neighbours, supporting jobs here in Scotland and the decarbonisation ambitions of our partners.
- We must seize the huge opportunity that the energy transition presents and deliver maximum benefits to Scotland's people, communities and economy from our vast renewable energy resources.
- Investment in our infrastructure needs to be both sufficient and timely, to ensure we maximise the benefits of increasing renewable electricity and hydrogen supplies.
- We must continue to change the way we use energy – reducing demand across our heat and transport sectors and replacing fossil fuel demand with zero carbon technologies.
- The consultation is open until 4 April and we welcome views to help shape the final Energy Strategy and Just Transition Plan.

Energy Supply:

- **We are scaling up renewable energy and taking action to transform and expand Scotland's energy generation sector.**
- By 2030, domestic production of renewable electricity and renewable hydrogen will have increased significantly, helping to address climate change by substantially reducing the emissions of our energy sector.
- **Offshore Wind:** We have set an ambition for 8-11 GW capacity by 2030 and are consulting on setting a further offshore deployment ambition.
- **Onshore Wind:** We will take action to deliver up to an additional 12 GW of installed onshore wind by 2030, as set out in our Onshore Wind Policy Statement, published in December 2022. This will take us to a total of over 20 GW capacity of onshore wind.
- **Tidal and wave:** We have set out a draft vision for Marine and are seeking views including options for setting a deployment ambition as part of the consultation.
- **Solar:** We have set out a draft vision for Solar and are seeking views on this, and options for setting a solar deployment ambition, as part of the consultation.
- **Hydro:** Hydro power, and in particular pumped hydro storage, has the potential to play a significantly greater role in the energy transition. We urge the UK Government to provide appropriate market mechanisms for hydro power to ensure the full potential of this sector is realised.
- **Hydrogen:** We wish to see as much renewable hydrogen in our energy system as quickly as possible. We are taking forward the actions set out in our Hydrogen Action Plan, including a renewable and low-carbon hydrogen production ambition of 5 GW by 2030 and 25 GW by 2045 and have set out plans to rapidly grow Scotland's hydrogen economy.
- **North Sea Oil and Gas:** We are calling on the UK Government to take forward a more rigorous package of tests than those recently introduced by the UK Government for the 33rd licensing round, to align with global climate goals.

BRIEFING FOR: MINISTER FOR JUST TRANSITION, EMPLOYMENT AND FAIR WORK

- The Scottish Government is clear that unlimited extraction of fossil fuels is not consistent with our climate obligations and our focus must now be on achieving the fastest possible Just Transition. It is also clear that unlimited extraction, even if the North Sea was not a declining resource, is not the right solution to the energy price crisis or to meeting our energy security needs.
- In establishing a renewed policy position on oil and gas, and whilst licensing is reserved to the UK Government, the Scottish Government is consulting on whether, in order to support the fastest possible and most effective just transition, there should be a presumption against new exploration for oil and gas.
- **Nuclear:** We do not support the building of new nuclear power stations in Scotland under current technologies. New nuclear power will take years, if not decades, to become operational. The Scottish Government's position is clear: significant growth in renewables, energy storage, hydrogen and carbon capture provides the best pathway to a net zero energy system.
- **Export:** Scotland has the potential to be a powerhouse for renewable electricity and green hydrogen to meet our domestic needs and for Europe, exporting clean electricity as part of an integrated system with the rest of Europe, and supporting decarbonisation of industry across the continent
- **Scotland has long been a net exporter of electricity. In 2021, Scotland exported 17.7 TWh, equivalent to powering every household in Scotland for over 2 years. This had an estimated [wholesale value](#) of almost £2.4 billion (Scottish Statistics Hub).**
- **The significant increase in installed capacity of renewable generation over the coming decade could mean Scotland's annual electricity generation is more than double Scotland's electricity demand by 2030, and more than treble by 2045. This will enable Scotland to meet a large proportion of our demand through renewables alone, while still creating an export opportunity for our surplus^[1].**
- **Community benefits and shared ownership:** We are encouraging developers to offer community benefits and shared ownership opportunities as standard on all new renewable energy projects – including repowering and extensions to existing projects.
- We are taking forward research into ways of maximising the economic benefits to households, communities and regional economies from Scotland's anticipated electricity surplus.

This is Scotland's first outline Just Transition Plan and details our response to the energy recommendations of the Just Transition Commission.

- The energy transition offers significant opportunities for Scotland and is essential to delivering on our wider net zero ambitions, but we must also make sure that it is a just transition delivers for the people, communities and economy of Scotland.
- Our draft energy Just Transition Plan sets out a vision for a just energy transition that benefits communities across Scotland, provides high-quality jobs and economic benefit, delivers affordability, and protects our environment and our energy security.
- We are committed to delivering an energy transition that is fair for everyone. This means the people most likely to be impacted must have a voice in determining their future.
- Throughout 2022, we engaged with businesses, trade unions, workers, communities and places. In the coming months, we will continue to refine our draft through further engagement during the consultation period.

[1] [Scottish whole energy system scenarios \(climatexchange.org.uk\)](https://climatexchange.org.uk) – TEC scenario figures used for this example.

ANNEX E

Hydrogen – Top Lines

Actions

- Hydrogen Policy team are working with enterprise agencies to support development of Regional Hydrogen Hubs and hydrogen supply chain capability.
- Production of sector specific guidance is being developed (oil & gas, power sector, chemical industries sector) to define opportunities for the existing industry supply chains to transition to a hydrogen economy.
- The £90m Green Hydrogen Fund will be launched later this year to support accelerated development of hydrogen production projects and associated supply chain activity.

Scotland is creating a hydrogen economy that will provide economic benefit and a renewable and low carbon source of energy to help meet our net zero ambitions.

- The final Hydrogen Action Plan, published on 14 December 2022, sets out the strategic approach and actions required to support the development of the hydrogen economy in Scotland over the course of this Parliament.
- Hydrogen will be a key part of the net zero journey. Complementary alongside electricity, hydrogen will play a role in industrial decarbonisation, transport, and heating our homes and buildings.
- The development of a domestic hydrogen sector and hydrogen production for export, supported by a strong supply chain, will play an important role in supporting a just transition to net zero by 2045 and presents significant long-term economic opportunities.
- In the Action Plan, we refresh our commitment to providing the supportive policy and regulatory environment required to enable Scotland to take a pioneering role in a growing global industry and to support our vision for Scotland to become a leading hydrogen nation in the production of reliable, competitive, sustainable hydrogen.
- The Action Plan is supported by a £100m capital funding programme, designed to accelerate and maximise the production of renewable hydrogen in Scotland.
- The first tranche of this £100m, the £10m Hydrogen Innovation Scheme, opened in June and will support the production, storage and integration of renewable hydrogen in our energy system. The remaining £90m Green Hydrogen Fund will be launched in 2023.
- This investment is aimed at driving Scotland's hydrogen production capability to meet an ambition of at least 5GW of installed renewable and low carbon hydrogen capacity by 2030 and 25GW by 2045.
- The unpredictable and uncertain outlook for global energy markets has only strengthened the case for accelerating our domestic hydrogen production. The Action Plan has been updated to reflect consultation feedback on the draft Action Plan and the energy developments throughout 2022.
- A new chapter dedicated to 'Scotland's Hydrogen Export Ambitions' seeks to highlight the scale of the export opportunity, Scotland's competitive advantage and the initial actions we will take at home and abroad to support Scottish companies to participate in and benefit from the development of the international hydrogen market.
- The opportunity for Scotland within the developing global hydrogen market is significant. This Hydrogen Action Plans sets out the steps we will take to support Scotland's growing hydrogen economy and sends a strong signal to the market for future hydrogen development.
- In September 2022, we also published a Scottish Hydrogen Investment Proposition to promote inward investment in hydrogen and the export of green hydrogen.

ANNEX F

ClimateXChange report on renewable hydrogen production addressing future electricity network challenges

- In Scotland, wind energy generation is at times significantly higher than the transmission network's capacity to transport the electricity. When this happens, curtailment payments are made to wind farm operators to compensate them for having to reduce their site's power output to the level the network can absorb. Electricity system balancing is normal for all sources of electricity, but in the case of renewables it means that zero-carbon renewable energy goes unused.
- To assess this opportunity, the Scottish Government commissioned last year through ClimateXChange an **assessment of the role that renewable hydrogen production could play in addressing future electricity network challenges** and as an energy store in future integrated energy grids.
- The report considers whether curtailed energy from large-scale renewables in Scotland could be used to produce hydrogen economically. **Key findings include:**
 - The deployment of electrolysis will potentially lead to a significant decrease in curtailment of renewable energy due to increased electricity load behind network constraints. This will depend on the location of deployment and revenue mechanisms.
 - Given that wind generation in Scotland is likely to grow faster than network reinforcement, there is likely to be a significant volume of curtailed energy in the late 2020s and possibly into the 2030s. Co-locating hydrogen production facilities with electricity generation may make the production of hydrogen from curtailed energy cost-competitive with other sources.
 - However, these volumes of curtailed energy may be transitory in both timing and location due to expansion of the transmission network. As the transmission network is reinforced, there will be less network-related curtailment.
 - The frequency of curtailed energy is generally higher in northern Scotland due to additional network constraints, so electrolyzers used for hydrogen storage located further north will have potentially higher load factors and a lower cost of hydrogen production, at least in the near-term.
 - If curtailed energy is used for other options and less for hydrogen production, hydrogen production might not be cost-competitive.
 - Substantial hydrogen storage will be needed to buffer between production and demand. Near-term hydrogen electrolysis deployments are likely to be dependent on individual customers such as local networks or transport providers. In the absence of a wider hydrogen network, hydrogen will need to be stored either by the supplier or the customer.
- The report sets out the following **recommendations for industry and government:**
 - Market mechanisms, incentives and contracts for the deployment of electrolytic hydrogen capacity identified in the British Energy Security Strategy should be structured to consider the value of electrolyser location and its relation to curtailed renewable energy. The opportunity cost of curtailment mitigation should be part of any project assessment, including proposals around long-duration energy storage.
 - Hydrogen stakeholders should be kept informed on the progress of the time lag between new generation capacity and network expansion in the Scottish

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networks. Quantitative volumes of forecast curtailment, which are detailed, disaggregated by location and with appropriate uncertainty bounds, should be published by the National Grid Electricity System Operator and Distribution Network Operators to assist in the development of business cases.

- Alternative mechanisms for mitigating the impact of delays in commissioning new networks should be explored, including investment in local curtailment mitigation technologies, which might include the ability to locally deploy temporary, mobile electrolysis capacity to absorb excess energy, particularly for island networks.
- The potential for curtailed energy to accelerate near-term electrolysis deployment for hydrogen storage should be explored. For example, developers wanting to co-locate electrolysis capacity with new wind generation might be able to begin commissioning the electrolyser component before construction of the wind farm starts, with the facility using curtailed network energy prior to operating on wind turbine exports.
- This study also recommends that regulatory principles for low-carbon hydrogen to be produced from network-embedded or co-located electrolysis should be explored further. Electrolysis connected to electricity networks will require a robust accounting mechanism to correctly determine the carbon emissions from hydrogen production and to prevent double-counting of zero-carbon energy within the electricity system. This should be encapsulated within the Electricity System Operator's dispatch mechanisms and considered in how electrolysis is dispatched against renewable generators, storage systems and demand-side flexibility.

Offshore Supply Chain and Infrastructure

Top Lines

- ScotWind is the first devolved leasing round for offshore wind development in Scottish Waters, and the first leasing round in Scotland in a decade. ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally. It could deliver almost 28GW of offshore wind across 20 projects.
- As part of the ScotWind bidding round, applicants were required to submit a Supply Chain Development Statement (SCDS) to Crown Estate Scotland, outlining the supply chain activity they commit to undertaking within Scotland, the UK and overseas.
- These statements are not only an indication of what Scotland can achieve, they are our expectation of what the projects will deliver for Scotland.
- We welcome the commitment of developers to invest an average projection of £1.4 bn in Scotland per project, which equates to more than £28bn across the 20 ScotWind offshore wind projects.
- The Innovation and Targeted Oil and Gas Decarbonisation (INTOG) leasing round could deliver up to 5.7GW of projects that will specifically deliver green energy to oil and gas installations and a further 0.5GW of innovative offshore wind project, supporting the delivery of the North Sea Transition Deal.
- Subject to planning and consenting decisions and finding a route to market, we have a current reported potential pipeline (subject to change) of over 38 GW of offshore wind projects.
- When projects which are awaiting construction, under construction or already operational are added to this the total potential capacity reaches over 40GW.
- Recent growth in offshore wind capacity will enable Scotland to meet a large proportion of demand through renewables alone, while creating an export opportunity for our surplus.
- As set out in our draft Energy Strategy and Just Transition Plan, currently out for consultation, Scotland has the potential to be a powerhouse for renewable electricity and renewable hydrogen to meet our domestic needs and for Europe, exporting clean electricity as part of an integrated system with the rest of Europe, and supporting decarbonisation of industry across the continent.
- Many of the ScotWind developers successful in securing lease options have ambitions for renewable hydrogen, presenting a range of new energy and export opportunities for Scotland.
- Scotland's natural resources, which include strong and consistent wind resource, along with our established expertise in offshore oil and gas, skilled offshore workforce, excellent port structure and strong innovation hub, make Scotland one of the best places in the world to develop offshore wind and its supply chain.

Strategic Investment Model (SIM)

- The infrastructure and investment to enable ScotWind falls into three broad categories – i) the investment into projects themselves led by the developers (and entirely funded and delivered by developers), ii) upgrades to ports & harbours infrastructure to prepare for the scale of the structures necessary for ScotWind and; iii) infrastructure to enable manufacturing in Scotland such as site enabling works, lay down space and factories.
- We are working to realise our ambitions for the offshore wind supply chain in Scotland through The Scottish Offshore Wind Energy Council. The Offshore Wind Collaborative Framework Charter, announced in May 2022, will help forge effective partnerships to deliver on supply chain potential.
- Industry, development agencies, and SG are now working together to develop a Strategic Investment Model (SIM) which will facilitate delivery of the commitments agreed in the Collaborative Framework Charter in line with the 2021 Strategic

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Investment Assessment recommendations. Co-designing this model is crucial to creating a sustainable and competitive supply chain in Scotland with the capacity and capability to support delivery of offshore wind projects in line with project business cases and SCDS ambitions.

- In February 2023, all original 17 ScotWind projects have committed to the next stage of SIM and have committed £20K each to fund development. Combined with Scottish Government investment and some legacy funding, this gives a pot of £400K for ongoing work. Crown Estates Scotland have tendered for a management service which will likely novate to “SIM Limited” once appointed.

COMMUNITY ENERGY, COMMUNITY BENEFITS AND SHARED OWNERSHIP

COMMUNITY ENERGY

The Scottish Government is committed to supporting communities to participate in and benefit from Scotland's transition to net zero in a way that helps generate lasting social and economic impacts.

- Community energy encompasses community-led renewable energy, energy demand reduction and energy supply projects, whether wholly owned and/or controlled by communities, or through a partnership with commercial or public sector partners.
- In addition to supporting our national emissions reductions targets, improved energy security, and a more inclusive and democratic energy system, community energy projects have the potential to deliver transformational socioeconomic benefits. These include strengthened local economies and supply chains, education opportunities, and action on fuel poverty.
- We continue to invest in our flagship Community and Renewable Energy Scheme (CARES), which can support communities across Scotland to make the most of community energy, community benefit and shared ownership opportunities.

COMMUNITY BENEFITS

Community benefits are a well-established, integral part of renewable energy developments in Scotland, enabling communities to benefit from Scotland vast natural energy resources.

- Community benefit schemes are voluntary arrangements between the renewable energy developments and local communities, sitting outside of the planning and licensing processes and supply chain agreements.
- Our longstanding Good Practice Principles (GPPs) set out national standards to support community benefit and shared ownership opportunities as standard on all new renewable energy projects – including repowering and extensions to existing projects.
- The Scottish Government has no powers to mandate the provision of community benefits. Energy regulation is reserved to the UK Government.
- Our community benefit register indicates that almost £25 million in community benefits will have been paid out from renewable energy projects in Scotland over the past 12 months.
- We are in the process of reviewing our guidance for offshore renewable energy developments to ensure that the opportunities from our ScotWind and INTOG programmes are realised and that the benefits flowing to communities are maximised.
- It is vital that communities are strongly engaged and involved in agreeing the best approach for their area, one which fits their long term needs and aspirations.

SHARED OWNERSHIP

Shared ownership has an important role to play in helping the Scottish Government meet its target to deliver 2GW of community and locally owned renewable energy by 2030.

- Shared ownership projects support our ambition for increased levels of local ownership, where all stakeholders stand to benefit from greater partnership working and other additional benefits, including creating a lasting legacy, building community capacity and strengthening corporate social responsibility.
- Scotland's target to achieve 0.5 GW of operational renewable energy capacity in community or local ownership by 2020 was exceeded in 2015 and the target was subsequently doubled.
- The latest confirmed figures from December 2021 show we are now nearly halfway towards our 2GW 2030 target.
- At the end of December 2021, there was an estimated 896 MW of community and locally owned renewable energy operational in Scotland, an increase of 5% from the 853 MW reported at the end of December 2020

(REDACTED)

26 August 2022

JGC Engineering, Janetstown, near Thurso

Minister for Just Transition, Employment and Fair Work

(REDACTED), *Director, JGC and Chair of Caithness Chamber of Commerce*

(REDACTED) *Director, JGC*

(REDACTED), *SG*

(REDACTED) presented information, with slides, on the history of JGC and how it has had close historical links to Dounreay, providing the nearby plant with engineering services.

Dounreay Nuclear Plant has provided the company with opportunities as well as challenges.

JGC has prided itself in offering young people well paid apprenticeship and employment opportunities – Dounreay has, though, drawn many of its highly trained workers away with higher salary offers that JGC cannot compete with.

JGC is, increasingly, expanding into the renewables sector – specifically providing associated tech ('containers') for the renewables industry. JGC has developed a reputation for quality but recent challenges in being undercut for contracts by companies in the NE of England for inferior product. Also facing massively increased energy costs.

JGC well situated geographically and could enable more Scottish content in the renewables sector. This led to a discussion on the extent to which Government can support domestic production – e.g. stipulate a certain proportion of local content as was speculated to be the case in Norway/Denmark.

Action: **(REDACTED)** to follow up with supply chain colleagues on point on local content.

JGC welcomed the Minister's visit and hoped he or fellow Ministers would drop by when in the area.

ENGAGEMENT TITLE: Scottish Renewables Net Zero Energy Conference

What	Appearance at the Scottish Renewables Net Zero Energy Conference, including a speech followed by an hour long panel session.
Where	Sheraton Grand Hotel, 1 Festival Square, Edinburgh EH3 9SR
When	9:00AM, 22 nd March 2023 The ministerial address will be at 9:30, we recommend arrival arrive for 9:00 to allow Scottish Renewables staff to set up your microphone and seat you.
Key Purpose / Message	<ul style="list-style-type: none"> • Welcome industry leaders, and encourage their involvement in the extended ESJTP consultation (open until the 9th May) • We are committed to working across society to deliver lasting action that secures a just transition to climate resilience and net zero for Scotland. • This transition will deliver maximum benefit for Scotland, enabling us to achieve our wider climate and environmental ambitions, drive the development of a wellbeing economy and deliver a Just Transition for our workers, businesses, communities, and regions. • Our future energy use will be climate friendly. To deliver this, we must change the way we use energy – reducing demand across our heat, industry and transport sectors and replacing fossil fuel demand with zero carbon technologies. • We are taking action to transform and expand Scotland’s renewable energy generation sector.
Sensitivities	(REDACTED)
Media Handling	<p>Scottish Renewables released the following quote from the Minister on Monday 20th as part of a press release to precede the conference:</p> <p>“The 2020s is a critical decade for the renewables revolution and by investing now Scotland can be at the forefront of the just transition to net zero. We are an energy rich nation, with significant renewable energy resource, a highly skilled workforce and innovative businesses across a globally renowned supply chain.</p> <p>“The Scottish Government’s recently published draft Energy Strategy and Just Transition Plan has set the framework for how we can achieve an energy transition that delivers maximum economic, social and environmental benefit in Scotland for generations to come. I look forward to setting out more detail at Scottish Renewables Net Zero Energy Conference this week.”</p> <p>Comms officials will meet with you after the panel session</p>

	finishes at 11:45 for a brief media contribution.
Case Studies	
Official Support	(REDACTED)
Dress code	Business attire
Greeting Party and specific meeting point on arrival	You will be greeted at the venue entrance by official support, and by a representative of Scottish Renewables (REDACTED) who will take you to get your mic set up.
Specific entrance for Ministerial car/parking arrangements	n/a

Briefing Contents

Annex A	Event programme	4
Annex B	Summary Page & Top Lines	5
Annex C	(REDACTED)	6
Annex D	Speaking Note	8
Annex E	Onshore wind	9
Annex F	Hydrogen	10
Annex G	Pumped Hydro and Battery Potential	12
Annex H	Marine Renewables	13
Annex I	Offshore Wind & Large-Scale Renewables Supply Chain	15
Annex J	ESJTP	17
Annex K	Fair work	19
Annex L	Green Skills	21
Annex M	Just Transition Fund & Case Studies	22
Annex N	Solar PV potential	25
Annex O	Just Transition	26

ANNEX A: EVENT PROGRAMME

09:00

Registration, Exhibition & Networking

09:30 Session Theme:

“Playing the long game – a cleaner, cheaper, more resilient UK energy system”

Pillar sponsored by EDF Renewables

Welcome and Chair

(REDACTED) Scottish Renewables

9:30: Ministerial Address

Richard Lochhead MSP, Minister for Just Transition, Employment and Fair Work

Panel Discussion: 9:45 – 10:45

Speakers:

- **(REDACTED) EDF Renewables;**
- **(REDACTED) The Scottish Government**
- **(REDACTED), Grayling; and**
- **(REDACTED) Ripple Energy.**

ANNEX B: SUMMARY PAGE AND TOP LINES

- **ESJTP:** The draft ESJTP 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 transition will deliver maximum benefit for Scotland, enabling us to achieve our wider climate and environmental ambitions, drive the development of a wellbeing economy and deliver a Just Transition for our workers, businesses, communities and regions.
- **Wind Energy – Onshore:** Onshore wind is an established renewable technology in Scotland with nearly 9GW of operational onshore wind in Scotland. This equates to around 65.2% of Scottish operational renewable energy capacity.
- The Onshore Wind Policy Statement published in December last year introduced a new ambition for a minimum installed capacity of 20GW of onshore wind in Scotland by 2030. This restated our commitment to the continued development and deployment of onshore wind in Scotland.
- **Offshore:** Our ambition of 8-11 GW of offshore wind by 2030 was set out in the Offshore Wind Policy Statement in 2020. We recognise that this needs to be reviewed and are using the draft ESJTP to consult on increasing this ambition, in light of the market ambition expressed in response to the ScotWind leasing round.
- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland. We welcome the commitment of developers to invest an average projection of £1.4 bn in Scotland per project, which equates to more than £28bn across the 20 ScotWind offshore wind projects.
- **Hydrogen:** Hydrogen will be a key part of the net zero journey. Complementary alongside electricity, hydrogen will play a role in industrial decarbonisation, transport, and heating our homes and buildings.
- The unpredictable and uncertain outlook for global energy markets has only strengthened the case for accelerating our domestic hydrogen production. The Action Plan has been updated to reflect consultation feedback on the draft Action Plan and the energy developments throughout 2022.
- **Green Skills:** The Scottish Government is wholly committed to a just transition that will help us meet our climate targets while supporting good, green jobs for our highly skilled workforce.
- We are in the process of developing an update to our Climate Emergency Skills Action Plan (CESAP), to ensure it remains in line with our economic and climate ambitions.
- The climate emergency requires enormous societal change and to support the scale and pace of change needed across all sectors, we must adapt the education and skills system to make it more responsive to our economic needs and ambitions.
- **Just Transition Fund:** The Just Transition Fund is supporting the North East and Moray to become one of Scotland's centres of excellence for the transition to a net zero economy, with our investment supporting skills provision, innovation, and emerging technologies across the region.
- The Fund is a ten year, £500m investment to support a fair transition to net zero and to diversify the regional economy, with the first £50m committed this year.
- The Fund will help finance organisations, businesses, communities, and individuals to transition to net zero, creating jobs in low carbon industries and contributing to the region's future prosperity.

ANNEX C:

(REDACTED)

ANNEX D: SPEAKING NOTE

Full speaking note provided in separate document.

ANNEX E: ONSHORE WIND

Top Lines

- We need bold action to tackle the climate emergency and onshore wind will play a key role in our transition to net zero.
- Onshore wind is an established renewable technology in Scotland with nearly 9GW of operational onshore wind in Scotland. This equates to around 65.2% of Scottish operational renewable energy capacity.
- The Onshore Wind Policy Statement published in December last year introduced a new ambition for a minimum installed capacity of 20GW of onshore wind in Scotland by 2030. This restated our commitment to the continued development and deployment of onshore wind in Scotland.
- To support achieving this goal, we have formed an Onshore Wind Strategic Leadership Group to take forward the aspirations of the policy statement and the development of an Onshore Wind Sector Deal.
- The Onshore Wind 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.
- Delivering the ambition of 20GW of onshore wind by 2030 will create demands on our electricity infrastructure. Networks must be able to invest quickly and ahead of need in order to ensure swift and efficient connections for onshore wind developments.
- There is approximately 11.24GW of onshore wind capacity in the pipeline in Scotland, across 220 projects and a total of 2,473 turbines as of quarter 3 of 2022.

ANNEX F: HYDROGEN

The final Hydrogen Action Plan, published on 14 December 2022, sets out the strategic approach and actions required to support the development of the hydrogen economy in Scotland over the course of this Parliament.

- The development of a domestic hydrogen sector and hydrogen production for export, supported by a strong supply chain, will play an important role in supporting a just transition to net zero by 2045 and presents significant long-term economic opportunities.
- The unpredictable and uncertain outlook for global energy markets has only strengthened the case for accelerating our domestic hydrogen production. The Action Plan has been updated to reflect consultation feedback on the draft Action Plan and the energy developments throughout 2022.
- We expect renewable hydrogen to provide both short- and long-term energy storage solutions in an integrated energy system. Once hydrogen markets develop, hydrogen can help address intermittency of renewables through its production by electrolysis at times of excess green electricity supply; hydrogen electrolyzers co-located with renewables or deployed at scale in strategic locations will enable this.
- Many of the levers required to support the emergence of a flourishing hydrogen economy in the devolved nations are reserved to the UK Government, and so we will continue to work closely with the UKG to ensure that our collective vision for the development of the hydrogen economy is aligned and the benefits are realised across all nations of the UK.
- We will work with the UK Government to plan and secure the delivery of the substantial infrastructure, as well as new energy generation and conversion assets, that need to be developed before industrial fuel switching (to renewable hydrogen and/or to electrification) and CCUS can be deployed on a large scale.

Hydrogen will be a key part of the net zero journey. Complementary alongside electricity, hydrogen will play a role in industrial decarbonisation, transport, and heating our homes and buildings.

- Our ambition for 5GW of hydrogen production by 2030 is the energy equivalent of 15% of Scotland's total energy demand.
- Analysis suggests a large hydrogen export opportunity for Scotland with the gross impacts of the industry across three scenarios modelled range from 70,000 to over 300,000 jobs protected or created and GVA impacts of between £5 billion and £25 billion p.a. by 2045.

Scotland's existing oil and gas and energy supply chains can transfer many of the critical engineering and management skills important to establishing the stable and secure production of affordable large-scale hydrogen. We will take action to ensure at-risk sectors and regions benefit from a just transition to net zero by supporting the growth and transition of companies and workforce skills development that will underpin our future hydrogen economy.

- The energy sector in Scotland is a major employer and source of economic output. In 2019, the sector had an estimated 74,600 jobs and generated over £8 billion GVA (Gross Value Added). Growing investment and innovation in the energy sector is expected to result in increased demand for labour and skills, with rising pressure for adapted and new skills at all levels.
- Scotland has many of the skills required to facilitate the transition to a low carbon economy, across sectors such as energy, engineering, construction, and chemical science; but with the growing complexity within many roles, and rapidly changing technology environment, there is a need for a collaborative and integrated approach to skills alignment and provision.
- Skills required for hydrogen are similar to those from the chemical and gas industries. Over the longer term, however, there is expected to be significant potential for a transition of workers from oil and gas industries and, more widely, process engineering and installation and retrofit of existing technology.
- Scottish Government has commissioned a study through ClimateXChange to gain a strategic understanding of the hydrogen skills landscape within Scotland with a focus on the current and forecasted demand for hydrogen jobs and skills. This assessment will support an understanding of the skills requirements for the whole hydrogen value chain to aid the transition to a hydrogen economy in Scotland in line with the Hydrogen Action Plan.

ANNEX G: PUMPED HYDRO AND BATTERY POTENTIAL

Top Lines

- Our draft Energy Strategy and Just Transition Plan supports development proposals for all forms of renewable, low carbon and zero emissions technologies including energy storage, such as battery storage and pumped hydro storage.
- Pumped hydro storage, and battery technologies will have a key role to play in ensuring a secure and resilient electricity system as we move away from thermal generation.
- Hydro power has the potential to play a significantly greater role in the energy transition – both at small-scale in co-operation with local communities as part of a diverse resilient energy supply in remote parts of Scotland, and at larger scale, providing flexibility services to the grid and helping to ensure a continued resilient and secure electricity supply.
- Scotland has a proud history of hydro power and currently has 1.67 GW operational, which accounts for around 88% of total UK hydro power capacity. 332MW of this made up of small-scale hydro.
- We continue to call on the UK government to provide an appropriate market mechanism for hydro power, to ensure its potential is fully realised.
- There is currently 1.5 GW of pump storage hydro projects awaiting construction in Scotland that could deliver vital flexibility for the grid and balance out the intermittent nature of renewables.
- The Scottish Government recognises the value of small-scale hydro generation in its ability to make a contribution to the smooth running of the smart, decentralised and local energy markets which we expect to see develop more over the coming years, and provide a new business model.
- The Scottish Government continues to work with the sector through chairing of the Hydro Task and Finish Group to facilitate solutions and opportunities for the sector.

ANNEX H: MARINE RENEWABLES

Top Lines

- Scotland is the most advanced hub in Europe for the testing and demonstration of marine energy technologies as a result of more than a decade of support from the Scottish Government together with the expertise, investment and innovation of industry itself.
- With our abundant natural resources, expertise and forward-looking policy approach, Scotland is ideally placed to both shape and benefit from the huge global market for marine energy while helping deliver a just transition to net zero.
- Wave and tidal energy has the potential to play a role in Scotland's future energy system while providing economic opportunities and being part of Scotland's response to the global climate emergency.

Key Messages / Background

- We welcomed the news (in 2022) that Simec Atlantis Energy and Orbital Marine Power have been awarded support under AR4. This support provides an opportunity to build on the sector's achievements to date, further reduce costs, and develop the domestic supply chain.
- In December 2022 the core parameters for AR5 were published by BEIS, with tidal and wave energy included in 'Pot 2'. We await further detail on whether marine energy will have a ringfenced allocation in AR5 and will engage as required with BEIS on this issue.
- The current consultation on the our Energy Strategy and Just Transition Plan provides an opportunity to engage further with the sector and to develop our strategic approach to marine energy.
- The draft strategy includes an outline marine energy 'vision' and includes questions about the introduction of a new level of ambition for marine energy in Scotland and potential near-term action to achieve those aims.

Key Projects

- Two half-scale wave energy converters from our internationally recognised Wave Energy Scotland (WES) programme are ready for scaling up and pre-commercialisation. Successful deployment of these devices – developed by Scottish companies AWS Ocean Energy and Mocean Energy, represent a significant step forward for the sector.

- Scottish developer Nova Innovation are demonstrating the scalability and commercial readiness of tidal energy having recently added (January 2023) two additional turbines to its Shetland array. With six turbines in total now operational this makes it a first of its kind.
- Simec Atlantis Energy's MeyGen project in the Pentland Firth is the world's largest planned tidal stream array. The project met a significant milestone in delivering tidal stream power at scale when the project generated 50GW of electric in early February, enough to supply 17,241 average homes.
- Orbital Marine Power's tidal turbine, O2 is helping power the communities of Orkney cleanly and sustainably from their coastal waters.

ANNEX I: OFFSHORE WIND AND LARGE-SCALE RENEWABLES SUPPLY CHAIN

Top lines

- Our ambition of 8-11 GW of offshore wind by 2030 was set out in the Offshore Wind Policy Statement in 2020. We recognise that this needs to be reviewed and are using the draft ESJTP to consult on increasing this ambition, in light of the market ambition expressed in response to the ScotWind leasing round.
- Subject to planning and consenting decisions and finding a route to market, we have a current reported potential pipeline (subject to change) of over 38 GW of offshore wind projects.
- When projects which are awaiting construction, under construction or already operational are added to this the total potential capacity reaches over 40GW – the equivalent to produce enough electricity annually to power every home in Scotland for 17 years, or every home in the UK for over a year and a half.

ScotWind

- ScotWind is the first devolved leasing round for offshore wind development in Scottish Waters, and the first leasing round in Scotland in a decade. ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally.
- ScotWind could deliver almost 28GW of offshore wind across 20 projects, and will deliver over £750m in revenues to the public purse for these initial awards alone. In addition, ScotWind will deliver several billion pounds more in rental revenues when projects become operational.
- Ministers are considering how the ScotWind revenues should be invested to maximise the benefits for the people of Scotland. Given the scale of ScotWind and the vital importance of achieving a just transition to net zero, it is right that the appropriate consideration is given.

INTOG

- The Innovation and Targeted Oil and Gas Decarbonisation (INTOG) leasing round could deliver up to 5.7GW of projects that will specifically deliver green energy to oil and gas installations and a further 0.5GW of innovative offshore wind project, supporting the delivery of the North Sea Transition Deal.
- Crown Estate Scotland is currently assessing the applications received for the INTOG leasing round, with results expected to be announced by the end of April 2023.

Supply Chain

- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland. We welcome the commitment of developers to invest an average projection of £1.4 bn in Scotland per project, which equates to more than £28bn across the 20 ScotWind offshore wind projects.
- We are working to realise our ambitions for the offshore wind supply chain in Scotland through The Scottish Offshore Wind Energy Council. The Offshore Wind Collaborative Framework Charter, announced in May 2022, will help forge effective partnerships to deliver on supply chain potential.
- Industry, development agencies, and SG are working together to develop a Strategic Investment Model (SIM) which will facilitate delivery of the commitments agreed in the Collaborative Framework Charter in line with the 2021 Strategic Investment Assessment recommendations.
- Co-designing this model is crucial to creating a sustainable and competitive supply chain in Scotland with the capacity and capability to support delivery of offshore wind projects in line with project business cases and ScotWind Supply Chain Development Statements' ambitions.

ANNEX J: ESJTP TOP LINES

The draft ESJTP 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 transition will deliver maximum benefit for Scotland, enabling us to achieve our wider climate and environmental ambitions, drive the development of a wellbeing economy and deliver a Just Transition for our workers, businesses, communities and regions.
- Our future energy use will be climate friendly. To deliver this, we must change the way we use energy – reducing demand across our heat, industry and transport sectors and replacing fossil fuel demand with zero carbon technologies.
- We are taking action to transform and expand Scotland's energy generation sector. Scotland's rich renewables endowment means we can generate enough cheap green electricity to power Scotland's economy, and export electricity to our neighbours; supporting Scottish jobs and the decarbonisation of our partners.
- Investment in our infrastructure needs to be sufficient and timely, to ensure we maximise the benefits of increasing renewable electricity and hydrogen supplies.
- The energy transition offers significant opportunities for Scotland and is essential to delivering on our wider net zero ambitions, but we must also make sure that it is a just transition delivers for the people, communities and economy of Scotland.
- We are scaling up renewable energy and taking action to transform and expand Scotland's energy generation sector.
- The significant increase in installed capacity of renewable generation over the coming decade could mean Scotland's annual electricity generation is more than double Scotland's electricity demand by 2030, and more than treble by 2045, enabling Scotland to meet a large proportion of our demand through renewables alone and creating an export opportunity for our surplus.
- The National Strategy for Economic Transformation prioritises delivery of a skilled workforce. This includes implementation of CESAP actions, to ensure workers are equipped with the skills that they are employers will need in a green economy.
- We are committed to a just transition that supports those currently employed in oil and gas. The skills and knowledge from this sector will shape skills and careers in renewable energy.
- It is critical that we take the right decisions now to capitalise on the enormous opportunities that this transition offers our economy, our citizens and our climate. Through setting out policies and actions that increases Scotland's renewable energy generation as oil and gas production

naturally declines, jobs in low carbon energy production could increase to 77,000 by 2050, delivering a 7,000 net increase in jobs across the energy production sector compared with 2019.

- By 2030, domestic production of renewable electricity and renewable hydrogen will have increased significantly, helping to address climate change by substantially reducing the emissions of our energy sector.
- The Scottish Government is clear that unlimited extraction of fossil fuels is not consistent with our climate obligations and our focus must now be on achieving the fastest possible Just Transition. It is also clear that unlimited extraction, even if the North Sea was not a declining resource, is not the right solution to the energy price crisis or to meeting our energy security needs.
- In establishing a renewed policy position on oil and gas, and whilst licensing is reserved to the UK Government, the Scottish Government is consulting on whether, in order to support the fastest possible and most effective just transition, there should be a presumption against new exploration for oil and gas.
- We are encouraging developers to offer community benefits and shared ownership opportunities as standard on all new renewable energy projects – including repowering and extensions to existing projects.

ANNEX K: FAIR WORK

Top Lines

- Our vision, shared with the Fair Work Convention, is ***for Scotland to be a leading Fair Work Nation by 2025, where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society.***
- While employment law remains reserved to the UK Government, we will use our Fair Work policy to promote fairer work practices across the labour market in Scotland.
- Fair Work is a model for innovation and success, with many employers in Scotland already implementing fair work practices. Fair Work supports stronger productivity, economic growth and greater wellbeing.
- On 09 December 2022 we published our refreshed Fair Work Action Plan. This brings together our original Fair Work, Gender Pay Gap, and Disabled People’s Employment action plans, along with the actions from our new Anti-Racist Employment Strategy. It includes actions being taken forward by the Scottish Government and various public bodies, including to:
 - encourage employers to offer appropriate **effective voice** channels;
 - support strong trade unions and **promote collective bargaining**;
 - continue to apply Fair Work **conditionality** to as much of our public spending as we can, within the limits on devolved competence;
 - continue to **reduce the gender pay gap and disability employment gap and labour market inequalities for racialised minorities and reduce intersectional barriers.**
- The Scottish Government will continue to provide leadership as an employer and through our policies, including applying conditionality to public sector investment.
- **Fair Work First criteria** have been attached to some £4 billion of public sector investment since 2019.
- On 6 December we announced the strengthening of our conditionality approach, and from July 2023, recipients of public sector grants will be required to pay at least the real Living Wage and provide appropriate channels for effective voice.

Fair Work First

- Through our Fair Work First policy we are leveraging employers’ commitment to fair work by applying Fair Work criteria to public sector grants, other funding and contracts where it’s relevant and proportionate to do so. Employers are being asked to commit to:
 - appropriate channels for effective voice, such as trade union recognition.

- Investment in workforce development.
- no inappropriate use of zero hours contracts.
- action to tackle the gender pay gap and create a more diverse and inclusive workplace.
- payment of the real Living Wage.
- Offer flexible and family friendly working to all workers from day one of employment.
- Oppose the use of fire and rehire practices
- To support the implementation of the stronger real Living Wage and effective voice requirement, updated Fair Work First guidance will be published.

FAIR WORK CONDITIONALITY – BUTE HOUSE AGREEMENT

As committed to in the Bute House Agreement, we are introducing a requirement on public sector grants to pay at least the Real Living Wage to all employees, and provide appropriate channels for effective voice, subject to limits on devolved competence.

- It is clear that Fair Work, including fair pay, is more important than ever in the context of the cost of living crisis, and we will use all the levers we can to support those most affected.
- From 1 July 2023, all public sector grants will include a requirement to pay at least the Real Living Wage to all employees, and provide appropriate channels for effective voice. We will publish updated Fair Work First guidance early in 2023 to support the adoption of this new requirement.
- Fair Work is central to our National Strategy for Economic Transformation, which reiterates our commitments, including for employers to pay at least the Real Living Wage, to offer living hours and support flexible working, all of which is vital in tackling the cost crisis, in-work poverty and child poverty.
- We believe that public sector funding should lever in wider benefits, such as high Fair Work standards, helping to develop a sustainable economic recovery and a successful wellbeing economy over the long term.
- Fair Work First criteria have been attached to some £4 billion of public sector investment since 2019.

ANNEX L: GREEN SKILLS

Top Lines

- The Scottish Government is wholly committed to a just transition that will help us meet our climate targets while supporting good, green jobs for our highly skilled workforce.
- We are in the process of developing an update to our Climate Emergency Skills Action Plan (CESAP), to ensure it remains in line with our economic and climate ambitions.
- The climate emergency requires enormous societal change and to support the scale and pace of change needed across all sectors, we must adapt the education and skills system to make it more responsive to our economic needs and ambitions.
- A recent report (10 November 2022) from the Universities of Strathclyde and Warwick provided an initial estimate that up to 100,000 roles are 'new and emerging' green jobs in Scotland. Although the researchers regard this as an upper estimate, it is encouraging to see a strong greening of jobs in Scotland.
- Colleges and Universities are critical to this transition, and we must continue to work closely with employers, industry bodies, unions and government agencies to empower young people to move into these new and emerging green sectors.
- Colleges maintain close relationships with local employers and are able to respond flexibly to the emerging green skills demands of their regions. The Energy Skills Partnership works to foster college-industry relationships to meet skills needs and address gaps in key sectors identified by the CESAP.

ANNEX M: JUST TRANSITION FUND AND CASE STUDIES

Top Lines

- The Just Transition Fund is supporting the North East and Moray to become one of Scotland's centres of excellence for the transition to a net zero economy, with our investment supporting skills provision, innovation, and emerging technologies across the region.
- The Fund is a ten year, £500m investment to support a fair transition to net zero and to diversify the regional economy, with the first £50m committed this year.
- The Fund will help finance organisations, businesses, communities, and individuals to transition to net zero, creating jobs in low carbon industries and contributing to the region's future prosperity.

Year 1

- The projects supported in the first year of the fund include:
- a package of skills interventions including: a digital offshore energy skills passport which empowers offshore workers to utilise their existing certification; and an advanced manufacturing skills hub;
- innovative projects and approaches, including: the Social Enterprise Just Transition Fund; a digital innovation lab; and a supply chain pathway and challenge fund;
- testing and promoting emerging technologies such as EV battery recycling technology, offshore green hydrogen, and decommissioning; and
- empowering and investing in communities, with our participatory budgeting approach and through specific community projects in ecovillages, adaptation and local climate assemblies.

Year 2 Onwards

- Preparations are underway for the next phase of the JT Fund. An announcement will be made in due course.

(REDACTED)

JTF PROJECTS REFERENCED:

Name of project	Supply Chain Pathway and Challenge Fund
Organisation(s)	Energy Transition Zone (ETZ)
Description	<p>Two complimentary elements:</p> <ul style="list-style-type: none"> • <u>Energy Transition Challenge Fund</u> - programme of capital grant awards to stimulate major investment from indigenous energy supply chain companies looking to deliver local ambitions for green energy projects. • <u>Energy Transition Supply Chain Pathway Programme</u> – will inform companies of the pipeline of opportunities and developer challenges, support them to pivot company strategy and develop an implementation plan to optimise these opportunities.
Impacts	Facilitate the creation of sustainable, quality jobs; create a secure pipeline for the future workforce; address future skills gaps and avoid supply vs demand deficit; increase STEM engagement in the region; produce a scalable example for others to follow.

Name of project	Hydrogen Offshore Production (HOP2)
Organisation(s)	Net Zero Technology Centre
Description	Project to demonstrate that offshore hydrogen production and storage is feasible through the repurposing of existing assets to produce green hydrogen.
Impacts	If offshore production of green hydrogen can be delivered at scale across the Scottish continental shelf, it can deliver significant positive impact against most of the just transition outcomes. It will have the greatest impact on jobs, skills and education, and decarbonisation and efficiencies in the North East and Moray.

Name of project	Tidal Rotor Generators
Organisation(s)	Shine Engineering

Description	Feasibility study to develop a Modular Tidal / River Energy Generator System which utilises natural tidal / river flow energy sources to provide low cost green energy.
Impacts	A modular Tidal Power Generator will have a positive impact on decarbonisation, by working with nature to deliver a green electrical power source to local communities and the national grid, leading to less reliance on traditional demands for hydrocarbons. Shine Engineering previously worked in the Offshore Energy Industry and believe the skills already used in hydrocarbon production can easily transition into the development and production of this kind of technology.

Name of project	Wave Energy Converter
Organisation(s)	Seaweed Energy
Description	Development of device that generates electricity from the oscillation of waves.
Impacts	If successful, this device has the potential to supply local harbour, business and coastal communities with low cost, low carbon energy. Wave energy can be connected to the National Grid and the device also has the potential to reducing coastal soil erosion. The Seaweed Energy team has previously worked in the Marine Oil and Gas Industry and believe a marine renewable energy transformation will create resilience and grow prosperity after the Oil & Gas Industry in the next few decades.

ANNEX N: SOLAR PV POTENTIAL

Top Lines

- We recognise the importance of energy generated from solar in contributing to the decarbonisation of Scotland's energy supply and to a just transition to net zero.
- There is 411MW of solar photovoltaics (PV) operational in Scotland as of quarter 3 of 2022. This equates to around 3.1% of Scottish operational renewable energy capacity.
- The Scottish Government set out a draft vision for solar in Scotland, in the Energy Strategy and Just Transition Plan 2023.
- We are currently considering the evidence for setting a solar deployment ambition and will provide an updated position in our final Solar Vision which will be published this year.
- Our aim is to maximise the contribution solar can make to a just, inclusive, transition to net zero by 2045.
- We will support the sector to minimise barriers to deployment wherever possible and will continue to provide support through our schemes such as Community and Renewable Energy Scheme (CARES) and Home Energy Scotland.

ANNEX O: JUST TRANSITION TOP LINES

TOP LINES

We are committed to working across society to deliver lasting action that secures a just transition to climate resilience and net zero for Scotland

- A just transition delivers on our social, economic and climate goals, harnessing the Net zero transition across all sectors of the economy to build a better and more equal Scotland.
- Our response to the Just Transition Commission recognises the importance of an orderly managed transition to net zero, and sets out a world-first National Just Transition Planning Framework.
- Delivery of this must be a national mission involving all sections of society, working with those most impacted by the transition to help shape our approach.
- On 7 December, Parliament overwhelmingly voted to endorse the importance of delivering a just transition for Scotland, and our response to the work of the Just Transition Commission.
- We are world renowned for having underpinned our net zero targets with a legislative commitment to a just transition – ensuring no one is left behind.

JUST TRANSITION COMMISSION

In its remit to advise and scrutinise our Plans for sectors and regions, the renewed Just Transition Commission has launched its first report in July 2022.

- We welcome the report's recommendations and broad scope, which will guide our policy making as we work to deliver a just transition.
- We endorse the guiding principles set out in the Commission's interim report – urgency of action is critical at a time when a cost of living crisis and rising energy costs are creating uncertainty for many.
- The report acknowledges the breadth of our just transition effort, spanning our sector Just Transition Plans and our international work.
- Chaired by Professor Jim Skea, the membership has expertise in areas including finance, equality, infrastructure, innovation, and community empowerment.
- They will play a vital role in advising and scrutinising our first Just Transition Plan for the Energy sector, ensuring that the economic and social impacts are managed in a way that is fair for all.
- This interim report is the first of the Commission's annual "state of the nation" reports, giving Parliament and the public a transparent account of how we have performed against our ambition.

- The report reflects the wider socio-economic issues inherent in a just transition, including a focus on social infrastructure.
- The Scottish Government accepts many of the recommendations in the Commission’s cross-cutting and complex work, and will give further consideration to the remaining recommendations.
- We look forward to further advice and scrutiny from the Commission in the future as we continue to work towards developing just transition plans for other sectors.

JUST TRANSITION PLANNING

We are developing Just Transition Plans for sectors, regions and sites, ensuring our transition to net zero is a fair and managed transition.

- We recognise that planning will be crucial to ensure that the economic and social opportunities from the transition to net zero are not missed and that risks associated with rapid structural change are mitigated.
- Our ambitious approach builds on our world-first National Just Transition Planning Framework and sets out how we will be working with others on the economic and social impacts of transition.
- It has co-design at its heart, meaning that we will ensure that those who stand to be most impacted by the transition to net zero are given a voice in determining their future.
- National Just Transition Planning Framework (published last September) sets out how we will work with others to manage the economic and social impacts – ensuring we are capitalising on the opportunities and managing the risks to the Scottish economy.
- The Scottish Government will identify where it is best placed to act as convenor, facilitator and mediator for planning processes, bringing parties together and ensuring all voices are heard

WIDER SECTOR JUST TRANSITION PLANS

We have committed to develop Just Transition Plans covering all areas of the Scottish economy requiring decarbonising.

- We have sought advice from the Just Transition Commission on our approach to Just Transition Plans and will continue to draw on their expertise.
- We are increasingly embedding just transition into all of our work as a Government. The 2019 Climate Change Act requires that forthcoming Climate Change Plans address the challenges faced by sectors, regions and communities in Scotland and the policies Ministers set out to address these challenges.

- To fulfil this legal requirement and ensure that our climate change policies are fair , we will align our Just Transition Plans with the next Climate Change Plan, developing JTPs for Land Use and Agriculture, Transport, and Buildings and Construction.
- We are committed to developing Transition Plans across sectors and regions, beginning with our Energy Strategy and Just Transition Plan. We will also develop Just Transition Plans for Agriculture and Land Use, Buildings and Construction, and Transport alongside our next Climate Change Plan.
- These plans will provide further certainty around the policy framework and support business investment decisions in net zero opportunities.

JUST TRANSITION ENGAGEMENT

Our approach to just transition puts co-design at the core of planning and policy; this means placing people and their needs at the centre to ensure the journey to net zero is fair, equal and green.

- In April 2022 we engaged in a series of roundtables with stakeholders in the North East of Scotland, including skills agencies, trade unions and business groups to inform the purpose and goals of the £500 million Just Transition Fund for the region.
- Over the course of the summer, we carried out a further series of engagements with a wide range of stakeholders to inform the development of the Energy Strategy and Just Transition Plan.
- We have held over 20 in-person sessions spanning across Scotland, from Dumfries to Thurso, in addition to organising live online events and gathering input using various digital platforms.
- To gain a wide variety of perspectives, we have engaged with almost 1,500 people from a range of backgrounds, including workers, community groups, businesses, young people and civil society organisations.
- This process has helped to expose the possible benefits as well as potential risks that the energy transition poses for our stakeholders, including communities situated in carbon intensive industries, energy workers, young people and businesses.
- As a nation-wide endeavour, we have been working to ensure that all those impacted by the transition to net zero have had the opportunity to participate and have their voices heard.

STUC FUNDING FOR A JUST TRANSITION

Workers voices are crucial as we work to ensure a just transition – that is why we have committed additional grant funding to support just transition capacity within the trade union movement.

- We have committed to £100,000 in grant funding to support just transition capacity within the trade union movement; this will provide dedicated worker engagement roles within the STUC to support just transition planning and delivery for workers.
- The unions – through the creation of the Just Transition Commission – have already been fundamental to our policy thinking about a just transition. This funding will ensure that they continue to be vital, as we get on with delivering good, green jobs and a truly just transition.
- The new roles will:
 - engage with workers to feed into our Just Transition Plans;
 - help workers influence the manner of the transition in their own organisations and sectors and
 - will support workers within the low-carbon economy.
- STUC are currently carrying out research to identify workplaces where the transition is likely to have most significant job impacts.
- [QUOTE] *“[The] trade union movement has been at the forefront of pushing for a just transition, ensuring climate justice is entwined with workers’ voices. [...] This funding, in addition to the work ongoing within the Just Transition Commission, will ensure we hold business, Government and all other stakeholders to account.* (Roz Foyer, General Secretary STUC, 25 April)

Ministerial Engagement Briefing: RICHARD LOCHHEAD MSP
 Briefing for visit to Tidal Energy Test Site in Orkney

<p><i>Date and Time of Engagement</i></p>	<p>Wednesday 28 September 2022</p> <p>1300: You and (REDACTED) will leave Kirkwall and join a visit by boat to the island of Eday to see EMEC’s hydrogen plant and new Flow Cell battery (both SG funded). Transport provided by (REDACTED) from the forum to the boat.</p> <p>Weather permitting, on the way back, you will stop at the Orbital tidal turbine at the test site.</p> <p>1700: on return to Kirkwall, you will see the fuel cell and hydrogen trailer which together with the plant on Eday make up the ‘Surf n Turf’ project.</p> <p>Casual, warm clothing required.</p> <p>Transport from the boat to Ferry Inn provided (REDACTED) EMEC (REDACTED)</p> <p>1900: small gathering/dinner at Ferry Inn with island energy stakeholders, potentially including:</p> <ul style="list-style-type: none"> • (REDACTED) local Community Councillor and manager of Northlink Ferries) • (REDACTED) of Aquatera (marine energy / offshore wind developer) • (REDACTED) (EMEC) • (REDACTED) (NOV – National Oilwell Varco), Flotta Oil Terminal
<p><i>Where</i></p>	<p>EMEC Tidal Energy Test Site – travelling by boat to the island of Eday, Orkney Islands</p>
<p><i>Who</i></p>	<p>(REDACTED)</p>
<p><i>Key Purpose / Message</i></p>	<ul style="list-style-type: none"> • <u>Purpose:</u> To develop an understanding on the potential for marine energy to contribute to a just energy transition. • <u>Message:</u> We will continue to champion the wave and tidal energy sector, supporting the research, development, and demonstration that will maintain Scotland’s competitive advantage and potentially deliver significant domestic and export-led economic benefit.
<p><i>Top Facts / Figures</i></p>	<ul style="list-style-type: none"> • Scotland is a world leader in the development and deployment of wave and tidal energy technologies. It plays host to the world’s largest tidal stream array, the world’s most powerful tidal stream turbine and the EMEC is the world’s leading wave and tidal test centre.

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Briefing for visit to Tidal Energy Test Site in Orkney

Sensitivities	(REDACTED)
Official Support	(REDACTED)
Greeting Party and specific meeting point on arrival	TBC
Background	<p>The test site uses a combination of tidal power and flow batteries to power EMEC's hydrogen production plant, demonstrating the world's first continuous hydrogen production from variable renewable generation.</p> <p>The site was chosen for its high velocity marine currents which reach almost 4m/sec at spring tides. The test site has 4MW export capacity, which will increase in 2023 to 7.2MW, to support the testing of multiple longer-term demonstrations on site. To further increase generation capacity, there is a 670kW hydrogen electrolyser installed adjacent to the tidal substation. This plant enables production of high purity, fuel cell grade hydrogen from the tidal energy generated. In 2017, the EMEC hydrogen production plant produced the world's first tidal generated hydrogen.</p> <p>EMEC is also developing energy storage onsite with the installation of a 500kW 1.5MWh vanadium flow battery. The energy storage will be used to enable continuous hydrogen production, providing electrical power between the tides.</p>

Ministerial Engagement Briefing: RICHARD LOCHHEAD MSP
 Briefing for visits on Thursday 29 September 2022

<p><i>Date and Time of Engagement</i></p>	<p>Thursday 29 September 2022</p> <p>0900: You and (REDACTED) for a visit with Flotta Oil Terminal Manager at EMEC Office in Stromness</p> <p>1000: Following that, (REDACTED) will show you some of the other sights/projects - including the local Hamnavoe House Care Home which is a new build energy efficient site in Stromness</p> <p>12:30 (REDACTED) to Scapa Distillery</p> <p>From the Distillery (REDACTED) will provide transport to the airport, where you will see the SG funded Combined Heat and Power unit before take-off at 16:05 to Aberdeen</p> <p>Arrival at Kirkwall Airport 14:30</p>
<p><i>Where</i></p>	<p>Scapa Distillery, St. Ola, Kirkwall, KW15 1SE, Orkney (Chivas Brothers)</p>
<p><i>Who</i></p>	<p>You will be shown around by the Distilling Manager at Scapa (REDACTED)</p>
<p><i>Key Purpose / Message</i></p>	<ul style="list-style-type: none"> • The Distilling Manager will be able to discuss the shift to carbon neutral distilling by 2026 and the creation of a new 'high end' tourist attraction at the distillery.
<p><i>Top Facts / Figures</i></p>	<ul style="list-style-type: none"> • Scapa is the second-northernmost whisky distillery in Scotland, 0.5 mile south of the Highland Park Distillery • The distillery has one Lomond style wash still and one spirit still producing a single malt whisky. It produces an especially honey flavoured whisky, less peaty than most island whiskies. • The core products of the distillery are currently Skapa Skiren (matured in American first fill oak casks) and Skapa Glansa (a lightly smoked peat whisky).
<p><i>Sensitivities</i></p>	<p>N/A</p>
<p><i>Official Support</i></p>	<p>(REDACTED)</p>
<p><i>Greeting Party and specific meeting point on arrival</i></p>	<p>(REDACTED)</p>

ENGAGEMENT TITLE: Scottish Renewables Net-Zero Dinner

<i>Date and Time of Engagement</i>	18:00, 21 st March
<i>Where</i>	Sheraton Grand Hotel, Edinburgh, 1 Festival Square, EH3 9SR
<i>Who</i>	Scottish Renewables is hosting a dinner preceding its Net Zero Energy Conference. The dinner will be attended by 100 renewable energy professionals, as well as Tom Arthur MSP, Minister for Public Finance, Planning and Community Wealth
<i>Key Purpose / Message</i>	This dinner is a networking event and offers you the chance to meet with experts and leaders of the renewable energy industry before the conference on the 22 nd
<i>Media Handling</i>	N/a
<i>Official Support</i>	There will not be any official support at this event.
<i>Dress code</i>	Business attire
<i>Greeting Party and specific meeting point on arrival</i>	N/a
<i>Specific entrance for Ministerial car/parking arrangements</i>	N/a

Briefing Contents

Annex A	Event programme
Annex B	(REDACTED)
Annex C	Summary page: top lines

ANNEX A: Event Programme

18:00	Drinks Reception
18:45	Welcome Speeches: (REDACTED), Scottish Renewables (REDACTED) Crown Estate Scotland Tom Arthur MSP, Minister for Public Finance, Planning and Community Wealth
19:05	Dinner served
20:55	Closing Remarks (REDACTED) Scottish Renewables
21:00	Networking
22:00	Event close

Timings are approximate and may change

ANNEX B:
(REDACTED)

ANNEX C: Summary page – top lines

- **ESJTP:** The draft ESJTP 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 transition will deliver maximum benefit for Scotland, enabling us to achieve our wider climate and environmental ambitions, drive the development of a wellbeing economy and deliver a Just Transition for our workers, businesses, communities and regions.
- **Wind Energy – Onshore:** Onshore wind is an established renewable technology in Scotland with nearly 9GW of operational onshore wind in Scotland. This equates to around 65.2% of Scottish operational renewable energy capacity.
- The Onshore Wind Policy Statement published in December last year introduced a new ambition for a minimum installed capacity of 20GW of onshore wind in Scotland by 2030. This restated our commitment to the continued development and deployment of onshore wind in Scotland.
- **Offshore:** Our ambition of 8-11 GW of offshore wind by 2030 was set out in the Offshore Wind Policy Statement in 2020. We recognise that this needs to be reviewed and are using the draft ESJTP to consult on increasing this ambition, in light of the market ambition expressed in response to the ScotWind leasing round.
- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland’s green recovery in communities across Scotland. We welcome the commitment of developers to invest an average projection of £1.4 bn in Scotland per project, which equates to more than £28bn across the 20 ScotWind offshore wind projects.
- **Hydrogen:** Hydrogen will be a key part of the net zero journey. Complementary alongside electricity, hydrogen will play a role in industrial decarbonisation, transport, and heating our homes and buildings.
- The unpredictable and uncertain outlook for global energy markets has only strengthened the case for accelerating our domestic hydrogen production. The Action Plan has been updated to reflect consultation feedback on the draft Action Plan and the energy developments throughout 2022.
- **Green Skills:** The Scottish Government is wholly committed to a just transition that will help us meet our climate targets while supporting good, green jobs for our highly skilled workforce.
- We are in the process of developing an update to our Climate Emergency Skills Action Plan (CESAP), to ensure it remains in line with our economic and climate ambitions.
- The climate emergency requires enormous societal change and to support the scale and pace of change needed across all sectors, we must adapt the education and skills system to make it more responsive to our economic needs and ambitions.
- **Just Transition Fund:** The Just Transition Fund is supporting the North East and Moray to become one of Scotland’s centres of excellence for the transition to a net zero economy, with our investment supporting skills provision, innovation, and emerging technologies across the region.
- The Fund is a ten year, £500m investment to support a fair transition to net zero and to diversify the regional economy, with the first £50m committed this year.

- The Fund will help finance organisations, businesses, communities, and individuals to transition to net zero, creating jobs in low carbon industries and contributing to the region's future prosperity.

MINISTER FOR JUST TRANSITION, EMPLOYMENT AND FAIR WORK

Visit to JGC Engineering

Date & time	Friday 26 August 2022 at 14:00 – 14:45
Where	JGC House, Janetstown, Thurso, KW14 7XF (Janetstown is a 10 minute drive from Thurso).
Who/What	A visit to a local engineering firm, JGC Engineering. The company is a specialist engineering firm, established to service oil & gas and nuclear sectors, but diversifying into new renewables markets. (REDACTED) (REDACTED)
Key purpose/messages	This is an opportunity to hear about JGC Engineering's experience as it diversified into the renewables sector. Key issues to explore: <ul style="list-style-type: none">• Opportunities and barriers the company has faced; what type of support needed to encourage others to expand into 'green' industries.• JGC has an established apprenticeship scheme: it may be interesting to explore the transferability of skills from the nuclear sector and how the company is attracting young people into the sector.
Sensitivities	(REDACTED)
Supporting Officials	(REDACTED)
Annexes	Annex A : Background to JGC Engineering & Biographies

ANNEX A – JGC Engineering Background

- JGC Welding Company was formed in 1972 and prospered in the following years, extending its range of services, evolving into a specialist and multi-disciplined engineering services provider.
- Now operating as JGC Engineering and Technical Services Ltd to better portray the wide range of services that the business could offer.
- They have 45 years of experience, employing 120 workers and have 30 major clients globally.
- JGC's vast experience in the **nuclear, oil and gas** and **offshore renewables** sectors has ensured that they are now regarded as one of the UK's leading **fabrication** and specialist engineering companies.
- The company has transferred the knowledge and skills gained from years of working in nuclear, utilities and oil and gas sectors to the renewable energy industry.
- The company has worked on projects across several technologies, including offshore and onshore wind energy, wave and tidal power, hydro power, free-flow systems and they are well placed to support emerging energy processes such as green hydrogen generation.

Work on Renewables:

- The company has worked on projects across several technologies: offshore and onshore wind energy, wave and tidal power, hydro power and free-flow systems
- It is well placed to support emergent energy processes such as green hydrogen generation.

Oil & Gas:

- Extensive experience in the provision of high quality consultancy, manufacturing, installation and engineering services across the oil and gas industry. Deliver a wide variety of projects for the offshore and subsea sector

Nuclear:

- Provided nuclear engineering and manufacturing services for over 50 years. Expertise in the implementation, operational support and decommissioning of both nuclear plant and facilities.
- Worked on the following Nuclear sites:
 - Hinkley, Aldermaston, Devonport, Dounreay, Faslane, Hunterston, Sellafield & Vulcan NRTE

Utilities:

- As a principle contractor used to delivering complex engineering projects for the utilities industry, they have wide experience in working in extreme and remote locations.

- Have completed projects featuring diverse infrastructures with plant, working to resolve complex technical issues.

BIOGRAPHIES:

(REDACTED)

CBI Round Table - Meeting notes

Date & time: 16/03/2023 15:00-16:00pm

What: Mr Lochhead Chaired the meeting with CBI partners

Key points of discussion:

- There needs to be **deliberative change for a legacy of infrastructure** throughout the JT to Net Zero, ensuring that what is built benefits Scottish People, continues to attract investment and is competitive; today and in the long term.
- **Upskilling, reskilling and education** is an essential component of the Transition: we need those in Oil and Gas to be able to transfer their skills into the green energy sector. Currently there is difficulty procuring labour and this will be exacerbated as skills are in higher demand.
 - To achieve this, educational budget expenditure could better reflect the longevity of careers and opportunities to change career paths.
 - A clear directive of how skills provision will ramp up to meet the demands.
 - Concerns that green skills courses are often ‘taster sessions’ that don’t provide necessary qualifications.
 - Working with business, and partnerships built for joint facilitation, so companies have workers with relevant training.
 - There is potentially an opportunity regarding Apprenticeship funding, Scottish model appears less effective than UK (can follow up on this)
 - CESAP is highly anticipated, and participants pointed to the desperate need for a National Skills Plan.
- **The Energy Network and National Grid** will need to be improved to help deliver Net Zero, to reduce surplus wastage and provide greater capacity. (happy to follow up on this) – There is also a SG Parliament inquiry on Tuesday: [Decision on taking business in private, Scotland’s electricity infrastructure: inhibitor or enabler of our energy ambitions?](#)

Other areas of discussion included:

- **(REDACTED)** Equinor highlighted the opportunity Scotland could have as a service for carbon storage on the continental shelf and help countries such as Germany meet their net Zero needs whilst maintaining former Oil and Gas workers skillsets within Scotland.
- We need an Ofgem mechanisms that rewards businesses for constrained energy usage and Ofgem could play a central role in helping to achieve this.
- Hydrogen; there was discussion on the clarity that SG’s ambitious goals for the technology that was set out in the ESJTP. Questions over the timescale for blended hydrogen and gas within domestic supply.
- A note that Government contracting should build in greater certainty of timescales to support business confidence and encourage investment.

ENGAGEMENT TITLE: Ministerial Invitation: South of Scotland Enterprise

What	You have been invited to spend the day with South of Scotland Enterprise (SOSE), meeting projects and businesses with particularly strong stories to tell on progress around Just Transition and Fair Work conditionality.
Date and Time of Engagement	Thursday 2 nd March 2023, 10:30 AM – 3:30PM. Full agenda provided in Annex A .
Where	You will visit a variety of locations within Dumfries and Annan. Your visit will begin at South of Scotland Enterprise Headquarters, Carmont House the Crichton, Bankend Rd, Dumfries DG1 4TA
Who	You will be accompanied on the visit by senior staff from SOSE: (REDACTED)
Key Purpose / Message	Welcome SOSE’s ongoing work in the South of Scotland to help businesses and communities prepare for the transition to net zero and ensure the principles of Fair Work are embedded in businesses across the area.
Top Facts / Figures	South of Scotland Enterprise (SOSE) was launched on 1 April 2020 as the economic development agency for the South of Scotland. SOSE has been allocated a net budget of £37 million in 2022-23 to support its work to improve business and community resilience, protect and create jobs and help deliver an economic recovery that is fair, sustainable, and green. It is focussed on helping businesses and communities respond to new and emerging opportunities whilst adopting Fair Work practices, making progress in transitioning to net zero and establishing the South of Scotland as a centre of opportunity, innovation, and growth
Sensitivities	(REDACTED)
Media Handling	SG Comms Officials will not be attending. SOSE has confirmed that local press will not be invited to attend the site visits. SOSE are considering doing a high level news release for issue the next day, highlighting all the companies visited on the day, with quotes from the Minister, Jane Morrison or Martin Valenti and one from one of the businesses, alongside photo(s) from the visit to Cochran Ltd to be issued to D&G media. Suggested Tweet: “Great visit to South of Scotland Enterprise today in Dumfries to hear about the work they are doing helping businesses and communities prepare for Net Zero”
Case Studies	<u>N/A</u>

Stakeholder Support	N/A
Official Support	(REDACTED)
Dress code	Sensible shoes required for the site visits, organisations you are visiting will provide suitable PPE where required.
Greeting Party and specific meeting point on arrival	(REDACTED) will meet you on arrival at Carmont House.
Specific entrance for Ministerial car/parking arrangements	Parking and electric vehicle charging will be provided by SOSE on arrival. A parking place will also be made available for your car at each venue throughout the day. You will be directed to the space on arrival.

Briefing Contents

Annex A	Event programme and attendee biographies
Annex B	SOSE introductions and briefing
Annex C	Carbon Capture Scotland information
Annex D	COVETRUS information
Annex E	Networking Lunch attendee information
Annex F	Cochrane Ltd visit information & top lines on industrial hydrogen
Annex G	Hydrogen heating: further top lines and information
Annex H	Business and Just Transition: Top lines
Annex I	Just Transition: Top lines
Annex J	Fair work: top lines and Q&A

Annex K

Community energy and community wealth building: top lines

Annex A: Event Programme and biographies

Time	Meeting	Attendees	Address
10:00am – 10:30am	Welcome and Introductions	Richard Lochhead, The Minister for Just Transition, Employment and Fair Work (REDACTED)	Carmont House The Crichton Bankend Road DUMFRIES DG1 4TA
10:30am – 11:15am	Carbon Capture Scotland (CCS)	SG - Richard Lochhead and (REDACTED) SOSE - (REDACTED) CCS - (REDACTED)	Carmont House The Crichton Bankend Road DUMFRIES DG1 4TA
11:15am – 11:45am	Travel/break/ comfort		
11:45am - 12:30pm	Site Visit to Covetrus	SG - Richard Lochhead (REDACTED) SOSE - (REDACTED) Covetrus - (REDACTED)	College Mains Road Dumfries DG2 0NU 01387 262626
12:30pm – 2:00pm	Networking Lunch	SG - Richard Lochhead (REDACTED) SOSE - (REDACTED) Covetrus - (REDACTED) Nairn Construction (REDACTED) Let's Get Sporty (REDACTED) Kilco (International) Ltd (REDACTED) The Crichton Trust (REDACTED) Eco-Genics (REDACTED) Carbon Capture Scotland (REDACTED) Laggan (REDACTED)	College Mains Road Dumfries DG2 0NU 01387 262626

		Creatomic Ltd (REDACTED)	
2:00pm – 2:30pm	Travel to Newbie		
2:30pm – 3:30pm	Site Visit to Cochran Ltd	SG - Richard Lochhead (REDACTED) SOSE (REDACTED) Cochran (REDACTED)	Newbie Works 3 Trees Road Newbie Annan DG12 5QU 01461 202111

(REDACTED)

Annex B

Welcome and Introductions 10.00 am – 10.30 am

Who

(REDACTED)

What

SOSE senior staff will provide you with an overview of the work of SOSE, outlining the organization, its current priorities and projects it is currently working on. This is an opportunity to learn more about the agency itself and work underway across the South of Scotland to support a just transition to Net Zero.

Background

- South of Scotland Enterprise (SOSE) was launched on 1 April 2020 as the economic development agency for the South of Scotland.
- The South of Scotland is a rural region covering the Scottish Borders and Dumfries and Galloway. It spans across 250km from east to west and has a population of around 264,000. The business base is heavily dominated by small and medium enterprises along with high levels of self-employment
- SOSE has been allocated a **net budget of £37.003 million** in 2022-23. It is focussed on helping businesses and communities respond to new and emerging opportunities whilst adopting Fair Work practices, making progress in transitioning to net zero and establishing the South of Scotland as a centre of opportunity, innovation, and growth.
- SOSE plays a key role in the South of Scotland Regional Economic Partnership (REP), led by Dumfries and Galloway and Scottish Borders Councils.
- SOSE's annual Letter of Guidance (most recent May 2022) includes a Ministerial Fair Work direction, which directs SOSE's to continue to show leadership in this area, aligned to the Bute House agreement on conditionality, requiring companies to commit to Fair Work practices across their organisation when they work with SOSE as grant recipients, project partners or contractors

Proposed Discussion Points

- **SOSE clearly leading a wide variety of work to support businesses across the area. Specifically, any lessons learned around Just Transition to date?**
- **What are the key challenges and opportunities that businesses are highlighting to you when it comes to both Just Transition and air Work conditionality implementation?**

Annex C

Meeting with Carbon Capture Scotland (10.30 – 11.15)

Who

(REDACTED)

What

Carbon Capture Scotland is founded by a management team with over 20 years' combined experience in the CO₂ industry, solely owned by Richard and Ed Nimmons. From 2012 to the present day, they have grown the company from scratch to become the UK's 3rd largest dry ice manufacturer, based in Dumfries & Galloway. Between 2016 and 2019, they launched DI Global, a business providing the world's first offshore dry ice production technology and a global CO₂ network for transportation of CO₂ to off-grid locations.

In 2022 Carbon Capture Scotland completed the world's largest known CO₂ recycling project based on a dry ice facility. Carbon Capture Scotland have recently been successful in being awarded a Grant for £250,000 from SOSE to capture biogenic CO₂ from a number of Scottish distilleries and utilize within the Crofthead dry ice plant

CCS are seeking support from the Scottish Government to build Scotland's first licensed Carbon Removal facility, and this is likely to be a focus of their discussion.

CCS will present Project Nexus which is their proposal to capture biogenic CO₂ from a range of disperse emitter sites. CCS are enthusiastic and entrepreneurial; however, their understanding of the regulatory, licensing and legislative landscape is in its early stages. Scottish Government officials have met with CCS and discussed the following:

- Scottish Government have not done any previous policy work on onshore/inshore CO₂ storage and if ministers wish to pursue it, it would require a new policy regime.
- The CO₂ storage onshore/inshore is a contentious matter and would require a call for evidence and a consultation.
- There is no current licensing regime so that would require to be developed.
- Onshore/inshore CO₂ storage is not covered in the Bute House Agreement which focuses CCUS on the Scottish Cluster.

The CCUS policy team estimate that establishing a new policy regime, licensing regime, the required regulatory framework and potential legislation could take 2 – 3 years.

Suggested line: Great to hear about this project and your ambition. Capturing and storing CO₂ is critical to our Net Zero and Just Transition commitments. This is an exciting project, however it is new territory for Scotland and would require a lot of complicated and complex work relating to licensing, regulation and legislation which will take time. Before that, we will need to fully explore the policy case for inshore CO₂ storage. I know you are engaging with the CCUS policy team and I'll ask them to keep me updated on progress.

Who

(REDACTED)

What

You will be given an overview on the below topics followed by a Warehouse Tour of the College Mains facility including Dispensary process followed by a quick tour of the automated Conveyor and example of a live order within the e-commerce team. If time allows, you may also visit the Customer Excellence office that SOSE helped support.

1. Covetrus mission and global footprint
2. UK Business
3. Green pledge
4. SOSE partnership

Background

- Founded in February 2019, Covetrus is a global company headquartered in Portland, Maine, USA with more than 5,000 employees worldwide and over 100,000 global customers. They are a technology-enabled animal health business supporting the companion, equine and large-animal veterinary markets.
- Their head office in the UK is situated in Dumfries where 193 staff are based. A further 112 staff are employed in the UK but are not Dumfries based.
- Covetrus is committed to a just transition to net zero. They have made a “Green Pledge” which includes:
 - Greener communication – removed all paper-based advertising and gone digital
 - Greener sales team including introduction of salary sacrifice scheme for electric vehicles and offsetting carbon footprint
 - Greener internal processes – changing to more environmentally friendly options such as e-invoicing
 - Greener deliveries – working with customers to reduce their emissions
 - Greener rewards – encouraging customers to think differently.
- Covetrus is also exploring a number of other options to help reduce their carbon footprint, including the introduction of solar panels on their site. They have already implemented measures to reduce energy usage and have engaged with their clients to look at other ways they can reduce their environmental impact.

Proposed Discussion Points:

- **Interested to know what benefits the company has experienced to date as a result of it’s Just Transition focus?**

- **Are there areas in which they feel the Government could give some consideration in line with the levers available to it (regulation, engagement with UKG etc.) that would assist the Just Transition journey?**

Annex E

Networking Lunch – 12.30 – 2pm

What

SOSE has invited a number of organisations which they feel have a strong story to tell around their efforts around Just Transition and Fair Work. They have not flagged any major sensitivities or issues with the companies involved. Some of the companies have flagged issues around attracting and retaining staff with appropriate skills and SOSE is working with the organisations to help them address these issues. This session therefore, is an opportunity for the companies involved to showcase their best practice and highlight to you the work they have been doing as well as highlight the opportunities and challenges ahead of them.

SOSE will chair this session, inviting one or two companies to deliver short presentations on their organisations and inviting others to share with you their experiences of both ensuring a just transition as well as being a Fair Work employers.

Who

The companies invited to the session are:

- **Covetrus - (REDACTED)**
- **Carbon Capture Scotland (REDACTED)**
- **Nairn Construction (REDACTED)**

Nairn Construction was established in 2016 by **(REDACTED)**. They are active members of Dumfries and Galloway Construction Training Group, and utilise their CHAS and CITB membership to procure the best training providers for every level of the workforce. They also have a policy to support any additional training requested by teams. They recognise the current skills shortage in the industry and are helping to proactively address this through employing trainees and offering multiple apprenticeship opportunities. They are a fair work employer and believe in creating a working environment around our core values of teamwork, respect, integrity, confidence, and value.

- **Let's Get Sporty - (REDACTED)**

Let's Get Sporty Community Trust is a community-led Scottish Charitable Incorporated Organisation (SCIO), whose mission is to support young people into work via its Let's Get Employed Little. The Trust has long been an advocate of fair work practices. It pays all staff the real living wage and is currently implementing a fair work action plan

- **Kilco (International) Ltd - (REDACTED)**

KILCO, now part of KERSIA, have long been established in supplying the farming & agri industries, with a range of clinically proven products, to promote animal health and wellbeing and improve hygiene standards. Kilco's site in Lockerbie has over 50 employees and a turnover of approximately £18M. Kilco are constantly refining their business's ability to become more efficient in their use of power, water and impact on their wider environment. Kilco has recently been reviewing an identified bottleneck in its production facility, namely limited capacity for water heating and purification. It is working with SOSE

on a proposal to address these challenges. Kilco has additionally, ahead of schedule, completed a draft Fair Work Action Plan.

- **The Crichton Trust – (REDACTED)**

The Crichton Trust is a company limited by guarantee with charitable status, established in 1996 to promote, regenerate and care for The Crichton and other buildings of historic interest throughout [Dumfries and Galloway](#). The Crichton is working towards carbon NetZero by 2030 with an ambitious Local Heat Energy Network forming the key driver of our transition. Work has commenced with £350K already committed to development of the scheme which will provide heat to over 120 business, 3 NHS sites, 3 university sites, over 400 homes and Easterbrook Hall the largest venue in the South of Scotland. The network will also be a testbed and demonstrator for emerging NetZero heat technologies,

The Crichton Trust is a Living Wage Employer, it has signed the Business Pledge and is liP accredited.

- **Eco-Genics – (REDACTED)**

Eco is a group of companies based in Annan, Dumfries & Galloway, and is a diverse, solutions-based business that delivers clients' requirements on multiple fronts. These businesses include:

Eco Dry Ice - dry Ice blasting is the leading-edge technology that uses dry ice pellets to clean all types of surfaces and machinery.

Eco Projects - smart furniture, design and build solutions for any commercial, industrial or residential environment.

Eco Process Solutions – finding and resolving difficulties in business processes.

Integrity IT Solutions - design, supply, support and install IT and communications systems to suit all types and sizes of businesses.

EcoGoZero - support clients to mitigate their carbon.

In addition to supporting other organisations in the South of Scotland with their journey to net zero, Eco are implementing plans to eliminate all scope 1 and 2 emission from their organisation. Eco are also taking steps to reduce scope 3 emissions. Eco is committed to being a Fair Work employer and has agreed a comprehensive Fair Work Action Plan with SOSE.

- **Laggan - (REDACTED)**

(REDACTED). Based in Gatehouse of Fleet, Dumfries & Galloway, Laggan provides visitors with high quality space to eat, stay and celebrate. There are 4 parts to the business:

- GG's Yard - luxury wedding venue
- Self-catering accommodation: Seaview Snugs, cottage & house
- Gather Bistro
- Murray Arms Hotel

Laggan has recently started to measure the organisations carbon footprint. Laggan are committed to regularly measuring their carbon footprint and working to reduce or eliminate emissions in all aspects of operations. In the next year Laggan is planning to install a solar renewables solution on site to meet up to 95% of all energy requirements. Laggan is committed to being a Fair Work employer and has agreed a comprehensive Fair Work Action Plan with SOSE.

- **Creatomatic Ltd – (REDACTED)**

Creatomatic Ltd is a website design, development, and online marketing agency based in Lockerbie, Dumfries & Galloway. The business currently procures all electricity from suppliers that use renewable sources. The business plans to work with Zero Waste Scotland to identify opportunities for energy savings and efficiencies. The business is keen to explore solar panels and battery storage, air source heating system, windows and insulation improvements, EV charging point and Cycle Friendly Employer status. Creatomatic is committed to being a Fair Work employer and demonstrates the Fair Work principles in a number of ways

Networking lunch programme:

- 12:30 – Arrival, Refreshments and Lunch
- 12:40 – Welcome - **(REDACTED)** SOSE
- 12:45 – Welcome - Mr Lochhead, Minister for Just Transition, Employment and Fair Work
- 12:55 – Introductions from Everyone
- 13:00 – Presentations Nairn, Kilco and Let's Get Sporty
- 13:15 – Fair Work in SoS- **(REDACTED)** SOSE
- 13:20 – Roundtable Discussion
- 13:55 – Closing Remarks - **(REDACTED)**

Annex F

Site Visit to Cochrane Ltd

Who

Founded in 1878, Cochran delivers fully engineered heat and energy solutions to commerce and industry across the globe. Cochran exports 30-40% of its manufactured product with all manufacturing carried out at its base in Annan. It has 170 employees in Scotland, a further 33 in England and Wales with three in China. Their boilers operate in 99 countries worldwide. They are accredited to the Living Wage criteria.

What: Cochran Ltd will show you their engineering site, and explain their history, current trading position and entrepreneurial passion for future technical improvements.

Cochran have indicated that they would like to talk about:

- Commercialisation of Hydrogen, availability of Hydrogen and its infrastructure for use in industrial applications;
- Decarbonisation of steam, how this is best achieved for the off grid industrial steam boiler installations;
- Bringing young people into engineering
- Cochran's additional actions on realising a Just Transition

Commercialisation of Hydrogen, availability of Hydrogen and its infrastructure for use in industrial applications

- There are sectors that already have extensive experience in the use of hydrogen for their applications and these are the most likely to adopt the use of renewable or low-carbon hydrogen. In Scotland, this includes the use of hydrogen in industry for refining or the production of fertilisers where unabated hydrogen as an industrial feedstock is already in use.
- In other instances, the lack of a cost-effective direct electrification solution is likely to favour the transition to hydrogen. This could be the case for the metallurgic industry where high temperature flame applications are currently less likely to achieve decarbonisation through electrification.
- The deep decarbonisation of our industrial and electricity sectors will require the timely development of carbon capture, utilisation and storage (CCUS), in parallel with the development of hydrogen technologies.
- These underpin our route to net zero and support a secure and resilient energy system, while supporting employment for those currently working within our industrial sector and highlighting the importance of a just transition.
- This is particularly evident in industrial clusters such as Grangemouth. Six out of seven of the largest industrial emitters, as well as a multitude of smaller sites, are located within 50km of Grangemouth. All credible pathways to net zero will rely to some extent on the decarbonisation of this cluster.
- Many processes at Grangemouth are high temperature processes or processes that involve the transformation of chemicals. The options available to decarbonise these processes are extremely limited, which is why hydrogen combined with CCUS has been selected as one of the most promising solutions to help decarbonise this cluster. Indeed, this is the preferred pathway for many industrial clusters across the UK and globally.
- Different uses of hydrogen could also become more viable through the development of hydrogen hubs where heavy industry – i.e., refineries, chemicals, fertiliser and steel

manufacturing – develop alongside other uses such as shipping, freight transport, pipeline export (domestically and internationally) and power infrastructure.

- CCUS will establish the opportunities to decarbonise industry and pave the way for establishing the transportation and storage infrastructure to support the growing hydrogen economy in Scotland.

Decarbonisation of steam, how this is best achieved for the off grid industrial steam boiler installations

- The primary options for fuel switching focus on replacing natural gas in boilers with biomass, hydrogen or electric boilers, for use in steam generation. Electrification of heat is one of the most important options for decarbonising. Up to a certain temperature, industrial processes may utilize heat pumps to reduce fossil fuel consumption.
- Research indicates that industry's transition towards net zero, potentially including hydrogen from a low or zero carbon source, will require investor confidence in timelines for technology commercialisation and deployment of enabling infrastructure. Significant economic incentives must also be put in place to stimulate the required investment.
- Since its launch the SIETF expanded to invite applications for fuel switching to lower carbon sources, including low-carbon hydrogen, to meet action 11 of Scottish Government's Hydrogen Action Plan. Our calls invite energy-intensive (EII) manufacturers to apply for match-funded grants to support the deployment of, or studies into, projects such as fuel switching to renewable or low-carbon hydrogen, as well as process energy efficiency improvements.
- An increasing number of SIETF enquiries relate to deploying hydrogen for industrial use, or readying industrial heat-appliances to switch to hydrogen or electrification via heat pumps. We will keep its scope under review to complement aspects of other funding sources including the Emerging Energy Technologies Fund.
- Scottish Government continues to engage with DESNZ on ways to enable decarbonisation readiness for industry, including draft proposals to enable or require the installation of hydrogen-ready boilers during natural asset replacement cycles.

Bringing young people into engineering

- The Scottish Government has committed to work with industry and partners to establish the skills to underpin our energy transition.
- We have commissioned a piece of work via CXC to map out the current and forecasted hydrogen skills landscape to build an evidence base regarding current hydrogen skills and key skill shortages.
- This is part of a wider piece of work to ensure wider investment in skills and competitive opportunities for Scotland. This will ensure investment in skills, including work-based learning, further and higher education, and upskilling and reskilling, is fully aligned with our economic ambitions for a net zero transition, through our forthcoming Climate Emergency Skills Action Plan refresh.
- We will continue to work with industry to assess the workforce demand for a hydrogen economy, including assessing areas of transferability in existing offshore and onshore energy production.
- We will ensure future skills actions and provision to 2030 is informed by this work and training programs are tailored to meet the demand for new specialist skills, promoting opportunities for STEM students, graduates and hydrogen engineers.

ANNEX G – Hydrogen heating

Non-domestic / Industrial heating

There is an enormous range of activities taking place within Scotland’s non-domestic buildings. We are developing a regulatory framework which will allow the use of a diverse range of heating solutions to meet Scotland’s final target of zero direct emissions from all buildings by 2045.

- The focus of proposed regulations for non-domestic buildings is on the reduction of actual, measured, greenhouse gas emissions from each building [scope 1 emissions]. Buildings which are currently using fossil fuels for heat, will need to move to alternative fuels by 2045.

Scotland’s Heat in Buildings Strategy

Background

- Scotland’s Heat in Buildings Strategy sets out the Scottish Government’s intention to develop
- regulations to ensure that new buildings, applying for a building warrant from 2024 onwards, use zero direct emissions heating (ZDEH) systems.
- This will be one year earlier than what is planned across the rest of the UK.
- Delivering this Programme for Government (PfG) commitment will form part of the wider policy set out in the updated Climate Change Plan that ‘emissions from heating our homes and buildings will need to reduce to nearly zero by 2045 in line with advice from the Committee on Climate Change (CCC). This means that, virtually all buildings will be zero carbon by 2045’. New buildings applying for a building warrant from 2024 will lead the way on meeting this commitment.
- **We do not consider that hydrogen will play a central role in the overall decarbonisation of domestic heat and therefore cannot afford to delay action to decarbonise homes this decade through other available technologies.**
- The potential for hydrogen to play a role in heating buildings depends upon strategic decisions by the UK Government that will be made over the coming years and the Scottish Government will continue to urge the UK Government to accelerate decision-making on the role of hydrogen in the gas grid.

Progress

- To support this work, an external working group has been established to act as a ‘critical friend’ and provide advice and expertise to the Scottish Government during the development of the Standard.
- The group, which features representation across a wide-variety of interests and areas, is co-chaired by Lynne Sullivan OBE – and has met on a number of occasions – most recently in January 2023.
- Since the formation of this working group, a non-domestic focussed sub-group has also been established to consider the key challenges associated with delivering zero direct emissions heating in new non-residential buildings across Scotland.
- We launched a Scoping Consultation in December 2020, which set out a vision for the Scottish Government’s NBHS. This was supported by a series of key principles for stakeholders to consider.
- This was followed by a second consultation, held in Summer 2022, to give stakeholders another opportunity to input into the develop of the regulations while also seeking evidence on specific key issues such as the treatment of bioenergy, conversions, and non-domestic buildings.
- An independent analysis of the responses has been completed, and the findings will be used to inform the development of the regulations.

- The consultation analysis, individual responses, impact assessments and related research will be published altogether in Spring this year as legislation as laid.
- The Standard will also build on the work of the Building Regulations Energy Review, which – from February 2022, will introduce new measures to further improve targets for energy demand, and associated carbon emissions, in new buildings.

Annex H: Briefing Lines: Business and Just Transition

Top Lines

- Responsibility for achieving our climate goals does not sit with any one organisation or individual. We all have a part to play, and our just transition will be a truly national endeavor.
- We recognise the leadership role that many businesses are already playing and the action they are taking to reduce carbon emissions and capture the opportunities of net zero
- We want to join forces with Scottish businesses and invest in the skills, infrastructure and innovation that will deliver a just transition to net zero and the associated growth and employment opportunities.
- We will continue to work with the business community to identify and tackle the obstacles to sustainable growth, both domestically and internationally
- This will require us all to be innovative, to learn as we are going and to utilise new and exciting technologies and ideas.

Business Support

- Zero Waste Scotland's SME Loan, funded by the Scottish Government, is committed to supporting small and medium-sized enterprises (SMEs) to reduce energy and resource costs, and it can be used for the installation of heating renewables and other energy efficiency measures.
- Zero Waste Scotland's Circular Economy Investment Fund is a funding opportunity for businesses and organisations in all business and social economy sectors and it targets innovative projects that can deliver carbon savings, leverage investment, and create jobs.
- Enterprise agencies, Zero Waste Scotland, Business Gateway and the Scottish Environmental Protection Agency offer bespoke advice and support for businesses.
- All the agencies also collaborate through the Find Business Support project, where businesses can find options for funding, advice, help and more at [FindBusinessSupport.Gov.Scot](https://www.findbusinesssupport.gov.scot).
- We are committed to working with business stakeholders to develop business-focused guidance on Just Transition Planning.

Engagement between the Scottish Government and Business

- We recognise the enormous pressures facing businesses and have been engaging with them, directly and through key business organisations, to best understand their needs.
- Between March 2020 and August 2022 there were over 2,660 Ministerial engagements with business – averaging around 89 a month.
- We developed and published a Principles Agreement jointly with business, ensuring they are involved throughout the development of policies which will impact on them.
- The appointment of Ellie Watson as the Scottish Government's first Chief Business Advisor (13 Jan) demonstrates our commitment to working in partnership with the business community.

Annex I – Briefing Lines: Just Transition

TOP LINES

We are committed to working across society to deliver lasting action that secures a just transition to climate resilience and net zero for Scotland

- A just transition delivers on our social, economic and climate goals, harnessing the Net zero transition across all sectors of the economy to build a better and more equal Scotland.
- Our response to the Just Transition Commission recognises the importance of an orderly managed transition to net zero, and sets out a world-first National Just Transition Planning Framework.
- Delivery of this must be a national mission involving all sections of society, working with those most impacted by the transition to help shape our approach.
- On 7 December, Parliament overwhelmingly voted to endorse the importance of delivering a just transition for Scotland, and our response to the work of the Just Transition Commission.
- We are world renowned for having underpinned our net zero targets with a legislative commitment to a just transition – ensuring no one is left behind.

JUST TRANSITION COMMISSION

In its remit to advise and scrutinise our Plans for sectors and regions, the renewed Just Transition Commission has launched its first report in July 2022.

- We welcome the report's recommendations and broad scope, which will guide our policy making as we work to deliver a just transition.
- We endorse the guiding principles set out in the Commission's interim report – urgency of action is critical at a time when a cost of living crisis and rising energy costs are creating uncertainty for many.
- The report acknowledges the breadth of our just transition effort, spanning our sector Just Transition Plans and our international work.
- Chaired by Professor Jim Skea, the membership has expertise in areas including finance, equality, infrastructure, innovation, and community empowerment.
- They will play a vital role in advising and scrutinising our first Just Transition Plan for the Energy sector, ensuring that the economic and social impacts are managed in a way that is fair for all.
- This interim report is the first of the Commission's annual "state of the nation" reports, giving Parliament and the public a transparent account of how we have performed against our ambition.
- The report reflects the wider socio-economic issues inherent in a just transition, including a focus on social infrastructure.
- The Scottish Government accepts many of the recommendations in the Commission's cross-cutting and complex work, and will give further consideration to the remaining recommendations.
- We look forward to further advice and scrutiny from the Commission in the future as we continue to work towards developing just transition plans for other sectors.

NORTH EAST AND MORAY JUST TRANSITION FUND

The Just Transition Fund is supporting the North East and Moray to become one of Scotland's centres of excellence for the transition to a net zero economy, with our investment supporting skills provision, innovation and emerging technologies across the region.

- Our Just Transition Fund is a ten year, £500m investment to support a fair transition to net zero and to diversify the regional economy, with the first £50m committed this year.

- The Fund will help finance organisations, businesses, communities and individuals to transition to net zero, creating jobs in low carbon industries and contributing to the region's future prosperity.
- The projects supported in the first year of the fund include:
 - a **package of skills interventions** including: a digital offshore energy skills passport which empowers offshore workers to utilise their existing certification; and an advanced manufacturing skills hub;
 - **innovative projects and approaches**, including: the Social Enterprise Just Transition Fund; a digital innovation lab; and a supply chain pathway and challenge fund;
 - testing and promoting **emerging technologies** such as EV battery recycling technology, offshore green hydrogen, and decommissioning; and
 - empowering and **investing in communities**, with our participatory budgeting approach and through specific community projects in ecovillages, adaptation and local climate assemblies.
- Funding was committed to projects this year following a call for proposals which closed on 15 July.
- We have ring-fenced £1m of the Fund this year for participatory budgeting, whereby local communities are able to influence and have a direct say on how money is spent in their local areas.
- The Minister for Just Transition engaged extensively across the region earlier this year, speaking to businesses, workers, trade unions, communities and local authorities to understand how we can best use this Fund to deliver on their vision for the region.
- This meaningful collaboration enabled the Fund to truly reflect the regional priorities of the people who live and work there.
- The UK Government's own Green Jobs Task Force recommended they set out how they will match support available through the EU's Just Transition Fund, something that to date they have completely failed to do.
- Indeed, the UK Government has refused to even match our £500m Just Transition Fund, despite the £300bn that has flown to the Treasury from North Sea oil since the 1970s.

JUST TRANSITION ENGAGEMENT

Our approach to just transition puts co-design at the core of planning and policy; this means placing people and their needs at the centre to ensure the journey to net zero is fair, equal and green.

- In April 2022 we engaged in a series of roundtables with stakeholders in the North East of Scotland, including skills agencies, trade unions and business groups to inform the purpose and goals of the £500 million Just Transition Fund for the region.
- Over the course of the summer, we carried out a further series of engagements with a wide range of stakeholders to inform the development of the Energy Strategy and Just Transition Plan.
- We have held over 20 in-person sessions spanning across Scotland, from Dumfries to Thurso, in addition to organising live online events and gathering input using various digital platforms.
- To gain a wide variety of perspectives, we have engaged with almost 1,500 people from a range of backgrounds, including workers, community groups, businesses, young people and civil society organisations.
- This process has helped to expose the possible benefits as well as potential risks that the energy transition poses for our stakeholders, including communities situated in carbon intensive industries, energy workers, young people and businesses.
- As a nation-wide endeavour, we have been working to ensure that all those impacted by the transition to net zero have had the opportunity to participate and have their voices heard.

JUST TRANSITION PLANNING

We are developing Just Transition Plans for sectors, regions and sites, ensuring our transition to net zero is a fair and managed transition.

- We recognise that planning will be crucial to ensure that the economic and social opportunities from the transition to net zero are not missed and that risks associated with rapid structural change are mitigated.
- Our ambitious approach builds on our world-first National Just Transition Planning Framework and sets out how we will be working with others on the economic and social impacts of transition.
- It has co-design at its heart, meaning that we will ensure that those who stand to be most impacted by the transition to net zero are given a voice in determining their future.
- National Just Transition Planning Framework (published last September) sets out how we will work with others to manage the economic and social impacts – ensuring we are capitalising on the opportunities and managing the risks to the Scottish economy.
- The Scottish Government will identify where it is best placed to act as convenor, facilitator and mediator for planning processes, bringing parties together and ensuring all voices are heard

JUST TRANSITION PLAN FOR ENERGY

Our Energy Strategy and Just Transition Plan, to be published in autumn 2022, will amplify the voices of those most impacted by the transition and set out how changes in the energy sector in the decade ahead will be made fair for all.

- The Plan will establish a shared vision for Scotland’s energy system, and identify concrete steps to manage the economic and social impacts of the transition fairly.
- Delivering to 2030 is our biggest priority and the most difficult challenge. Our Energy Strategy and Just Transition Plan will provide a clear roadmap, providing certainty for businesses, workers and communities.
- As Dave Moxham, Deputy General STUC told the NZET committee, *“We need a road map, or set of road maps, that cut across every major sector of the economy. An example would be a plan for energy, rather than just a plan for oil and gas”*.
- This draft Just Transition Plan for Energy aims to:
 - maximise the economic benefits of Scotland’s transition to net zero, including ensuring a pipeline of skills for net zero jobs;
 - ensure a fair distribution of the opportunities, benefits and risks, including community benefits; and
 - ensure an inclusive and fair process via co-design with stakeholders and the public.
- Our ambitious approach builds on our world-first National Just Transition Planning Framework and sets out how we will be working with others to ensure we are capitalising on the opportunities and managing the risks to the Scottish economy.
- The draft plan draws on advice from the Just Transition Commission, including their most recent report “Making the Future”.
- We are setting out actions in this Strategy and Plan to ensure that:
 - people have access to affordable clean energy;
 - communities and places can participate and benefit in the net zero energy transition;
 - we have a supportive policy environment, maximising the impact of government expenditure and attracting private investment;
 - Scotland is home to a multi-skilled energy workforce, boosting our domestic supply chain and manufacturing capabilities; and
 - Scotland’s net zero energy system is continuously innovative and competitive in domestic and international markets.

WIDER SECTOR JUST TRANSITION PLANS

We have committed to develop Just Transition Plans covering all areas of the Scottish economy requiring decarbonising.

- We have sought advice from the Just Transition Commission on our approach to Just Transition Plans and will continue to draw on their expertise.
- We are increasingly embedding just transition into all of our work as a Government. The 2019 Climate Change Act requires that forthcoming Climate Change Plans address the challenges faced by sectors, regions and communities in Scotland and the policies Ministers set out to address these challenges.
- To fulfil this legal requirement and ensure that our climate change policies are fair , we will align our Just Transition Plans with the next Climate Change Plan, developing JTPs for Land Use and Agriculture, Transport, and Buildings and Construction.
- We are committed to developing Transition Plans across sectors and regions, beginning with our Energy Strategy and Just Transition Plan. We will also develop Just Transition Plans for Agriculture and Land Use, Buildings and Construction, and Transport alongside our next Climate Change Plan.
- These plans will provide further certainty around the policy framework and support business investment decisions in net zero opportunities.

Annex J Briefing Lines: Fair Work

Top Lines

- Our vision, shared with the Fair Work Convention, is ***for Scotland to be a leading Fair Work Nation by 2025, where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society.***
- While employment law remains reserved to the UK Government, we will use our Fair Work policy to promote fairer work practices across the labour market in Scotland.
- Fair Work is a model for innovation and success, with many employers in Scotland already implementing fair work practices. Fair Work supports stronger productivity, economic growth and greater wellbeing.
- On 09 December 2022 we published our **refreshed Fair Work Action Plan**. This brings together our original ***Fair Work, Gender Pay Gap, and Disabled People's Employment*** action plans, along with the actions from our new **Anti-Racist Employment Strategy**. It includes actions being taken forward by the Scottish Government and various public bodies, including to:
 - encourage employers to offer appropriate **effective voice** channels;
 - support strong trade unions and **promote collective bargaining**;
 - continue to apply Fair Work **conditionality** to as much of our public spending as we can, within the limits on devolved competence;
 - continue to reduce the **gender pay gap** and **disability employment gap** and **reduce intersectional barriers** that racialised minorities encounter.
- The Scottish Government will continue to provide leadership as an employer and through our policies, including applying conditionality to public sector investment.
- **Fair Work First criteria** have been attached to some £4 billion of public sector investment since 2019.
- On 6 December we announced the strengthening of our conditionality approach, and from July 2023, recipients of public sector grants will be required to pay at least the real Living Wage and provide appropriate channels for effective voice.

Fair Work First

- Through our Fair Work First policy we are leveraging employers' commitment to fair work by applying Fair Work criteria to public sector grants, other funding, and contracts where it's relevant and proportionate to do so. Employers are being asked to commit to:
 - Appropriate channels for effective voice, such as trade union recognition.
 - Investment in workforce development.
 - no inappropriate use of zero hours contracts.
 - action to tackle the gender pay gap and create a more diverse and inclusive workplace.
 - payment of the real Living Wage.
 - Offer flexible and family friendly working to all workers from day one of employment.
 - Oppose the use of fire and rehire practices
 - To support the implementation of the stronger real Living Wage and effective voice requirement, updated Fair Work First guidance will be published.

FAIR WORK CONDITIONALITY – BUTE HOUSE AGREEMENT

Top Lines

- As committed to in the Bute House Agreement, we are introducing a requirement on public sector grants to pay at least the real Living Wage to all employees, and provide appropriate channels for effective voice, subject to limits on devolved competence.
- It is clear that Fair Work, including fair pay, is more important than ever in the context of the cost-of-living crisis, and we will use all the levers we can to support those most affected.
- From 1 July 2023, all public sector grants will include a requirement to pay at least the real Living Wage to all employees, and provide appropriate channels for effective voice. We will publish updated Fair Work First guidance to support the adoption of this new requirement.
- Fair Work is central to our National Strategy for Economic Transformation, which reiterates our commitments, including for employers to pay at least the real Living Wage, to offer living hours and support flexible working, all of which is vital in tackling the cost crisis, in-work poverty and child poverty.
- We believe that public sector funding should lever in wider benefits, such as the promotion of Fair Work, in order to support the development of a sustainable economic recovery and a successful wellbeing economy over the long term.

Background

- As part of the landmark Bute House Agreement between the Scottish Government and Scottish Green Party, we are strengthening our approach to fair work through conditionality in public sector grants.
- We are introducing a requirement to **pay at least the real Living Wage** to all employees, and **provide appropriate channels for effective voice**, within the bounds of what we can do within devolved competence.
- **In practice, this will mean** that in order to receive a grant, recipients will have to:
 - Demonstrate they are **paying the rLW** before they can access a grant;
 - This applies to all **directly employed staff**, as well as to **apprentices** and to any workers who are **not directly employed but are directly engaged in delivering** the grant-funded activity, whether they be sub-contractors or agency staff
 - Demonstrate that all workers employed within that organisation have an **effective voice at both collective and individual levels**. There will be flexibility as to how voice is evidenced.
 - Ministers will apply **limited exceptions** to provide funding to organisations who cannot pay the rLW in order to ensure that the measure is proportionate, and the requirement will not apply to emergency grants

Policy Design

- The default position is that real Living Wage and effective workers' voice conditionality will be applied to all public sector grants unless they are subject to exceptions (see below for exceptions).

Real Living Wage:

- in general, a grant recipient must demonstrate they are paying the rLW before they can access a grant;
- all directly employed staff of the grant recipient must be paid at least the rLW and any workers who are not directly employed but are directly engaged in delivering the grant-funded activity, whether they be sub-contractors or agency staff, must also be paid at least the rLW (including Apprentices);

- Ministers will apply limited exceptions to provide funding to organisations who cannot pay the rLW in order that the measure is proportionate.

Effective workers' voice

- all organisations with a workforce must be able to demonstrate before they can access a grant that all workers employed within that organisation have an effective voice;
- voice exists at both collective and individual levels and organisations will be expected to show how genuine and effective voice is evidenced;
- Ministers will apply flexibility to recognise the different forms of voice that are appropriate for different organisations.

Exceptions

- Ministers will apply limited exceptions to provide funding to organisations who cannot pay the rLW in order that the measure remains proportionate;
- On effective voice, Ministers will apply flexibility to recognise the different forms of voice that are appropriate for different organisations, and exceptions may be applied for some organisations and workers, such as small and micro organisations and family businesses where usual voice standards are not appropriate;
- Emergency grants, such as those awarded to help mitigate the impacts of the Covid-19 pandemic, or to mitigate negative effects of other government-mandated action, will not be subject to rLW and effective voice conditionality.
- Any exceptions will require to be approved by the relevant Senior Authorising Officer for the funder concerned, within agreed governance arrangements for grants. It will be for individual grant-makers to justify any exceptions.

FAIR WORK CONDITIONALITY Q&A

Q: Will the payment of the real Living Wage requirement apply to under 18s?

- Fair Work, including payment of the real Living Wage, is for all workers, including those under 18.

Q: If conditionality is applied to all employees including apprentices, there is a risk that the number of apprenticeship taken on by employers will reduce?

- We believe that all workers, including apprentices, should receive fair pay for the work they do, regardless of their age and status.
- Apprenticeships are a key way for employers to invest in their workforce, providing the skills the economy needs now and in the future, underlined by our commitment to a skilled workforce set out in the National Strategy for Economic Transformation.
- As part of our recovery, we are committed to building back up to 30,000 apprenticeship starts.
- Our priority is to ensure that apprenticeships are of high quality and lead to sustainable employment opportunities.

Q: What is effective Voice

- The Fair Work Convention note that the ability to speak, individually or collectively, and to be listened to, is closely linked to the development of respectful and reciprocal workplace relationships. Acknowledging the legitimacy of employee voice reflects the interests of employees, individually and collectively, in everything that an organisation does.

Q: On effective voice, will all businesses – regardless of their size and status – be required to recognise a relevant trade union?

- Trade union recognition is the most obvious example of collective voice and the Scottish Government supports strong Trade unions in Scotland for the benefits of workers society. However, it is important to recognise that effective voice occur at both an individual and collective level and therefore we would expect that organisations provide multiple channels for voice to address both aspects and that these channels are appropriate to sector, size and workforce preference.

Q:What do you mean by Collective Voice?

- Collectively this could be through a trade union, but could also be through number of the mechanisms including employee forums for instance.

Q:What do you mean by individual channels?

- There are also a number of individual channels that may be present in different organisations and sectors. E.g. staff surveys; 1:1 meetings etc.

Q: Are you saying that small, micro and family businesses don't need to provide effective voice for their workers?

- No; what we're saying is that collective voice arrangements might not be appropriate, or may be more difficult to evidence, but that some form of individual channel should always be provided as a minimum.

Q: Will rLW and effective voice conditionality apply to small grants?

- Our starting point is that this conditionality will apply to all grants.
- Limited exceptions may be made to ensure the measures remain proportionate.

Q: On what grounds would a grant recipient be exempt from meeting the rLW condition?

- Limited exceptions may be made if the grant recipient is heavily depending on the grant to deliver its activities and cannot afford to pay the uplift to rLW for low pay workers and having to do so would seriously risk the organisation's survival.
- Any exceptions will need to be agreed by the relevant senior authorising officer of the funder, and evidence and assessment carried out in accordance with funders' wider grant assurance processes.

Q: Will grant funding be increased to cover the cost of paying rLW to the whole workforce?

- It will be for individual grant-makers and funders to determine the value of individual grants within their overall budget limitations.
- rLW conditionality is concerned with uplifting low pay workers to at least the real Living Wage. Any further pay increases an employer wishes to introduce above and beyond this will be a matter for the employer concerned.

Q: When will an employer wishing to access a grant require to demonstrate they are meeting the conditions?

- Grant applicants must confirm they will pay at least the real Living Wage and provide effective workers' voice from the start of the funded period to their workforce; and in advance of making a claim, they must provide evidence of doing so.
- The type of evidence that will be required will be outlined in the updated Fair Work First Guidance, to be published in January. This will be based on rigour and proportionality.

Q: With the cost crisis and increasing energy and supply costs – do you think this is the right time to add additional financial pressure to those businesses are facing?

- We absolutely appreciate the challenges many employers are facing due to the rising cost of doing business, however the cost of living crisis is exactly why Fair Work, including fair pay, is

more important than ever, and we are committed to using all the levers we can to support those most affected.

- Fair pay, and ensuring workers have an effective voice are critical to tackling child and in-work poverty and delivering sustainable inclusive growth.
- Evidence shows that businesses who adopt fair work practices, including fair pay, will reap the benefits – including greater productivity and profitability - of having a more committed, productive, and fairly rewarded workforce

ANNEX K – Briefing Lines: Community Energy & Community Wealth Building

COMMUNITY ENERGY

The Scottish Government is committed to supporting communities to participate in and benefit from Scotland’s transition to net zero in a way that helps generate lasting social and economic impacts.

- Community energy encompasses community-led renewable energy, energy demand reduction and energy supply projects, whether wholly owned and/or controlled by communities, or through a partnership with commercial or public sector partners.
- In addition to supporting our national emissions reductions targets, improved energy security, and a more inclusive and democratic energy system, community energy projects have the potential to deliver transformational socioeconomic benefits. These include strengthened local economies and supply chains, education opportunities, and action on fuel poverty.
- We continue to invest in our flagship Community and Renewable Energy Scheme (CARES), which can support communities across Scotland to make the most of community energy, community benefit and shared ownership opportunities.

COMMUNITY BENEFITS

Community benefits are a well-established, integral part of renewable energy developments in Scotland, enabling communities to benefit from Scotland vast natural energy resources.

- Community benefit schemes are voluntary arrangements between the renewable energy developments and local communities, sitting outside of the planning and licensing processes and supply chain agreements.
- Our longstanding Good Practice Principles (GPPs) set out national standards to support community benefit and shared ownership opportunities as standard on all new renewable energy projects – including repowering and extensions to existing projects.
- The Scottish Government has no powers to mandate the provision of community benefits. Energy regulation is reserved to the UK Government.
- Our community benefit register indicates that almost £25 million in community benefits will have been paid out from renewable energy projects in Scotland over the past 12 months.
- We are in the process of reviewing our guidance for offshore renewable energy developments to ensure that the opportunities from our ScotWind and INTOG programmes are realised and that the benefits flowing to communities are maximised.
- It is vital that communities are strongly engaged and involved in agreeing the best approach for their area, one which fits their long term needs and aspirations.

We are clear that communities can and must be at the heart of a just transition to net zero and we are committed to ensuring that communities continue to benefit from renewables deployment.

- Community benefit from renewable energy developments can help support lasting economic and social benefit for communities across Scotland. Community benefit schemes are voluntary arrangements offered by renewable energy businesses to communities located near developments.
- Whilst the Scottish Government does not have the powers to mandate the provision of community benefits through existing energy regulation, we continue to encourage renewable energy businesses to offer community benefit packages in line with our Good Practice Principles.
- Good Practice Principles for Community Benefits from Offshore Renewable Energy Developments and we plan to consult on the updated draft guidance next year.

SHARED OWNERSHIP

Shared ownership has an important role to play in helping the Scottish Government meet its target to deliver 2GW of community and locally owned renewable energy by 2030.

- Shared ownership projects support our ambition for increased levels of local ownership, where all stakeholders stand to benefit from greater partnership working and other additional benefits; including creating a lasting legacy, building community capacity and strengthening corporate social responsibility.
- Scotland's target to achieve 0.5 GW of operational renewable energy capacity in community or local ownership by 2020 was exceeded in 2015 and the target was subsequently doubled.
- The latest confirmed figures from December 2021 show we are now nearly halfway towards our 2GW 2030 target.
- At the end of December 2021, there was an estimated 896 MW of community and locally owned renewable energy operational in Scotland, **an increase of 5% from the 853 MW reported at the end of December 2020.**

COMMUNITY WEALTH BUILDING

The Scottish Government has embraced the internationally recognised Community Wealth Building (CWB) approach to economic development as a key tool to transform our local and regional economies.

- CWB is designed to tackle long standing systemic challenges facing local economies. Considering the ways in which wealth is generated, circulated, and distributed across five pillars; Spending, Land and Property, Workforce, Finance, and Inclusive Ownership.
- Through the defined five pillar model of deliberate and practical action, anchor organisations use CWB to direct and retain wealth in local communities by creating new fair work opportunities; helping local businesses and co-operative models to expand; and placing more assets in the hands of local people and communities, ensuring that our collective wealth works better for people, place and planet.

Progress to date

- Officials have embarked on a programme of engagement across Scottish Government and our stakeholders to outline plans for system wide culture change through the adoption of the CWB model. This will continue over the coming year as we work to cement the role of the model in our wider investment landscape.
- CWB led by local authorities, working with other community planning partners to ensure that all mainstream resource and additional project and programme investment works in concert in order to realise maximum impact in terms of economic and social policy.
- We have seen significant progress made in several SG pilot regions over the past year. Clackmannanshire, South of Scotland, Western Isles, Tay Cities/Fife and Glasgow City Region have published bespoke CWB action plans covering the 5 elements of CWB – Spending, Land and Property, Workforce, Finance, and Inclusive Ownership.
- A number of sectors are working to integrate CWB principles into their development. Multiple NHS Trusts have embraced their role as 'anchors' and the wider contribution they can make to reduce inequalities. Housing has committed to a CWB approach in the Housing to 2040 strategy.
- Our partnership with Economic Development Association Scotland (EDAS) is supporting the further implementation of CWB through Communities of practice, Open workshops, Peer Support, and development of materials to support anchor organisations develop, implement, and realise the benefits of CWB approaches.

Community Wealth Building Legislation

- The Programme for Government 2022-23 commits us to a consultation on CWB building on previous PfG and NSET commitments to develop CWB Legislation during this Parliamentary term to consolidate changes in practice and enable local anchor organisations to use their economic leverage to deliver more for local people and communities.
- This will include inclusive dialogue in the current session of Parliament about new legislation required to remove blockages preventing the benefits of CWB, as an economic development model, being fully realised.
- To support the development of legislation we have established a CWB Bill Steering Group chaired by the Minister for Public Finance, Planning and Community Wealth, with representatives from pilot areas and key stakeholders across the public, private and third sectors, to provide oversight as we develop legislative proposals.

ENGAGEMENT TITLE: Ministerial Invitation: Scottish Business Climate Collaboration SME Net Zero Hub Photo Opp

<p>What</p>	<p>Scottish Business Climate Collaboration: SME Net Zero Hub</p> <ul style="list-style-type: none"> You have been invited to a photo opportunity to support the launch of the Scottish Business Climate Collaboration’s (SBCC) new SME Net Zero Hub. SBCC is a group of major businesses from a range of key strategic economic sectors. The Net Zero Hub provides a learning programme supporting SMEs in their journey to net zero; it is jointly funded by the Scottish Government and SBCC members.
<p>Date and Time</p>	<p>Tuesday, 21st February 2023 10:00-11:00am</p>
<p>Where</p>	<p>The Photo opportunity will take place at:</p> <p>Social Stories Club, 11 Dumbryden Drive, Edinburgh, EH14 2QR</p> <p>The Social Stories Club is a social enterprise gifting company that is partnered with over 30 social enterprises from around the UK to make sustainable hampers with a range of sustainable products from food, drink, beauty and lifestyle.</p>
<p>Who</p>	<p>SBCC representatives:</p> <ul style="list-style-type: none"> (REDACTED) EY, (REDACTED) (REDACTED) Aggreko, (REDACTED) (REDACTED) First Group, (REDACTED) (REDACTED) Diageo, (REDACTED) (REDACTED), Wood Group, (REDACTED) (REDACTED) Scottish Power, (REDACTED) (REDACTED) Lloyd’s Banking Group, (REDACTED) <p>Host Venue</p> <ul style="list-style-type: none"> (REDACTED) Social Club Stories, (REDACTED) (REDACTED) Photographer <p>Delivery Partner</p> <ul style="list-style-type: none"> (REDACTED) Zero Waste Scotland, (REDACTED)
<p>Key Purpose / Message</p>	<ul style="list-style-type: none"> Welcome the launch of this new SME programme, to support the net zero transition of our business community in Scotland. The Net Zero Hub will provide an important tool for SMEs to learn about, plan and initiate their journey to net zero. The business sector in Scotland will play a crucial role in Scotland’s emission reduction targets in a way that is fair and just, capturing the economic and social benefits of a net zero economy.

	<ul style="list-style-type: none"> As our economy transforms, we want Scottish businesses to be ready to take advantage of the opportunities to innovate at home and then export their solutions to the rest of the world.
Top Facts / Figures	<ul style="list-style-type: none"> The Scottish Business Climate Collaboration (SBCC) launched in October 2021 ahead of COP 26 to help accelerate the just transition to a net zero future within the business community. Scottish Government will be providing £150,000 in funding over two years for the SME programme. Additional funding for the programme will be provided by SBCC members. The SME programme will engage, enable and support SMEs, creating a practical step by step programme to equip businesses with the tools and knowledge to achieve net zero within their own organisations and in the goods and services they supply.
Sensitivities	N/A
Media Handling	<i>Comms have been notified and will issue Tweet after the event.</i>
Official Support	<p><i>(Please provide both mobile and office contact numbers for supporting official)</i></p> <p>(REDACTED)</p>
Greeting Party and specific meeting point on arrival	You will be greeted by (REDACTED) at the entrance to Social Stories Club
Specific entrance for Ministerial car/parking arrangements	A parking space has been reserved for the Minister at the venue

Annex A: SUMMARY PAGE

Event Programme

- This is a photo opportunity from 10am at the Social Stories Club to support the launch of the SME Net Zero Hub organised with the Scottish Business Climate Collaboration (SBCC), and jointly funded by the Scottish Government and SBCC partners.
- There will also be an opportunity to briefly meet some representatives from SBCC members and hear more about their plans for supporting SMEs in their supply chain reduce emissions and learn about net zero.
- The Social Stories Club hosting the event is a social enterprise with a strong emphasis on sustainability and the environment.

Scottish Business Climate Collaboration

- The Scottish Business Climate Collaboration (SBCC) launched in October 2021 ahead of COP26 to help accelerate the just transition to a net-zero future within the business community.
- SBCC members are major businesses from a range of key strategic economic sectors. They are: Aggreko; Diageo; EY; FirstGroup; Lloyds Banking Group; Scottish Power; Scottish Water; and the Wood Group.
- The eight businesses represent around 25,000 employees in Scotland and 570,000 globally, with more than £92 billion in global revenue.
- SBCC is providing strategic direction and exploring practical, best practice action members can take – corporately and at employee levels – in the fight against climate change.

SME Net Zero Hub

- The Hub will support SMEs, with an online tool and specific business-to-business mentoring to support participating SMEs in carbon reduction and setting net zero targets.
- It provides a practical step by step programme, equipping businesses with the tools and knowledge to achieve net zero within their own organisations and in the goods and services they supply.
- The Hub takes the form of a learning management software featuring an online course with 12 short modules and a Carbon Tool to measure baseline emissions and develop a Carbon Reduction Plan.
- Each SBCC partner organisation will promote and distribute the e-learning series across their supply chains in a bid to reduce scope three emissions at scale and educate SMEs of all industries about the challenges and opportunities presented by the climate crisis.
- The series will be free to access and open-sourced to all Scottish SMEs who wish to take part.
- Zero Waste Scotland are the delivery partner for the programme and will also provide specialist support for SMEs that wish to expand their learning or take action towards their reduction targets

Annex B

(REDACTED)

Annex C – Briefing Lines: Business and Net Zero

Businesses and Just Transition

- Responsibility for achieving our climate goals does not sit with any one organisation or individual. We all have a part to play and our just transition will be a truly national endeavor.
- We recognise the leadership role that many businesses are already playing and the action they are taking to reduce carbon emissions and capture the opportunities of net zero
- We want to join forces with Scottish businesses and invest in the skills, infrastructure and innovation that will deliver a just transition to net zero and the associated growth and employment opportunities.
- We will continue to work with the business community to identify and tackle the obstacles to sustainable growth, both domestically and internationally.
- This will require us all to be innovative, to learn as we are going and to utilise new and exciting technologies and ideas.

Business Support

- Zero Waste Scotland's SME Loan, funded by the Scottish Government, is committed to supporting SMEs to reduce energy and resource costs, and it can be used for the installation of heating renewables and other energy efficiency measures.
- Zero Waste Scotland's Circular Economy Investment Fund is a funding opportunity for businesses and organisations in all business and social economy sectors and it targets innovative projects that can deliver carbon savings, leverage investment and create jobs.
- All the agencies also collaborate through the Find Business Support project, where businesses can find options for funding, advice, help and more at [FindBusinessSupport.Gov.Scot](https://www.findbusinesssupport.gov.scot).

Engagement between the Scottish Government and Business

- We recognise the enormous pressures facing businesses and have been engaging with them, directly and through key business organisations, to best understand their needs.
- Between March 2020 and August 2022 there were over 2,660 Ministerial engagements with business – averaging around 89 a month.
- We developed and published a Principles Agreement jointly with business, ensuring they are involved throughout the development of policies which will impact on them.
- The appointment of Ellie Watson as the Scottish Government's first Chief Business Advisor (13 January) demonstrates our commitment to working in partnership with the business community.

Just Transition Fund Ministerial Visits: Aberdeen Day, NZTC

Date and Time	15:30 -16:30, Thursday, 9 February, 2023
Where	Net Zero Technology Centre , 20 Queen's Road, Aberdeen, AB24 3HG
Who	Meeting with Net Zero Technology Centre Senior Team, including CEO (REDACTED) (Full details in Annex B)
Official Support	(REDACTED)

Agenda

The agenda for the meeting is as follows:

- Introductions
- HOP2 Overview
- Just Transition
- Energy Strategy Just Transition Plan

Attendees

- **(REDACTED)**, CEO
- **(REDACTED)** Head of External Relations
- **(REDACTED)** Head of Energy System Integration
- **(REDACTED)** Hydrogen Theme Lead.

Note of Discussion

- NZTC CEO opening remarks highlighted the potential economic benefits to Scotland of investment in the infrastructure to support an export market for offshore Hydrogen; and reflections on the Energy Strategy and Just Transition Plan
- CEO noted that the Scotland-focused nature of ESJTP does not fully recognize the importance of a whole UK system approach [NZTC have also been invited to respond to the ESJTP consultation]
- NZTC officials gave presentation on their work and priorities in the Energy Transition space, including calling for more certainty from both governments around the timelines for acceleration and investment
- NZTC officials presented an update on the HOP2 project being funded by the Just Transition Fund
- Minister invited NZTC to participate in a round table discussion about surplus energy and exports

MINUTE: Just Transition Fund Ministerial Visits: Aberdeen Day, Opportunity North East

Date and Time	10:30 – 12:30, Thursday, 9 February, 2023
Where	Opportunity North East, ONE Office, 11 Queens Gardens, Aberdeen AB15 4YD
Who	(REDACTED) Chair Opportunity North East and Chair, ETZ (REDACTED) CEO, Opportunity North East ONE JTF Project Leads (REDACTED)
Key Purpose / Message	<p>Purpose Visits with (REDACTED) and Opportunity North East (ONE) will allow the Minister to discuss the energy transition and progress of ONE's JTF projects.</p> <p>Message The Scottish Government is supporting, through the JTF, transformative projects in Aberdeen City, Aberdeenshire and Moray to enable a Just Transition in the region.</p> <p>We are committed to working across society to deliver lasting action that secures a just transition to climate resilience and net zero for Scotland</p>
Top Facts / Figures	<ul style="list-style-type: none"> • We are investing almost £5 billion in the net zero energy economy in Scotland over this parliamentary term. • Analysis shows the number of low carbon jobs in energy production is estimated to rise from 19,000 in 2019 to 77,000 by 2050 as the result of a just energy transition, delivering a 58,000 increase in jobs across the low carbon energy production sector. This would mean there are more jobs in energy production in 2050 than there are now. • We are investing £500 million over the next 10 years through our Just Transition Fund. One has secured the following JTF funding: <ul style="list-style-type: none"> ○ Seedpod: £3,100,000 from the JTF over 2 years ○ North East Adventure Tourism (NEAT): £2,097,000 over 2 years
Media Handling	Comms colleagues will ensure pictures of the visits are shared on the @ScotGovnetzero social media.
Official Support	(REDACTED)

Meeting Agenda

Item	By
Energy Transition	(REDACTED)
Just Transition Next Phase Funding	(REDACTED)
Seedpod Update	(REDACTED)
North East Adventure Tourism Update	(REDACTED)

Discussion Notes

Energy Transition

- Minister invited **(REDACTED)** (as Chair of ONE) to comment on the recently published ESJTP and the headlines around record profits for oil majors Shell and BP alongside their announcements about reduced targets for emissions reduction
- Chair commented that emissions from oil and gas production increasing to meet demand is not equal to reduced ambitions in the overall transition to net zero and investment in renewables and emerging technology continues
- Chair reflected that ESJTP presumption against oil and gas is not perceived as government intention to work collaboratively with the oil and gas sector to transition, promotes a feeling of value judgement and ostracizing both companies and workers in the sector
- Minister commented on the issue of Energy Surplus and invited Opportunity North East to be part of discussions
- Minister invited ONE to submit views to the ongoing ESJTP consultation.
- Minister also invited ONE to engage with JTF officials on better understanding the sequencing of investment in transformative projects in the region, including in sectors beyond energy.
- Minister reiterated commitment to working collaboratively with regional stakeholders, including non-profits such as ONE and the Enterprise Agencies.

North East Adventure Tourism Update

- Minister invited **(REDACTED)** (ONE CEO) to present an update on work by projects under the North East Adventure Tourism (NEAT) programme funded by the Just Transition Fund.
- CEO presented a slide pack demonstrating the future potential of the NEAT programme to generate GVA by enticing visitors to come to and stay longer in the North East
- CEO emphasized the value to the region of supporting increased tourism and specifically healthy activities as having wider benefits in relation to Scotland's commitment to a Wellbeing Economy and protecting natural assets
- Opportunities to support positively reinforcing ecosystem, linking adventure tourism to visitors exploring the regions' food and beverage offering were highlighted.
- CEO noted the importance of skills development and continued support for young people seeking careers in the space.

Seedpod Update

- Minister invited Seedpod Project Leads **(REDACTED)** and **(REDACTED)** to provide an update on the design and planning application for the Seedpod Food and Beverage Hub and to highlight the additional value added by Just Transition Funding in tandem with Scottish Enterprise and City Deal funds.
- Discussion around Seedpod centred on the adoption of a cluster model, Minister noted this is an innovative and exciting approach.
- Project leads noted that negotiations to secure a construction contractor are on-track and the Hub is expected to be completed in 2024.
- The discussion was the nature of many of the producers in the region (smaller businesses with a lot of community connections) and Minister signposted to the [Social Investment Scotland scheme](#) that supported via the Just Transition Fund. Noted their blended finance model might provide an additional funding route beyond ONE's enterprise grants and foster a growth mentality.
- Officials offered support for the Seedpod team to engaging across SG policy teams to foster this i.e. manufacturing strategy

Minister for Just Transition – engagements, Shetland 11 & 12/08/22

Summary

A range of meetings with businesses, Shetlands Island Council and community representatives. In sum, these illustrated the opportunities associated with a managed transition from oil and gas to renewable energy sources and the complex relationship between these opportunities and the place/community benefits that could accrue. In the Shetlands, the relationship the development of energy resources for a UK-regulated market and local benefit challenged perceptions of fairness, particularly in the context of (a) a cost of living crisis and (b) threats (perceived or otherwise) associated with access to fishing grounds, (c) rising energy prices and (d) wider demographic and recruitment challenges faced by island (and rural) economies.

The engagements were largely information-gathering opportunities, but a number of actions were noted, copied here. More detailed notes below.

- SSE: Mr Lochhead to meet **(REDACTED)** SSE (DONE, contact made 15 August to make arrangements)
- North Yell Development Council – difficulty in getting mains water connection in industrial units at the marina in Cullivoe Harbour (via Scottish Water). Mr Lochhead agreed to follow this up.
- Decommissioning: officials to explore situation with regard to Norwegian approach to winning decommissioning contracts in the north sea. (Lerwick Port Authority Visit)
- Shetlands Islands Council (SIC) – to share estimates re energy price rise impacts **(REDACTED)**
- Mr Lochhead asked for SG officials Fair Work to set up meeting between Mr Lochhead and Creative Scotland, to discuss application of Fair Work in creative sector. (St Knab Visit)

Contents

- 1) VIKING WIND FARM, SSE Renewables, South Nesting, Shetland
- 2) SULLOM VOE OIL TERMINAL, SHETLAND ENERGY HUB, ORION PROJECT, Shetlands Island Council, Sella Ness, Sullom Voe, Shetland
- 3) NORTH YELL DEVELOPMENT COUNCIL (NYDC) – Community Windfarm and associated projects: Garth Community Wind Farm, Cullivoe Harbour, Village Hall.
- 4) SHETLAND FISHERMEN'S ASSOCIATION, Whitefish Market, Lerwick
- 5) LERWICK PORT AUTHORITY, DALES VOE BASE
- 6) SHETLAND EMPLOYABILITY PROJECT, Employability Hub, 66 Commercial Road, Lerwick
- 7) SHETLANDS ISLAND COUNCIL SENIOR LEADERSHIP, Town Hall, Lerwick
- 8) SIC – VISIT TO KNAB DEVELOPMENT SITE, Knab Road, Lerwick

Thursday 11 August

- 1) VIKING WIND FARM, SSE Renewables, South Nesting, Shetland
 - a) **(REDACTED)** Head of Onshore Wind Development; **(REDACTED)**, Government Liaison; **(REDACTED)**, Construction Manager

- b) Overview of plans, followed by tour of construction site.
 - c) 103 wind turbines to be constructed in an area roughly the same size as Edinburgh city (c. 450 MW capacity – for reference: currently, Shetland Diesel Power Station services a peak demand of 50MW); this should result in around **£2.2m payments in community benefit per annum**. Up to 300 workers involved in construction project: 200 of these coming from the mainland. c. 30 permanent jobs will follow in operations. A 600MW subsea link will connect to the national grid on the mainland.
- 2) SULLOM VOE OIL TERMINAL, SHETLAND ENERGY HUB, ORION PROJECT, Shetlands Island Council, Sella Ness, Sullom Voe, Shetland
- a) **(REDACTED)** Shetlands Islands Council (SIC); **(REDACTED)** **(REDACTED)**, Climate Change Strategy, SIC; **(REDACTED)**, Islands and North East Operations & Sullom Voe Manager, Enquest
 - b) A discussion around the past development of the terminal and future plans, including ORION and the development of a Net Zero road map for SIC. At its peak the terminal handled 1.5m barrels/day. Figure closer to 130k barrels today. SIC plans for a transition to Shetland as a Regional Clean Energy Hub (Orion project) would see a repurposing of on shore oil and gas infrastructure.
 - c) The turnover associated with O&G at Sullom Voe was placed in context of rising energy prices, and extreme concern about the impact on islanders who were already much more likely to be in fuel poverty than households on the mainland.
 - d) It was noted that Sullom Voe's position could be seen as precarious, given the potential for offshore loading that would bypass the terminal. SIC recognise the need for a bridge to help transition from O&G to renewable economy, in a way that maintained infrastructure and skills etc.
 - e) ScotWind seen as a unknown in terms of community benefit: discussion of (a) potential for ensuring no company operating in Scotland, should pay less in community benefit than they would in their own home country and (b) potential for similar community benefit expectations to apply to all energy infrastructure developments.
 - f) The importance of an industrial strategy that will ensure surplus energy could be used to boost economy; keen to ensure we don't rush for the development of green energy in such a way that we lose potential for benefits to communities in Scotland.
- 3) NORTH YELL DEVELOPMENT COUNCIL (NYDC) – Community Windfarm and associated projects: Garth Community Wind Farm, Cullivoe Harbour, Village Hall.
- a) NYDC members including **(REDACTED)**
 - b) Current high energy prices meant healthier returns for community wind farm.
 - c) NYDC highlight a number of pressures, felt to be acute, despite the efforts made via NYDC and community energy funding:
 - i) Population decrease, particularly loss of working age people
 - ii) Lack of housing
 - iii) Childcare, health and social care – with regard to child care, NYDC reps pointed to the SG commitment to 3-5 childcare cover having a knock on effect that meant no cover for the under 3s.
 - iv) Connectivity: particularly the call for “fixed links” between main island and smaller islands – seen as the “number one issue”

- d) Proceeds from the wind farm have enabled community to access more funding support to develop the marina and adjacent industrial units.
- e) Despite success of the wind farm, NYDC reported extreme difficulty in making the projects happen
 - i) “Bureaucracy at all levels seemed to be designed to make such projects as difficult as possible”.
 - ii) Funding wasn’t necessarily the issue: communities need support to overcome barriers.
- f) Example of difficulty: Scottish Water delay in getting mains water connection to the new units at the marina – Mr Lochhead agreed to have officials follow this up.
- g) Discussion touched on idea of JT planning, and the expectation that communities would have a part to play in helping shape the transition, rather than simply react to it – NYDC members mentioned the Carbon Neutral Islands work, reflecting that that this driven by SG not the islands.

Friday 12 August

- 4) SHETLAND FISHERMEN’S ASSOCIATION, Whitefish Market, Lerwick
 - a) **(REDACTED)** Executive Officers of SFA; **(REDACTED)**, Lerwick Port Authority; **(REDACTED)** SIC. **(REDACTED)**
 - b) 1/3 of Shetland catch landed in Lerwick; fleet in Lerwick predominantly self-employed, average age of 34 (450 fishers), making £189 private investment since 2015. SFA stress the significance of seafood to Shetland economy and community.
 - c) Issues raised by SFA
 - i) Displacement impacts on fishing areas, associated with ScotWind sites and protected marine areas.
 - ii) The impact of reduced quotas, which are going down, despite biomass in Shetland’s seas increasing by 85%, (and a lack of landing data on non-UK fishing fleets operating in area),
 - iii) General pressures of energy prices and Brexit.
 - iv) Note that the Bute House agreement’s marine planning commitments include a pledge to preserve existing fleets.
 - v) Manufacturers of fishing vessels say that “green fuel” options for fishers are not available and won’t be for 10-20 years.
 - vi) Concerns that windfarm cabling has serious impacts on shell fish and spawning grounds – and that a “rush for green energy can decimate the local fishing industry”
 - (1) Compounded by the fact that each offshore wind developer has own land-fall site for power from wind farm.
 - (2) Proper assessments should address this – for example, cables might be aggregated at source, and combined into one route to land; cables could be shielded. The industry has little faith in the planning system, given that planning has already been granted despite such concerns and despite a lack of mitigating measures.
- 5) LERWICK PORT AUTHORITY, DALES VOE BASE
 - a) **(REDACTED)**, Chief Executive, Lerwick Port Authority; **(REDACTED)** SIC
 - b) Visit to a quay occupied by a Ninian North jacket, 8.5k tonne, built in Scotland in 1978 and now being decommissioned by a team of around 30. The quay

was described as “the strongest in the UK” and ideal for decommissioning; the Islands Deal includes plans to develop a deep water port at this site. Scrap metal is currently shipped directly to smelters (though Port Authority acknowledges the possibility of doing such work here, given appropriate facilities).

c) Issues:

- i) Contractors need certainty of work: they cannot currently rely on a secure pipeline of continuous work, with decommissioning work often going to Norway.
- ii) We were told that all facilities beyond a certain “line” in the sea, would be decommissioned in Norway, by default: this meant steady stream of decommissioning projects for Noregian facilities, whose operators were .
ACTION – SG officials to find out more about this: is data available? Is this contractual?

6) SHETLAND EMPLOYABILITY PROJECT, Employability Hub, 66 Commercial Road, Lerwick

- a) **(REDACTED)** SIC Youth & Employability Services; **(REDACTED)**, Senior Bridges Worker, Youth & Employability Services; **(REDACTED)**, Employability Officer; **(REDACTED)** National Heritage Manager, Shetland Amenity Trust; **(REDACTED)** Woodlands Team Leader SAT; **(REDACTED)**, SAT (and former participant through NOLB placement scheme).
- b) The services sits within the Education Department, rather than Economic Development. The team described the Shetland Employability 5-Stage Pathway, where the 5th stage is sustainable, permanent employment.
- c) **(REDACTED)** described **(REDACTED)** experience, registering with the Pathway in 2017, where **(REDACTED)** was given wrap around support, including for example, NOLB-funded driving lessons: “without this scheme I wouldn’t have a job ... it’s given me the confidence to help myself”. The team noted the value of the long-term funding, the fact that support over multiple years enable sustained support, long term relationships and a bespoke, flexing, warp-around approach to working with clients.
- d) Mr Lochhead asked about how the service might help tackle the acute labour shortages being reported by some parts of the economy. There was a discussion about the visibility of such services, both from the perspective of participants and also employers.

7) SHETLANDS ISLAND COUNCIL SENIOR LEADERSHIP, Town Hall, Lerwick

- a) **(REDACTED)** Leader; **(REDACTED)**, Deputy Leader; **(REDACTED)** Chair of the Development Committee; **(REDACTED)**, Director of Development and acting Chief Executive; **(REDACTED)**, Executive Manager, Economic Development.
- b) SIC ran through presentation on Shetland Economy, with reference to the SIC Guide for Policy Makers **(REDACTED)** highlighting key areas of (a) transition to renewables (b) the Saxavord Space Port and (c) Fishing and aquaculture of asks of SG and UKG, including on energy Infrastructure, i.e. to commit to exploring a number of issues, including Shetland tariff exemptions.
 - i) 17/18 economic output: £1.265, of which
 - (1) sea food £440m, 11% of jobs) and
 - (2) public services £225m, 30% of jobs) were the major components.

- (3) O&G £98m, <6%
 - (4) Construction, combined, were £76m, 8%
 - ii) Job density of 1.2 (ie 1.2 jobs for every working-age resident).
 - iii) SIC recognise
 - (1) major opportunities in: energy transition, satellite launch & support industries; seafood; tourism; creative industries; community led local development (as seen at Cullivoe, Yell).
 - (2) major challenges in recruitment; construction (worker accommodation & capacity); an ageing workforce.
 - c) The impact of rising energy prices was a major issue for discussion, compounding an existing cost of living challenge for the islands (SIC quote 2014 report giving relative minimum household incomes for “UK urban”, “Lerwick” and “Remote Shetland” (e.g. for a single person: £205 vs £260 vs £360)
 - i) **(REDACTED)** SIC had done some calculations showing how the already bad fuel poverty position would intensify in the coming months – and that almost all households would be in fuel poverty by the new year.
(REDACTED)
 - ii) In SIC area, estimates suggest 80% of households are in fuel poverty now; combined with disruption (perceived, or threatened) to fishing, this made the concept of “just transition” and discussions around it very challenging.
 - d) Labour shortages & housing – SIC report difficulty extreme hiring difficulties, particularly for health care and teaching. When candidates are found, they often can’t find housing and eventually decline the offer. Mr Lochhead suggested bringing rural LAs together to talk about the issue and identify priority areas to focus on in order to improve the situation. It was suggested that COHI might be a vehicle for doing this. SG officials to explore.
- 8) SIC – VISIT TO KNAB DEVELOPMENT SITE, Knab Road, Lerwick
- a) **(REDACTED)** Director of Development, SIC, **(REDACTED)**, Shetland Arts
 - b) A tour of the development site: existing buildings being repurposed, including the Anderson High School which will be a creative centre, and new passive-house-standard accommodation to be built.
 - c) Mr Lochhead asked for a meeting between Creative Scotland and SG’s Fair Work officials, to discuss how Fair Work agenda is being applied across the sector.

Briefing – Minister for Just Transition, Employment and Fair Work – Visit to St Fergus Gas Terminal

Date and Time of Engagement	11:00 – 16:00 Thursday 12 October 2022																				
Where	<p>St Fergus Gas terminal, St Fergus, Peterhead AB42 3EP</p> <p>Directions: Take the A90 North of Peterhead. Continue through St Fergus village. St Fergus gas entrance is well marked just past St Fergus village, and there is a small roundabout where you turn right into NSMP Site.</p> <p>Proceed directly to the turnstile and contact the Security Gatehouse via the Intercom.</p> <p>NSMP contacts for venue: [REDACTED]</p> <p>Important notes:</p> <ul style="list-style-type: none"> Attendees will <u>need to bring photo ID</u>. All electronic items must be left in the boardroom as they are not allowed on site. 																				
Itinerary	<table border="1" data-bbox="336 965 1257 1261"> <tr> <td>11.00</td> <td>to</td> <td>11.30</td> <td>Arrival at NSMP SFGT Site</td> </tr> <tr> <td>11.30</td> <td>to</td> <td>12.45</td> <td>Introduction to NSMP and SFGT (& working lunch)</td> </tr> <tr> <td>12.45</td> <td>to</td> <td>13.45</td> <td>SFGT Site Tour</td> </tr> <tr> <td>13.45</td> <td>to</td> <td>14.30</td> <td>Acorn Project (with refreshments)</td> </tr> <tr> <td>14.30</td> <td>to</td> <td>16.00</td> <td>Scot Gov Team and Shell head to SEGAL Terminal for site tour.</td> </tr> </table>	11.00	to	11.30	Arrival at NSMP SFGT Site	11.30	to	12.45	Introduction to NSMP and SFGT (& working lunch)	12.45	to	13.45	SFGT Site Tour	13.45	to	14.30	Acorn Project (with refreshments)	14.30	to	16.00	Scot Gov Team and Shell head to SEGAL Terminal for site tour.
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Who	<p><u>Introductory meeting [REDACTED]</u> [REDACTED]</p> <p><u>Introductory meeting with Acorn Partners</u> [REDACTED]</p> <p>[REDACTED] will join you at the SEGAL terminal</p>																				
Purpose	<ol style="list-style-type: none"> To view the St Fergus Gas Terminal (<i>where 30% of the natural gas used in the UK comes onshore and a key site of planned Scottish Cluster developments</i>) to better understand the scale, importance and impacts of the Scottish Cluster’s proposals and view these in the context of the surrounding local area To maintain and improve SG’s relationship with the Scottish Cluster partners To convey continued SG support for the Scottish Cluster (including through publicity linked to the visit) and understand what further support is currently needed To hear update on investment in the North Sea and in particular an update on the Jackdaw gas field. 																				

Background	<ul style="list-style-type: none"> • The visit has been set up as requested by you. • You will first be meeting with [REDACTED]NSMP & a tour of the St Fergus plant • In the afternoon you will meet with Acorn Partners including [REDACTED] followed by a site visit of Shell's SEAGAL terminal
Key Messages	<ul style="list-style-type: none"> • We remain committed to supporting the continued growth and development of the Scottish Cluster to ensure that Scotland reaches its net zero goals by 2045. • We are working constructively with the UK Government to ensure the Scottish Cluster has the certainty it needs to continue its development. To this end, we have continued to advocate for the cluster in our engagement, and have offered £80 million from our Emerging Energy Technologies Fund to accelerate its deployment. • We are keen to understand the Scottish Cluster's current situation and future outlook (particularly given recent political developments) and discuss how we can best support the Cluster in the future (including in the Track-2 process). • The Scottish Government's position is clear that unlimited extraction of fossil fuels is not consistent with our climate obligations. • We recognise that Oil and Gas continues to play an important role in our energy mix, and our economy. • But we must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development.
Sensitivities	<ul style="list-style-type: none"> • [REDACTED]
Official Support	[REDACTED]
Comms handling	N/A
Annexes	Annex A: Background Annex B: Biographies Annex C: Top Lines

BACKGROUND

St Fergus Gas Terminal

North Sea Investment – Jackdaw

- BG International Limited, an affiliate of Shell U.K. Limited, has taken the final investment decision (FID) to develop the Jackdaw gas field in the UK North Sea, following regulatory approval earlier this year. Jackdaw will comprise a wellhead platform that is not permanently attended, along with subsea infrastructure which will tie back to Shell's existing Shearwater gas hub.
- The project is expected to come online in the mid-2020s, and at peak production rates, could represent over 6% of projected UK North Sea gas production in the middle of this decade, with operational emissions of less than 1% of the whole UK basin. That is enough energy to heat 1.4 million homes.
- Jackdaw is part of Shell U.K.'s broader intent to invest £20 to £25 billion in the UK energy system in the next decade, with the aim of investing 75% in the development of low and zero-carbon products and services.
- Gas from the Jackdaw field will come ashore at St Fergus, where Shell is involved in the development of the Acorn Carbon Capture and Storage project, which could sequester carbon dioxide (CO₂) from industrial clusters in Scotland, the UK and northern Europe. The Acorn project could also reform natural gas into low-carbon hydrogen, by capturing and storing the CO₂.

The St Fergus Area

- The St Fergus area on Scotland's north coast, near Peterhead, consists of several gas processing and distribution facilities owned by a variety of different companies.
- The area includes the Shell operated Shell Esso Gas and Associated Liquids (SEGAL) system; the Ancala operated SAGE Gas terminal; North Sea Midstream Partners (NSMP) owned gas terminal; and the National Grid's National Transmission System (NTS).
- Around 30% of all natural gas used in the UK comes onshore at St Fergus, near Peterhead for processing (by Shell and other plants); typically 20% of this is domestic gas supply, and the rest comes from Norway

Shell Facilities at St Fergus

- The Shell St Fergus gas plant processes gas for supply to the national grid for power generation, and it extracts and separates natural gas liquids (NGL) for export by onshore pipeline to the Shell Fife NGL plant in Mossmorran, Fife.
- The plant receives gas through the SEGAL system. This includes wet gas transported from the Northern North Sea through the FLAGS (Far North Liquids and Associated Gas System) pipeline and from the Central North Sea through the Fulmar Gas Pipeline.
- They are a big employer in the area with approximately 120 to 180 people typically working at the plant depending on activity levels.
- The plant uses cryogenic processes to separate the hydrocarbon components. Methane is removed and delivered to National Grid for entry into the National Transmission System, which provides gas for

cooking and heating. The remaining hydrocarbons - Ethane, Butane, Propane and Gasoline, are pumped through an underground pipeline to the Shell Fife NGL plant for further processing.

- The Mossmorran complex consists of two neighbouring plants: the Fife Natural Gas Liquids (NGL) Plant operated by Shell U.K. Limited and the Fife Ethylene Plant operated by ExxonMobil. They both link by pipeline to a marine terminal at Braefoot Bay, where products are loaded onto ships.

NSMP

Background

- North Sea Midstream Partners (NSMP) also owns a gas plant in St Fergus, operated by PX Group on behalf of NSMP.
- North Sea Midstream Partners (NSMP) was formed in 2012 to pursue midstream infrastructure opportunities in the North Sea. It is owned jointly by Kuwait's sovereign wealth fund, Kuwait Investment Authority (KIA), and investors advised by J.P. Morgan. KIA's investment is managed by Wren House Infrastructure Management.
- NSMP's St Fergus gas plant receives gas from two main pipelines: Shetland Island Regional Gas Export (SIRGE) system, and the Frigg UK Association (FUKA) pipeline. NSMP owns 67% of SIRGE and 100% of FUKA.
- The terminal processed an average 552 mmcf/d of gas in 2021, which is 43% of that facility's capacity of 1,271 mmcf/d.
- SIRGE sends gas from West of Shetland fields, while the FUKA Pipeline connects gas resources in Norwegian waters to the NSMP St Fergus plant
- The Teeside Gas Processing Plant takes in gas from Central North Sea through the Central Area Transportation System (CATS) of offshore pipelines.
- NSMP also owns the Risavika Liquefaction Plant in Norway, which has the capacity to liquefy 300,000 metric tons of gas each year.

UKCS Operations

- NSMP has the capacity to receive 1.27 billion cubic feet of gas per day from its connected pipelines at its St. Fergus Gas Plant
- In 2020, 45% of this capacity was used. This utilization rate increased to 47% as the Martin Linge field in Norway began operations. It is expected that Rosebank oil and gas field in the West of Shetland area will send its 150 billion cubic feet of gas to the NSMP St Fergus site, which would increase this percentage further.

Recent Developments

- 6th May 2022 – Sayma Cox is announced as the new CEO of NSMP, replacing Andy Heppel who was CEO from 2012
- 26th January 2022 – NSMP appoints PX Group to operate the Risavika Liquefaction Plant
- 7th December 2021 – NSMP becomes a 10% partner in the Acorn Project
- 2nd November 2021 – NSMP acquires 100% ownership of Risavika Liquefaction Plant in Norway.

Emissions Reductions

- NSMP argue that prioritising domestic oil and gas production over imports will be important in achieving net zero. This is because of the relatively lower carbon intensity of locally produced oil and gas compared to the additional carbon emitted when transporting imports into the UK.
- NSMP say they will implement opportunities for electrification where this provides the biggest reduction in emissions, and rapidly reduce, or phase out where possible, gas flaring across all operations.
- NSMP will prioritise improving efficiency and building throughput capacity to support extending the lifetime of gas fields.

Shell

Background

- Shell (officially, Royal Dutch Shell PLC) is a Dutch multinational oil and gas company, and is one of the 7 'supermajor'¹ oil and gas firms. Shell has an average of 86,000 employees in more than 70 countries.
- According to Shell UK's assessment of their UK operations², the company produces around 10% of the UK's Oil and Gas and supports 6,000 jobs in the UK. Shell operates in the central, northern, and southern areas of the North Sea.
- Shell did not pay any tax in the UK in 2020 because of losses in 2020 and previous years, and also because of its upstream investments in the UK continental shelf. Shell also received tax refunds associated with the costs of decommissioning.
- Shell's gas plants (at Bacton, Fife and St Fergus), pipeline systems and import terminals deliver more than 20% of the UK's gas supply to the energy system, including substantial volumes piped from Norway.
- Shell is also a shareholder in the Dragon Liquefied Natural Gas (LNG) terminal in Wales which imports LNG from 19 different countries. At their Mossmorran petrochemicals joint venture facility in Scotland, they extract ethane from North Sea gas which is then processed into ethylene, needed to make everyday items such as phone cases, car parts and shampoo.

UKCS Operations

- Shell extracted 119 thousand barrels of oil equivalent per day (kboe/d) in 2021 in the UKCS.
- Shell has around 739 million barrels of oil reserves on the UKCS, and 256 million barrels of oil equivalent (boe). This amounts to 995 million boe, which is equivalent to 23% of the UKCS current sanctioned reserves (4.4 billion boe)³.
- Shell currently operates in 50 fields and 26 platforms (including one floating platform) in the North Sea.

¹ 'Supermajor' refers to non-state-owned oil and gas firms which are the seven largest in the world. The supermajors are considered to be BP, Chevron, Eni, ExxonMobil, Royal Dutch Shell, TotalEnergies, and ConocoPhillips.

² [What we do | Shell United Kingdom](#)

³ [UK Oil and Gas Reserves and Resources \(nstauthority.co.uk\)](#)

Recent Developments

- 6th October 2022 – Shell is revealed to be the new owner of Victory gas field, one of the five listed oil and gas infrastructure projects the UK Government wishes to accelerate the development of.
- 10th August 2022 – Shell is in the process of purchasing four UK-based solar farm projects currently being developed by Anesco, to help meet growing demand for renewable power in the UK.
- 11th May 2022 – Shell UK aims to have 100,000 public EV charge points for 90% of drivers to be within 10 minutes’ drive of a shell rapid charger by 2030.
- 12th April 2022 – Shell and Uniper sign co-operation agreement to progress plans for low-carbon hydrogen production at Uniper’s Killingholme site in North Lincolnshire with a capacity of up to 720 megawatts.
- 9th March 2022 – ScotWind partners, ScottishPower and Shell, are set to invest a total of £75 million to help the supply chain and businesses support the growth of the offshore wind industry in Scotland. The projects have the potential to create enough clean energy to power almost 8.5 million homes – more than three times the number of homes in Scotland.

Emissions reductions and energy transition

- Shell has a net zero emissions strategy⁴, which involves reducing operational emissions, and capturing or offsetting remaining carbon emissions, and investing in renewables, electric vehicles and biofuels.
- Shell’s targets for 2030 would result in the company supplying renewable electricity to 50 million homes (globally), operating 2.5 million EV charging points, and increasing their biofuel and hydrogen sales percentages from 3% today, to 10%.
- Shell aims to reduce the carbon intensity of its energy products (oil/gas derivatives) by 20% by 2030. They also ‘seek to have access to’ an additional 25 million tonnes of annual carbon capture and storage (CCS) technology by 2035 globally.
- By 2030, Shell has stated that it will end routine flaring of gas, and by 2025 shell expects to have a methane emissions intensity of their assets at below 0.2%.

Scottish Cluster

Background

- The Scottish Cluster is a group of Scottish industrial emitters linked to the Acorn CO2 transport and storage (T&S) system. Emitter projects include:
 - At St Fergus – CO2 extraction from St Fergus Gas at SAGE Terminal, Acorn Carbon Capture and Acorn Hydrogen
 - At Peterhead – Storegga Direct Air Capture, Peterhead CCS Power Station
 - In Grangemouth – Fife Hydrogen Hub, The Grangemouth Project

⁴ [Achieving net-zero emissions | Shell United Kingdom](#)

- Acorn Project partners are: Harbour Energy, Storegga, Shell and North Sea Midstream Partners (NSMP).
- You will be aware that in October 2021 the Scottish Cluster was selected as a ‘reserve cluster’ in the BEIS CCUS cluster sequencing process and SG has publicly conveyed support for the Cluster, called for the Cluster to be elevated to Track-1 status and offered to work with the UK Government to accelerate the Cluster’s development (including through an offer of £80m funding from our Emerging Energy Technologies Fund). You were provided a detailed update on this work in June (Submission – BEIS CCUS Cluster Sequencing Process – Scottish Government Activity – Update and Next Steps). You agreed to the suggested approach of influencing Track-2 timings and criteria to maximise the Scottish Cluster’s chances of success.

Recent developments

- Following the June 28 submission, officials shared information with BEIS on Track-2 design considerations and the importance of CCUS to Scotland’s emissions reduction targets. BEIS agreed to work with the Scottish Government on Track-2 criteria. SG officials met with BEIS to progress this and discuss other cluster sequencing matters on 15 August 2022. BEIS officials noted that the Track-2 process is still being designed. SG officials shared updated Track-2 recommendations (developed following further engagement with the Scottish Cluster and Stroegga) and BEIS officials agreed to consider these and welcomed the opportunity to continue to work with SG on this.
- Officials have continued to meet regularly with Scottish Cluster representatives (including visiting St Fergus on 26 July) and have been supporting the Cluster’s ongoing work of reaching out to key Scottish emitters to support the Cluster’s expansion and improve the business case for Track-2.
- Officials are also continuing to work with the Scottish Cluster on the availability of pipeline transportation, specifically Feeder 10, to ensure Central Belt emitters have access to CO2 storage via Acorn. This includes engagement with National Grid, which recently indicated that Feeder 10 might be required for transporting hydrogen but following successful lobbying are now considering its use for CO2 transport as well, although there are no guarantees at this point.
- On 03 August, officials met the Scottish Cluster to discuss possible funding for a gathering network study and a programme of funding support to unlock new CCS projects in Scotland. The Scottish Cluster agreed to develop the concept further ahead of future discussions on what such a study could achieve.
- The Track-1 Phase-2 shortlisted emitter projects were announced by BEIS on 12 August. No Scottish Cluster emitter projects are included and BEIS has advised SG (including through a letter from Minister Hands to the Cabinet Secretary) that this does not indicate any change to the reserve status of the Scottish Cluster, although this was not included in the public announcement.
- Given recent political developments in Westminster, BEIS has indicated that Track-2 is now unlikely to be launched in 2022.
- Any impacts of the potential independence referendum on the Scottish Cluster’s current position in the cluster sequencing process and its Track-2 prospects will also need to be kept under consideration going forward. Officials continue to consider the implications of this.
- The Cabinet Secretary for Net Zero, Energy and Transport visited Shell’s St Fergus Gas Terminal site on 19 August and met with representatives from Shell and the Scottish Cluster Partners.

- The Scottish Cluster wrote to the former SoS BEIS (now Chancellor) Kwasi Kwarteng on 24 August to make the case for the elevation of the Scottish Cluster from reserve status to full Track-1 status.
- On September 15, the SoS BEIS Jacob Rees-Mogg said that the Energy Bill (which contains legislation to enable the deployment of Track-1 Clusters and future CCUS projects) will be put on hold in order to prioritise legislation to provide emergency support for businesses.
- Note that on 26 September Labour pledged that they will undo the UK Government's decision and fund the Scottish CCUS Cluster as one of the first projects made by a state-owned investment fund.
- Note also that SNP activists are planning to table a motion at the SNP Conference to attempt to force the party to rethink the reliance on carbon capture without a "full-scale independent study" into whether the technology actually works.

[REDACTED]

TOP LINES

Oil and gas

- The Scottish Government's position is clear that unlimited extraction of fossil fuels is not consistent with our climate obligations.
- This is why we have consistently called on the UK Government, to urgently re-assess all approved offshore oil and gas licenses where drilling has not yet commenced, against our climate commitments.
- We recognise that Oil and Gas continues to play an important role in our energy mix, and our economy.
- But we must focus on how to accelerate the development of new sources of energy, with associated new jobs so that we can move away from oil and gas more quickly, with a presumption as far as possible against new development.
- We are already investing in the sector's net zero transformation. In addition to our expanded, £75m Energy Transition Fund and £100m Green Jobs Fund, our £500m Just Transition Fund will support the north east and Moray to become one of Scotland's centres of excellence for the transition to a net zero economy.
- Scotland's first Just Transition Plan, being developed for a refreshed Energy Strategy, will set out how the economic and social impacts of transition will be managed.
- We are undertaking work to better understand Scotland's energy requirements as we transition to net zero, ensuring we support and protect our energy security and our highly skilled workforce whilst meeting our climate obligations.

On 26 July Greenpeace lodged a legal challenge with the Advocate General for Scotland and the NSTA regarding the granting of consent for the Jackdaw Field.

- BEIS have said publicly that they could not comment on live legal proceedings.
- A Shell spokesperson said: *"We are aware of Greenpeace's legal challenge against the UK regulator in relation to the Jackdaw consent decision. The court will decide in due course on whether this challenge is allowed to proceed. As per the regulatory approvals given and final investment decision taken, we are progressing the project which has the potential to produce more than 6% of UK gas production at a time when UK energy security is critically required."*
- The Scottish Ministers are not a party to the case, which we understand to be between the UKG, including the NSTA, and Greenpeace. We have therefore not formed a position on the case and don't have any comments.
- **Background:** On 2 June, Shell received approval from both the NSTA and OPRED (Offshore Environmental Petroleum Regulator for Environment & Decommissioning) to proceed with the development of the Jackdaw Gas Field.
 - Shell has previously said that at its peak, the field could account for 6.5% of UK gas, with the aim of first production in Q3-Q4 2025.

On 28 July Shell published its first-half results reporting pre-tax profits of \$36.9bn.

- This figure is around three times greater than the equivalent period in 2021, when Shell posted profits of \$12.3bn.
- Revenue for the first half of the year stood at \$184bn, up from \$116bn last year, while adjusted earnings topped \$20bn.

'Windfall Tax Calls' and the Energy Profits Levy

- A windfall tax should apply fairly to all companies benefiting from significantly higher profits. This would also ensure that Scottish industry does not carry a disproportionate burden of funding a UK-wide response.

- That is why we are calling on the UK Government to extend the windfall tax to all companies benefiting from significantly higher profits through the pandemic and energy crisis – as well as scrapping VAT on energy bills.

CCUS

- The Scottish Government supports the development of CCUS as a common whole-system decarbonisation infrastructure with the flexibility to adapt over time to play a central role across the decarbonisation strategies of key sectors such as heat, industry and power.
- It is clear that CCUS will play an important role in helping us to reach net-zero emissions. Advice from the Climate Change Committee describes CCUS as a “necessity, not an option” to achieve net-zero emissions.
- Scotland’s key CCUS resource is our vast potential for CO2 storage in the North Sea, estimated at 46Gt of CO2 storage in Scottish waters. Legacy oil and gas infrastructure offers us rare access to these storage sites.
- The development of strategically located CCS infrastructure in Scotland’s industrial clusters in Grangemouth and the North East could protect and ensure the just transition for important domestic industries into a low-carbon future, protecting jobs and utilising existing skills.
- Scottish Government economic scenario analysis shows CCUS would have a positive impact on the Scottish economy. In 2045 Scottish GDP could be 1.3-2.3% (£3.8Bn-£6.7Bn) higher in scenarios with CCUS, than without.

Scottish Cluster

- We consider the Scottish Cluster’s Acorn CCS project to be uniquely placed to be the least cost and most deliverable opportunity to deploy a full chain CCS project in the UK.
- The Scottish Cluster is absolutely vital for a just transition to net zero - not just in Scotland, but across the UK.
- The UK Government decision is a serious mistake which shows a clear lack of ambition and leadership on climate change. We have called on the UK Government to reverse it, and to accelerate the Scottish Cluster to full Track-1 status without delay.
- We do not hold all the necessary legislative and regulatory levers needed to support the Scottish Cluster, as they are not devolved. UK Government support including access to BEIS business models is essential to providing the certainty and support required to accelerate the Scottish Cluster project.
- We remain committed to supporting the continued growth and development of the Scottish Cluster to ensure that Scotland reaches its net zero goals by 2045.
- We are working constructively with the UK Government to ensure the Scottish Cluster has the certainty it needs to continue its development. To this end, we have continued to advocate for the cluster in our engagement, and have offered £80 million from our Emerging Energy Technologies Fund to accelerate its deployment.

Energy Prices

- It is clear that the UK currently faces a rapidly escalating emergency that goes beyond simply the cost of living and is now a more general cost of everything crisis. This emergency may be of a different nature to the COVID-19 pandemic, but it is on a similar scale.
- In the absence of substantial and urgent action, this emergency will cause acute deprivation and suffering. It will affect access to practical necessities for millions of people across the UK. Bluntly, it will cost lives.

- To illustrate the severity of the situation, the Scottish Government estimates that, even with current UK Government mitigations, at least 700,000 households in Scotland - 30% of all households - will be living in extreme fuel poverty by October. That number could be even higher, if the Ofgem price cap for October 2022 is above £2,800.
- It is essential, therefore, that the response from government at every level is commensurate, in scale and speed, to the nature and magnitude of the emergency.
- In developing a response, governments must first and foremost address immediate need. We must all focus on supporting individuals, businesses and jobs by addressing the principal root causes of the problem.
- Scottish Ministers are clear that the powers and resources needed to tackle this emergency on the scale required - access to borrowing, welfare, VAT on fuel, taxation of windfall profits, regulation of the energy market - lie with the UK Government. This is reflected in the actions we have proposed.
- At the same time, the Scottish Government will continue to do everything within our resources and powers to help those most affected.

North East and Moray Just Transition Fund

The Just Transition Fund is a transformative investment in the North East and Moray. We are committed to working closely with stakeholders to ensure the first £20m of the Fund helps accelerate the transition to a fairer, green economy.

- The Just Transition Fund is a ten year, £500m investment to support a fair transition to net zero and to diversify the regional economy.
- Over the last few months the Minister for Just Transition has engaged extensively across the North East and Moray, speaking to businesses, workers, trade unions, communities and local authorities to understand how we can best use this Fund to deliver on their vision for the region.
- This meaningful collaboration will allow the Fund to truly reflect the regional priorities of the people who live and work there.
- The Scottish Government has published [31 May] the application guidance and criteria for the Fund. **The Fund is now closed** as of 15 July.
- This year, £19m will be open for competitive bids. The remaining £1m will be ring-fenced via participatory budgeting, whereby local communities will be able to influence and have a direct say on how money is spent in their local areas.
- The Just Transition Fund for the North East and Moray will help finance organisations, businesses, communities and individuals to transition to net zero, creating jobs in low carbon industries and contributing to the region's future prosperity.

Energy Strategy and Just Transition Plan

- The Energy Strategy Just Transition Plan will be published in 2022.
- The 2017 Energy Strategy provided an ambitious vision for Scotland's energy system and was the first time we had published a strategy covering the whole sector.
- Since 2017 we have committed to Net Zero, legislated to eradicate fuel poverty as far as is practical, experienced a major pandemic, and published an updated Climate Change Plan providing a detailed, clear and credible pathway to meeting emissions targets over the period to 2032.
- The Energy Strategy and Just Transition Plan will provide an opportunity to bring the strategy for Scotland's energy sector up-to-date and allow us to respond to these new challenges and emerging opportunities.

- The ESJTP must set out how we will ensure a fair and just transition for the people of Scotland and how we will credibly deliver on our sectoral emissions reductions in line with statutory climate targets to 2045.
- To develop the ESJTP, we are taking a range of approaches to build agreement among citizens, places, businesses and workers about priorities and where we most need to see action. The variety of approaches reflects our need to hear from a wide range of different groups.
- The ESJTP will recognise the crucial role of CCS in achieving net zero by 2045 and our interim emissions targets, and the flexibility it provides in decarbonising Scotland's energy system.

Dounreay site stakeholder group engagement for ESJTP

<i>Date and Time of Engagement</i>	Friday 26 th August – Morning 9:30-11:30 am
<i>Where</i>	Pentland Hotel, Princes Street, Thurso KW14 7AA Caithness
<i>Who</i>	<p>The Dounreay site stakeholder group is a community group composed of multiple different representatives of the community including workers, businesses etc. who are consulted on all matters related to the nuclear plant Dounreay and its ongoing decommissioning process.</p> <p>The relationship is held with the Nuclear Decommissioning Authority (NDA) and Nuclear waste disposal and decommissioning team in Scottish Government</p> <p>NOTE: As part of ongoing engagement linked to the ESJTP, officials facilitated an online workshop with Huntertson and Chapelcross site stakeholder groups earlier this week (24 August) – this is being supplemented by use of the Scottish Government dialogue platform to capture views over the coming week. We will invite this group to access the same platform following this roundtable event.</p> <p>Officials are currently analysing the outputs of engagements to date, and further advice on this will follow.</p>
<i>Key Purpose / Message</i>	<p>Key Purpose: To engage with the community group at Dounreay on Just Transition for the Energy Strategy and Just Transition Plan; you committed to engage with the group over summer in response to correspondence from Maree Todd MSP's earlier in the year.</p> <p>The session offers an opportunity to hear directly from community and sector representatives about what a just transition needs to look like for the Caithness area. as our energy system changes and the decommissioning process continues/winds down at Dounreay.</p> <p>You will be able to give some brief opening remarks and then chair a roundtable discussion with the group (of 31). This give an opportunity for the group to share their views on opportunities, risks, actions and priorities in the context of the Energy Transition and the Decommissioning process at Dounreay. A speaking note will be provided separately.</p> <p>Material has been shared with the group in advance (see ANNEX C), to help frame discussions.</p>
<i>Top Facts / Figures</i>	<p><u>Dounreay Key Features:</u></p> <ul style="list-style-type: none"> • Direct employment – approx.1350 • Supply chain – approx. 800 • Directly impacts 1 in 5 jobs (indirectly impacts 1 in 3). • Annual spend – circa £200 million (actual of £169m in 2020/21)

	<p>due to reduced activity)</p> <ul style="list-style-type: none"> • Interim end state (all redundant facilities decommissioned): 2033 (under review) • Institutional controls required until 2333 to allow for radioactive decay. <p><u>Dounreay key achievements 2020-21:</u></p> <ul style="list-style-type: none"> • Reached 67% of reactor defueling (target impacted by COVID) • Reached 55% of fuel consolidation at Sellafield • Major contracts let for shaft and silo waste retrieval project • 1.7 tonnes of sodium removed from bottom of prototype fast reactor • Total Recordable Incident Rate: 0.04 (target – below 0.1) • Change of ownership from Cavendish Dounreay Partnership to NDA completed • “Best COVID response” award in UK nuclear industry for community support during lockdowns • First group of surveyors to qualify through new 2-year health physics training programme
Sensitivities	(REDACTED)
Official Support	(REDACTED)
	Parking available on the street outside the hotel

Briefing Contents

Annexes	<p><i>Annex A - At a glance summary</i></p> <p><i>Annex B - Dounreay Stakeholder Group, attendees, Agenda</i></p> <p><i>Annex C - Nuclear, Decommissioning and Dounreay</i></p> <p><i>Annex D - Highlands & Islands Economy, Caithness and the Region Deal</i></p> <p><i>Annex E - Fuel Poverty</i></p> <p><i>Annex F - Green Jobs & Green Skills</i></p> <p><i>Annex G - Just Transition</i></p> <p><i>Annex H - Energy and ESJTP</i></p> <p><i>Annex I - Pre-event materials (shared with group 23/08)</i></p>
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ANNEX A – AT A GLANCE SUMMARY PAGE

Just Transition & ESJTP

- Our Just Transition Plan for the Energy Sector, to be published in 2022, will amplify the voices of those most impacted by the transition and set out how changes in the energy sector in the decade ahead will be made fair for all.
- The Plan will establish a shared vision for Scotland's energy system, and identify concrete steps to manage the economic and social impacts of the transition fairly.
- Delivering to 2030 is our biggest priority and the most difficult challenge. Our Energy Strategy and Just Transition Plan will provide a clear roadmap, providing certainty for businesses, workers and communities

Caithness – Economy & Employment

- Median earnings in Caithness, Sutherland and Easter Ross 5.4% lower than elsewhere in Highlands, which itself is 2% lower than Scotland.
- Service sector accounts for 75% of total employment in Caithness Sutherland and Easter Ross. Manufacturing – 8%
- Deprivation: 11% of Caithness (4 out of 38 data zones) sits in the 20% most deprived data zones in Scotland (Scottish Index of Multiple Deprivation 2020).
- Unemployment rate in Highlands is 2.8%, Scotland it is 3.4% - (can't get more precise for Caithness)
- Employment rate in Caithness Sutherland and Easter Ross: 67.9%

Roundtable agenda

- 9:30 am – Arrival tea/coffee informal chatting
- 10:00 am – **Ministerial address**
- 10:05 am – Roundtable group introductions
- 10:15 am – Discussion 1 – Opportunities and risks for the area
- 10:50 am – Break
- 11:00 am – Discussion 2 – Actions to overcome risks and capitalize on opportunities
- 11:25 am Closing remarks
- 11:30 am - end

Dounreay Key Features:

- Direct employment – approx..1350
- Supply chain – approx.. 800
- Directly impacts 1 in 5 jobs (indirectly impacts 1/3)
- Annual spend – circa £200 million (actual of £169m in 2020/21 due to reduced activity)
- Interim end state (all redundant facilities decommissioned): 2033 (under review); institutional controls required until 2333 to allow for radioactive decay.

Dounreay Stakeholder Group Just Transition Roundtable

Nuclear Energy & Decommissioning

- The Scottish Government is absolutely clear in our opposition to the building of new traditional nuclear fission energy plants in Scotland under current technologies.
- We believe that significant growth in renewables, storage, hydrogen and carbon capture provides the best pathway to net zero by 2045, and will deliver the decarbonisation we need to see across industry, heat and transport. New nuclear power will take years, if not decades, to become operational and will also be expensive – pushing up household bills.
- The Scottish Government places great importance on the need to address Scotland's radioactive waste legacy and is committed to the safe, secure and responsible management of waste.
- Scotland has a highly complex and challenging nuclear decommissioning and radioactive substances landscape.
- We work closely with partners including SEPA and the Nuclear Decommissioning Authority (NDA) to ensure the efficient and effective management of radioactive substances and nuclear decommissioning in Scotland.

ANNEX B Dounreay stakeholder group background and agenda

Dounreay Stakeholder Group is a forum for community leaders to scrutinise the site's performance, to engage with the industry and its regulators and reflect the views of the local population.

- The group was formed in 2005 as part of the commitment of the Nuclear Decommissioning Authority (NDA) to establish stakeholder groups around each of its sites.
- The NDA provides an annual budget of £30,000 and a secretariat through Dounreay Site Restoration Ltd (DSRL).
- The group meets 4 times a year in public to consider reports of work carried out by its various committees and receive reports from the site, the NDA and regulators.
- Consulted by both the Scottish Government Nuclear Decommissioning team and the Nuclear Decommissioning Authority (NDA).

Agenda

9:30 Arrival tea/coffee	
10:00 introductions	Roundtable introductions
10:10 Ministerial opening	Mr. Lochhead to give a brief introduction, providing an overview of JT, ESJTP our engagement so far and what we want to talk about at the session.
10:15 – Discussion ONE Opportunities and risks to the area associated with energy Transition	The group has been given materials in advance on Just Transition, ESJTP and the key energy system changes likely to take place. They have been asked to consider the major opportunities & risks (and actions) for the area/community arising from the energy transition and bring these ideas and thoughts to the session today, to frame discussions. Suggest splitting the session into two sections, allowing 15 minutes for discussion around key risks, and 15 minutes for key opportunities
10:45 BREAK	
10:55 Discussion TWO Actions required	As above, the group has been asked to consider priority actions for taking advantage of any opportunities arising and mitigating risks. As above, suggest splitting the session into two and allowing 15 minutes for priority actions to capture opportunities and 15 minutes on priority action on mitigating risks.
11:25 closing remarks	Minister will draw the session to a close by offering some brief closing remarks.
11:30 END	Suggested speaking notes will be alongside briefing pack, which he may wish to supplement with any personal reflections on what he has heard through the

	<p>course of the session.</p> <p>Point towards our online forum, our dialogue platform to carry on the conversation. The group will be provided with an online link that is exclusive to them. This will be open until Monday 5th September, and can inform development of the Energy Strategy and Just Transition Plan.</p>
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Attendees

- (REDACTED) (DSRL Stakeholder Relations Manager)
- (REDACTED), DSRL
- (REDACTED) DSRL, Head of Sustainability and Socio Economic
- (REDACTED) DSRL Senior Environmental specialist
- (REDACTED) DSRL Head of Communications

Dounreay Stakeholder Group (DSG)

- (REDACTED) Chair, Highland Councillor
- (REDACTED) Highland Councillor
- (REDACTED) DSG Site Restoration sub group, Chair
- (REDACTED) Highland Against Nuclear Transport
- (REDACTED) Women in Nuclear
- (REDACTED) Highland Councillor
- (REDACTED) Wick and Thurso Trade Union Council
- (REDACTED) North Highland College, UHI
- (REDACTED) Buldoo Residents Group, Chair
- (REDACTED) Senior Dounreay TU Lead
- (REDACTED) Caithness & North Sutherland Regeneration Partnership
- (REDACTED) Caithness Chamber of Commerce, CEO
- (REDACTED) Scrabster Harbour

Others attending, linked to but not formal members of DSG

- (REDACTED) NDA Stakeholder Lead, Scotland
- (REDACTED) Caithness & North Sutherland Regeneration Partnership
- (REDACTED) Prospect Union
- (REDACTED) Prospect union
- (REDACTED) Dounreay TU Lead rep
- (REDACTED) Dounreay TU Lead rep
- (REDACTED) Dounreay TU Lead rep
- (REDACTED) Office Manager for Maree Todd, MSP
- (REDACTED) West of Orkney Windfarm

ANNEX D - NUCLEAR, DECOMMISSIONING AND DOUNREAY

Nuclear Fission Top Lines

- The Scottish Government is absolutely clear in our opposition to the building of new traditional nuclear fission energy plants in Scotland under current technologies.
- We believe that significant growth in renewables, storage, hydrogen and carbon capture provides the best pathway to net zero by 2045, and will deliver the decarbonisation we need to see across industry, heat and transport. New nuclear power will take years, if not decades, to become operational and will also be expensive – pushing up household bills.
- The transition to net zero will offer many new opportunities for highly skilled, well paid jobs across the energy sector for industry experts, apprentices and graduates. Scotland has long been the centre of expertise in energy innovation and this expertise will prove crucial as we work to capture the opportunities the transition to a net zero economy presents.
- We recognise that planning will be crucial to ensure that economic and social opportunities from the transition are not missed. Our National Just Transition Planning framework sets out the consistent, ambitious approach we will take to developing transition plans. We have committed to delivering our first Just Transition Plan as part of the forthcoming refreshed Scottish Energy Strategy, and will work in partnership with businesses, workers and communities to ensure this provides the certainty needed for investment in our net zero journey.

Nuclear Fusion Top Lines:

- We are aware of increasing interest in the development of fusion energy and remain open to new technologies, assessing them on safety, environmental concerns, cost and the contribution to Scotland's low carbon and energy future.
- However, it is clear that there is a long way to go in terms of understanding both the risks and opportunities that fusion energy presents.
- We will continue to assess any such new technologies based on safety, value for consumers, and contribution to Scotland's low-carbon economy and energy future

Nuclear Decommissioning Top Lines

- The Scottish Government places great importance on the need to address Scotland's radioactive waste legacy and is committed to the safe, secure and responsible management of waste.
- Scotland has a highly complex and challenging nuclear decommissioning and radioactive substances landscape.
- We work closely with partners including SEPA and the Nuclear Decommissioning Authority (NDA) to ensure the efficient and effective management of radioactive substances and nuclear decommissioning in Scotland.
- Scotland, like other countries in the UK, is required to develop policy and regulatory frameworks to ensure the safe management of radioactive waste on its territory. This is an obligation as set out in the international Joint Convention on Radioactive Waste Management.

Higher Activity Radioactive Waste Policy

- The Scottish Government has a clear policy for the management of Higher Activity Radioactive Wastes. Our policy is that the long-term management of higher-activity radioactive waste should be in near-surface facilities located as near as possible to the site where the waste was produced.

- SG is developing a work programme to progress the 2011 Higher Activity Radioactive Waste policy and will engage with nuclear site groups and stakeholders as this progresses.
- The development of the 2016 Higher Activity Radioactive Waste Strategy honoured the commitment to review the 2011 Policy within the first 10 years. This was set out in the 2016 Strategy document along with the commitment to review the policy and strategy together moving forward.
- Initial work to scope a review of the 2011 Policy concluded that on balance no fundamental changes are required and the policy is well understood.

ANNEX D HIGHLANDS & ISLANDS ECONOMY; REGION DEAL

TOP LINES

- The investments we are making through regional growth deals, our enterprise bodies and other programmes will deliver significant and lasting benefits for individuals, businesses and communities across the area.
- Through our city and regional growth deal programme for example we are investing £242.5m across the Highlands and Islands to support strategic projects defined by local partners to unlock potential and stimulate growth.
- Deal Projects extend across a range of themes including tourism, business infrastructure, innovation, energy, connectivity and support for key industry sectors to create jobs and make the area an attractive place to live and work.

INVERNESS & HIGHLAND CITY REGION DEAL (SIGNED JANUARY 2017)

The Scottish government is a full partner in the Inverness & Highland City Region Deal, contributing £135 million over 10 years. The Deal aims to drive inclusive economic growth across the region through investment in housing, skills, innovation and entrepreneurship, tourism, transport and digital. The Inverness and Highland City Region Deal is one of 12 City and Region Deals and one of nine currently in delivery. Three are currently at Heads of Terms.

KEY FACTS

Labour Market in Highlands & Islands

- The regional employment rate (for those aged 16-64) for the most recent period (January 2021 to December 2021) was 73.6% compared with 73.1% for Scotland as a whole. The economic activity rate was 76.3%, compared to 76.2% nationally.
- Regional unemployment (for those aged 16+) for the most recent period (January 2021 to December 2021) was 3.3% compared to 3.9% for Scotland as a whole.
- Self-employment (for those aged 16+) for the most recent period (January 2021 to December 2021) was 7.6%, which was higher than Scotland as a whole at 6.3%
- Overall statistics can however mask issues like seasonality of work for many.

Geography

- The Deal encompasses the area covered by The Highland Council (THC).

Objectives

- This 10 year investment programme aims to deliver a step change in regional economic performance by investing in strategic projects which will improve transport, innovation, digital connectivity, housing, skills, infrastructure and tourism.

Investment:

- The £315 million Inverness and Highland City-Region Deal was formally signed on 30 January 2017.
- The Deal sets out SG investment of up to £135 million, UKG investment of up to £53.1 million and investment by The Highland Council (THC) and regional partners of £127 million.

Project Overview

- The Deal comprises 12 projects and programmes, developed in line with HMT Green Book and overseen by the Programme Management Office based within Highland Council.

CAITHNESS ECONOMY

Population

- 2020: 38,037. This represented 0.7% of the population of Scotland.

Labour Market April 2021-March 2022

	Caithness, Sutherland and Easter Ross (UK Parliament constituency area)	Highland	Scotland	UK
Claimant count rate (July 2022)	2.8%	2.3%	3.2%	3.7%
Unemployment rate (16+)	----	2.8%	3.4%	4.1%
Employment rate (16-64)	67.9%	70%	73.8%	75.1%

Earnings

- Median weekly full-time earnings for employees living in Highlands 2% lower than the Scottish average in April 2021 (£611 in Highland and £622 in Scotland).
- Earnings in Caithness, Sutherland and Easter Ross lower again (5.2% lower than earnings in Highland).
- 14.4% of all employees (18+) who work in Highland with hourly pay **below the Living Wage** (2021), was below the figure for Scotland as a whole, at 19.4%.

Employment by sector, 2020

- Service sector accounted for 83% of total employment in Highland, 75% in Caithness, Sutherland and Easter Ross, and 84% in Scotland.
- Manufacturing accounted for 5% of employment in Highland, 8% in Caithness, Sutherland and Easter Ross, and 7% in Scotland.

Qualifications

- 29% of people (aged 16-64) in Highland held a degree level qualification in 2021 (Scotland 36%).
- 7% of people (aged 16-64) with low or no qualifications at SCQF level 4 or below (SCQF Level 4 refers to qualifications at, or equivalent to, National 4) in 2021 7% in Highland, 10% for Scotland.

GVA

- GVA per hour worked in Highlands: £35.6 (£36.9 in Scotland)

Deprivation

- According to the Scottish Index of Multiple Deprivation 2020, 11% (4 out of 38) data zones in Caithness were in the 20% most deprived data zones in Scotland.

Business performance

- In 2020, the business start-up rate, at 37 per 10,000 resident adults in Highland, was below the rate for Scotland as a whole, at 39. In 2019, business expenditure on R&D per head in Highland, at £90, was below the figure for Scotland, at £258.

Small businesses

- In 2021, small enterprises accounted for 49% of employment in Highland, compared to 37% in Scotland as a whole.

CAITHNESS PROJECTS FUNDED BY INVERNESS & HIGHLAND CITY REGION DEAL

Project	Funding £ m	Description/ Outcomes	Status
Science Skills Academy Funding Package: SG UKG Regional Partners	3.1 3.0 - 0.1	<p>The project will work with partners including Highland Council, Highlands and Islands Enterprise (HIE), Skills Development Scotland (SDS) and the University of the Highlands and Islands (UHI) to establish sites for Newton Rooms in 5 locations, working with local education and businesses in each area:</p> <p>Key outcomes Include:</p> <ul style="list-style-type: none"> • The creation of the SSA hub • The creation of a minimum of 5 Newton Rooms in the Highland Region • 9,500 school children attending a Newton Room one day per annum • increased business investment in developing a pipeline of skills for the science, technology, engineering and digital sectors • Numbers of 'rentals' of SSA facilities • Numbers of school children taking/passing STEM D examinations • School leaver destinations to STEM D FE/HE and employment • Reduction in STEM D vacancies deemed 'hard to fill' • Increase in STEM D jobs • Increase in technology start-ups • Increase in the numbers of inward investing (STEM D) companies attracted 	<p>Commenced Drawdown FY2016-17</p> <p>FBC Approved</p> <p>Update: Newton Rooms provide STEM D skills workshops and interactive lessons to young people. Two Newton Rooms were opened in 2019 at Caithness (Thurso) and Fort William with a further room opened in Dingwall Autumn 2020. In 2021, a temporary Newton Room was opened in Inverness under a 12 month lease whilst a 'Pop-Up' Newton Room for the West Coast launched in August the same year.</p> <p>The SSA are undertaking an options appraisal to identify a host facility for the Inverness Newton Room following delays in obtaining planning permission for a custom-built self-contained on the HIE Inverness Campus.</p> <p>All Newton Room activity was paused between March 2020 and August 2021 due to COVID-19. New modules were developed during lockdown with some delivered through themed STEM D kit boxes which were distributed to every primary school in Highland Council (174 kits in total).</p> <p>Since opening, there have been over 11,900 Newton Room interactions.</p>

ANNEX E FUEL POVERTY

TOP LINES

- As part of a wider package of funding announcements made to tackle the cost of living crisis, in 2022/23 we have committed a further £10 million to continue our Fuel Insecurity Fund, which has been helping households at risk of self-disconnection, or self-rationing their energy use, since 2020.
- This recognises the ongoing need that households struggling with their energy costs will have for such support even outside the winter months.

FUEL POVERTY STATISTICS

- National Statistics from the most recent Scottish House Condition Survey show that 24.6% of households (around 613,000 households) were fuel poor in 2019.
- The same survey shows that in the Shetland Islands the fuel poverty rate was 31% (around 3,000 households) in the period 2017 to 2019.
- The Ofgem price cap has risen significantly since 2019 (an average of £1,170) and was set at £1,971 for April 2022. Assuming energy bills have increased in line with the April 2022 price cap and accounting for the support from the Scottish and UK Governments to help with the cost of living, we estimate that 34.9% of households in Scotland (around 872,000 households) would now be fuel poor.
- These numbers will inevitably increase given further substantial increases anticipated for the price cap for October 2022 and beyond and will also depend on whether there is additional government support to help with the cost of living.

FUEL POVERTY ACT, STRATEGY AND ADVISORY PANEL

Our Fuel Poverty Act is the most ambitious fuel poverty legislation in the UK, setting us challenging but achievable targets, that in 2040 no more than 5% of households are fuel poor, and no more than 1% are in extreme fuel poverty.

- Our Final Fuel Poverty Strategy was published on 23 December and includes actions to tackle each of the four drivers of fuel poverty: poor energy efficiency of the home; high energy costs; low household income; and how energy is used in the home.
- Members of the new independent statutory Scottish Fuel Poverty Advisory Panel were appointed at the end of last year. The Panel will provide an important means of external scrutiny of our progress towards meeting the fuel poverty targets.
- We look forward to working with the statutory Panel to create a fairer Scotland for all, and one where every household lives in a warm home they can afford to heat.

FUEL POVERTY DEFINITION

- The Act establishes a new 2 part definition whereby a household is considered fuel poor if:
 - more than 10% (20% for extreme fuel poverty) of their after housing costs net income is required to pay for their reasonable fuel needs; and
 - after further adjustments for childcare costs and receipt of specified benefits, their remaining income is insufficient to maintain an acceptable standard of living, defined as being at least 90% of the UK Minimum Income Standard (MIS).
- To take account of the generally higher costs of living in Scotland's remote and island communities, the legislation provides for uplifts to be applied to the MIS for households in these areas.

TACKLING RURAL FUEL POVERTY

- A report we commissioned from Loughborough University, completed in September, assessed the additional costs associated with living in remote and island communities in detail and established the uplifts to the Minimum Income Standard which we will apply to households in these areas when calculating fuel poverty.

- Unique remote rural challenges, such as differences in weather and housing stock characteristics, are also addressed under the new fuel poverty definition.
- Our energy efficiency schemes continue to spend more per head on installations in rural and remote areas where we know costs are higher.
- Through our Warmer Homes Scotland scheme we have made available renewable heat and micro generation measures some of which may be particularly beneficial to rural and remote communities not served by the gas grid. These include: ground source heat pumps, micro-wind and micro-hydro systems.

HEAT & ENERGY EFFICIENCY

We are stepping up our investment to accelerate deployment of heat and energy efficiency measures and to support those least able to pay – allocating at least £1.8bn over the course of this Parliament.

- We have just announced extra assistance via long-standing programmes that have already supported over 150,000 households in or at risk of fuel poverty.
- The eligibility criteria for the £55m Warmer Home Scotland fuel poverty scheme is currently under review, with a view to widening the criteria to enable more households in fuel poverty to benefit from the scheme.
- We are increasing the level of funding individual fuel poor households could benefit from through the £64m local authority-led Area Based Schemes.
- And we are expanding the Home Energy Scotland Advice service to help households keep their homes warmer and reducing bills – with capacity to support an extra 12,000 households a year, and doubling the offering to vulnerable households.
- This investment will make our homes warmer and cheaper to heat – progressing our commitments both to decarbonise the heating in 1 million homes by 2030 and to remove poor energy efficiency as a driver of fuel poverty.
- Our energy efficiency schemes are targeted at those in fuel poverty, including low income families with children, living in owner occupied or some privately rented homes, if they live in an energy inefficient property.

ANNEX F GREEN JOBS & GREEN SKILLS

TOP LINES

Our economy is undergoing transformation, with exciting new opportunities created in industries of the future every day that can deliver our just transition to net zero

- Our Just Transition to net-zero will necessitate the creation of new green businesses and jobs and the greening of existing jobs.
- Funding is available to support businesses to adapt their processes to become more energy efficient and/or to switch to lower carbon sources of energy; to develop new and emerging green technologies; and to enable new shared infrastructure and systems.
- Looking ahead, we don't yet know all the products or technologies that will be needed to achieve our climate change targets. But we are clear that we want a Just Transition, where Scottish-based manufacturers, their wider supply chains and our local communities understand and benefit from the deliberate shift needed.
- PwC Green Jobs Barometer [30 Nov 2021] demonstrated Scotland is the top ranked region in the UK, with the share of green jobs created in Scotland higher than in any other part of the UK.

GREEN JOBS FUND

We are investing £100 million over five years to help businesses create new, green jobs

- Our Green Jobs Fund is a five-year, capital fund of up to £100 million, which will support businesses and their supply chains to help them better transition to a low carbon economy.
- So far, more than 57 projects have been approved for funding. This amounts to £16.8m of funding, with around 3886 FTE jobs to be created and safeguarded from this.
- Our enterprise agencies will provide £50 million to businesses which provide sustainable or low carbon products and services to help them develop, grow and create jobs.
- Up to a further £50 million will help ensure that businesses and supply chains across Scotland can capitalise on our investment in five priority sectors: energy transition; transport; manufacturing; construction; agriculture and land use.
- The fund will support businesses to create green employment through investment in equipment and premises, and research and development.
- Our apprenticeship system and the National Transition Training Fund will support people into the green jobs created.

While the term 'green jobs' is widely used by analysts and influencers, there is currently no universally agreed definition either in the UK or worldwide.

- This has led to a number of different interpretations being used across the public sector in Scotland, with ONS, Skills Development Scotland, Scottish Enterprise and the Scottish Government all working to different descriptions or definitions of green jobs.
- SDS have commissioned the University of Warwick and University of Strathclyde to collaboratively undertake research, an aspect of which is to produce a definition on green jobs. It's likely one of the outputs of this work will be an estimate for the number of people employed in green jobs in Scotland. This research is expected to be completed and published in autumn 2022

GREEN SKILLS

- The **Climate Emergency Skills Action Plan** is central in defining our ambitions to create a future workforce that can support our transition to a net zero economy.

- It focuses on both immediate action as well as the longer-term systemic change that will need to take place by 2045 across our five priority sectors: energy transition; transport; manufacturing; construction; agriculture and land use.
Tackling climate change is not just about government policies or investment - there is a significant role for the whole of Scottish society in supporting transformational change. Scotland's Skills response to climate change needs to be a national endeavour.

Green Jobs Workforce Academy

- The Green Jobs Workforce Academy is an invaluable step in preparing our current and future workforce for green careers.
- The GJWA is accessible to all users, enabling a greater understanding of their green skills and green job opportunities, therefore, ensuring fairness and inclusion as part of our just transition to net zero.
- SDS will undertake a detailed impact assessment of the Academy to date including drawing out information on the profile of users and sectoral interests. This data will help inform the development of the next phase of the Academy.

NSET

- The Scottish Government's National Strategy for Economic Transformation recognises Skills as a critical ambition.
- We recognise that we are embarking on an economic transition towards a net zero, wellbeing economy and that as a Government we are committed to making that a just transition, ensuring that no one is left behind.
- The Strategy also makes clear that we will launch a new skills guarantee for workers in carbon intensive industries in line with the Just Transition Commission's recommendations.
- We will develop a guarantee for workers in carbon intensive sectors that supports individuals in identifying their skills needs and find suitable training offers.
- We will engage with individuals, employers and skills providers from design stage to develop this guarantee.

ANNEX G JUST TRANSITION

We are developing Just Transition Plans for sectors, regions and sites, ensuring our transition to net zero is a fair and managed transition.

- We recognise that planning will be crucial to ensure that the economic and social opportunities from the transition to net zero are not missed and that risks associated with rapid structural change are mitigated.
- Our ambitious approach builds on **our world-first National Just Transition Planning Framework** and sets out how we will be working with others on the economic and social impacts of transition.
- It has co-design at its heart, meaning that we will ensure that those who stand to be most impacted by the transition to net zero are given a voice in determining their future.

SECTORAL JUST TRANSITION PLANS

We have committed to develop Just Transition Plans covering all areas of the Scottish economy requiring decarbonising.

- We have sought advice from the Just Transition Commission on our approach to Just Transition Plans and will continue to draw on their expertise.
- We are increasingly embedding just transition into all of our work as a Government. The 2019 Climate Change Act requires that forthcoming Climate Change Plans address the challenges faced by sectors, regions and communities in Scotland and the policies Ministers set out to address these challenges.
- To fulfil this legal requirement and ensure that our climate change policies are fair, we will align our Just Transition Plans with the next Climate Change Plan, developing JTPs for Land Use and Agriculture, Transport, and Buildings and Construction.
- Our Just Transition Plan for the Energy Sector will be published for consultation later this year.

JUST TRANSITION ENGAGEMENT

Our approach to just transition puts co-design at the core of planning and policy; this means placing people and their needs at the centre to ensure the journey to net zero is fair, equal and green.

- We have already engaged in a series of roundtables with stakeholders in the North East of Scotland, including skills agencies, trade unions and business groups to inform the purpose and goals of the £500 million Just Transition Fund for the region.
- Over the course of Summer 2022, we are undertaking a further series of engagements with a wide range of stakeholders to inform the development of the Energy Strategy and Just Transition Plan.
- This will help to expose the possible benefits as well as potential risks that the energy transition poses for our stakeholders, including communities situated in carbon intensive industries, energy workers, young people and businesses.

ANNEX H ENERGY STRATEGY AND JUST TRANSITION PLAN

RISING ENERGY PRICES AND THE ESJTP

- Wholesale and retail energy prices are driven by the decisions of a global market. The energy strategy in itself will not determine prices, but it will help enhance the operating environment within which energy is produced in Scotland, as well factors such as enhancing our energy efficiency and how much energy is used.
- The Ukraine crisis has placed immediate pressures on the energy system and is exacerbating the costs of living crisis and the cost of doing business. The best way of reducing Scotland's exposure to these volatile prices is to cut fossil fuel consumption and deliver our net zero commitments.
- The continuing cost of living crisis and, additionally, the Russia-Ukraine conflict, has created further uncertainty in recent months. This continues to be an evolving situation and we need time to fully consider the implications of the impact on energy security and, more widely, the impact on our transition towards net zero.

JUST TRANSITION PLAN FOR ENERGY

Our Just Transition Plan for the Energy Sector, to be published in 2022, will amplify the voices of those most impacted by the transition and set out how changes in the energy sector in the decade ahead will be made fair for all.

- The Plan will establish a shared vision for Scotland's energy system, and identify concrete steps to manage the economic and social impacts of the transition fairly.
- Delivering to 2030 is our biggest priority and the most difficult challenge. Our Energy Strategy and Just Transition Plan will provide a clear roadmap, providing certainty for businesses, workers and communities.
- To develop the Energy Strategy and Just Transition Plan, we are taking a range of approaches to build agreement among citizens, places, businesses and workers about priorities and where we most need to see action.
- Our approach to engagement follows our National Just Transition Planning Framework and is grounded in our Net Zero Nation public engagement strategy. Both emphasise the importance of openness and co-design, while taking an evidence-based and adaptable, iterative approach.
- This summer we are engaging with those most likely to be impacted by the energy transition, in line with our wider approach to just transition. We will be carrying out a number of events to identify what needs to be done to ensure the energy transition is good for Scotland's people and build consensus that will enable policy makers to develop the best solutions.
- Our engagement on the ESJTP is intended to arrive at practical actions that will support National Just Transition Outcomes as we deliver our energy transition.
- We will also gather views on the ESJTP and the policies within to foster a joined-up approach to the delivery, and better understand where additional evidence may be needed.
- Our webpage can be found here - <https://consult.gov.scot/justtransition/>

Why is Scottish Government publishing a refresh to the 2017 Energy Strategy now?

- The 2017 Energy Strategy provided an ambitious vision for Scotland's energy system and was the first time we had published a strategy covering the whole sector.
- Since 2017 we have committed to Net Zero, legislated to eradicate fuel poverty as far as is practical, experienced a major pandemic, and published an updated Climate Change Plan providing a detailed, clear and credible pathway to meeting emissions targets over the period to 2032.
- The Energy Strategy and Just Transition Plan will provide an opportunity to bring the strategy for Scotland's energy sector up-to-date and allow us to respond to these new challenges and emerging opportunities.

- The ESJTP must set out how we will ensure a fair and just transition for the people of Scotland and how we will credibly deliver on our sectoral emissions reductions in line with statutory climate targets to 2045.

The Energy Strategy and Just Transition Plan will be critical to delivering on our Net Zero Pathway

- The policy package of our updated Climate Change Plan provides a detailed and clear pathway to meeting emissions targets over the period to 2032.
- The energy system covers the majority of emissions reductions required in order to meet our 2030 interim target and deliver on net zero by 2045.
- The Energy Strategy and Just Transition Plan will provide a detailed road map showing who needs to deliver what and by when in order to deliver on those targets.
- It will also lay out an action plan that ensures that no one in Scotland is left-behind. It will ensure the economic and social impacts of the rapid structural changes to our energy system are managed throughout our net zero transition.
- We will be establishing the energy system's role in delivering our national Just Transition Outcomes and guiding public and private sector activity accordingly.
- Our work will be based on the National Transition Planning Framework, a world-first, which sets out an ambitious approach to working with others on the economic and social impacts of transition.
- This has co-design at its heart, meaning that we will ensure that those who stand to be most impacted by the transition to net zero are given a voice in determining their future

ANNEX I Scottish Government Material shared with DSG (23/08)

The following briefings, and whole system maps were shared with DSG secretariat on 23/08, to help frame discussions.

Attendees have explicitly been asked to consider:

1. What are the 3 main opportunities for Dounreay / Caithness as part of a just energy transition in Scotland?
2. What are the 3 major risks?
3. What actions are required to address these risk and opportunities?

Pre-event Briefing

Roundtable with Richard Lochhead, MSP, and members of the Dounreay Stakeholder Group: Thurso, 26 August 2022

What is Just Transition

A just transition is about delivering our social, economic and climate goals across all sectors of the economy to build a better and more equal Scotland. It is both the **outcome** – a fairer, greener future for all – and the **process** that must be undertaken in partnership with those impacted by the transition to net zero.

Delivering a Just Transition

Previous economic and social transformations, and indeed the experience of COVID-19, have shown how abrupt and unplanned shifts can exacerbate inequality and injustice. To avoid this, the Just Transition Commission called on the Scottish Government to develop a consistent and ambitious approach to planning.

In response, the Scottish Government has created a National Just Transition Planning Framework to inform and assist in the development of policies and strategies that embed and enable the delivery of good Just Transition Outcomes (see below). The refreshed Scottish Government Energy Strategy is the first specific Just Transition Plan.

Scotland's energy transformation

The way we generate, store and use energy is rapidly transforming, effecting our jobs, how we live and how we do business. Our future energy system will look very different to what has gone before. It must be secure, affordable and net zero and this transformation is an opportunity to build a wealthier, healthier and fairer Scotland.

Since the first Scottish Energy Strategy was published in 2017, there has been strong progress in decarbonising our energy system, with specific statements and plans set out including the Offshore Wind Policy Statement; Hydrogen Action Plan, Fuel Poverty Strategy, Local Energy Policy Statement and Heat in Buildings Strategy.

As our energy system becomes increasingly complex, we need to understand and manage a range of opportunities, risks and interdependencies. By taking a whole systems approach we can understand how the different parts of our energy system work together and help deliver on our climate change targets, security of supply, changes in the cost of living, fuel poverty objectives, economic opportunities and wider just transition outcomes.

Energy Strategy and Just Transition Plan

The Energy Strategy and Just Transition Plan (ESJTP) will provide a clear vision and road map for a net zero energy system in Scotland by 2045, as well as the near-term actions to

meet our 2030 interim target. It will set the course for our energy transition journey and considers the people of Scotland at the heart of this transition.

We want those likely to be most impacted by the changing energy system to help identify what needs to be done to ensure change is delivered in a planned and orderly manner that is good for Scotland's people: what are the priorities and where do we most need to see action?

Our plans are intended to build consensus among citizens, places, businesses and workers, and help develop the best ways of both maximising opportunities and managing risks.

By developing a detailed understanding of the technical, economic, financial, social and practical aspects of our energy transition, the ESJTP will provide direction across a broad range of topics including:

- what a fair and just transition looks like
- delivering energy security for Scotland
- employment and skills opportunities
- practical actions for households and communities
- trade, investment and exporting opportunities

National Just Transition Outcomes

1. **Citizens, communities and place:** support affected regions by empowering and invigorating communities and strengthening local economies
2. **Jobs, skills and education:** equip people with the skills, education and retraining required to support retention and creation of access to green, fair and high-value work
3. **Fair distribution of costs and benefits:** address existing economic and social inequality by sharing the benefits of climate action widely, while ensuring that the costs are distributed on the basis of ability to pay
4. **Business and Economy:** support a strong, dynamic and productive economy which creates wealth and high-quality employment across Scotland, upholds the UN Guiding Principles on Business and Human Rights, and continues to make Scotland a great place to do business
5. **Adaptation and resilience:** identify key risks from climate change and set out actions to build resilience to these risks, ensuring our economy is flexible, adaptable and responsive to the changing climate
6. **Environmental protection and restoration:** commit to act within our planetary boundaries while protecting and restoring our natural environment
7. **Decarbonisation and efficiencies:** contribute to resource efficient and sustainable economic approaches that actively encourage decarbonisation, support low-carbon investment and infrastructure, and avoid carbon 'lock-in'
8. **Further equality and human rights implementation and preventing new inequalities from arising:** address fuel poverty and child poverty in a manner consistent with Scotland's statutory targets on each, while furthering wider equality and human rights across all protected characteristics.

Our ask of you

The Minister is looking forward to meeting you on Friday and thanks you for taking the time to attend the roundtable discussion.

In line with the ESJTP engagement programme outlined above, he is keen to hear the views of people with an association with the Dounreay nuclear site given its local and national significance to energy, employment, the environment, and the economy.

In order to facilitate a full and inclusive discussion on the day, could we please ask that, in advance of the meeting, you consider:

4. What are the 3 main opportunities for Dounreay / Caithness as part of a just energy transition in Scotland?
5. What are the 3 major risks associated with the Dounreay nuclear site and a just energy transition?
6. In your opinion - what are the top 3 actions to address these risk and opportunities?

You may wish to relate your comments to one or more of the Just Transition outcomes detailed above – e.g. citizens, communities and place / jobs, skills and education.

Our commitment is to make sure that everyone's voice is heard, such that we gather a diverse range of perspectives, insights and evidence to inform the development of our Energy Strategy and Just Transition Plan.

After the event, we would encourage further discussion via a dedicated SG online dialogue space. Please visit <https://www.ideas.gov.scot/ckys5d3hvf>

Taking a whole systems approach

We recognise that our energy system is becoming increasingly complex with many interdependencies. As we transition to Scotland's future energy system, these interactions will grow in both number and scale.

We want an ESJTP that explains how the many and varied components of the energy system fit together (a whole systems picture) and one that sets out how we will credibly deliver on our climate change targets, security of supply, changes in the cost of living, fuel poverty objectives, economic opportunities and wider just transition outcomes

Energy System 2030 Maps

Delivering a net zero energy system is increasingly about understanding how the different parts of our energy system work together.

The energy system maps include most of the major pieces of infrastructure in the Scottish Energy System, grouped according to the type of energy they deliver. There is an electricity line connecting all forms of electricity generation, networks, storage and end use. There are major lines for natural gas line, petroleum (which includes the oil production infrastructure in the North Sea) and bioenergy line. There is also a small heat line representing Scotland's existing heat networks. Finally, the 'coal' line is due to close soon.

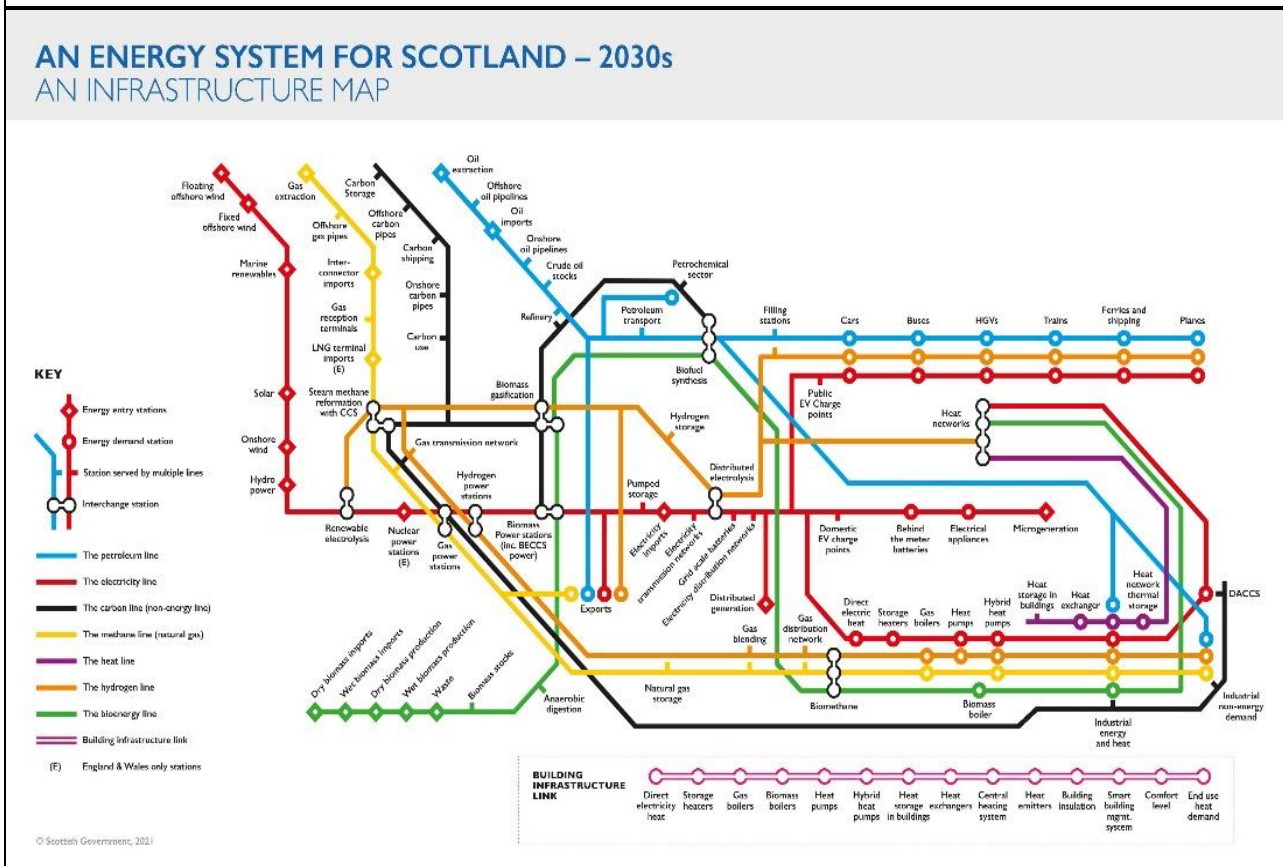
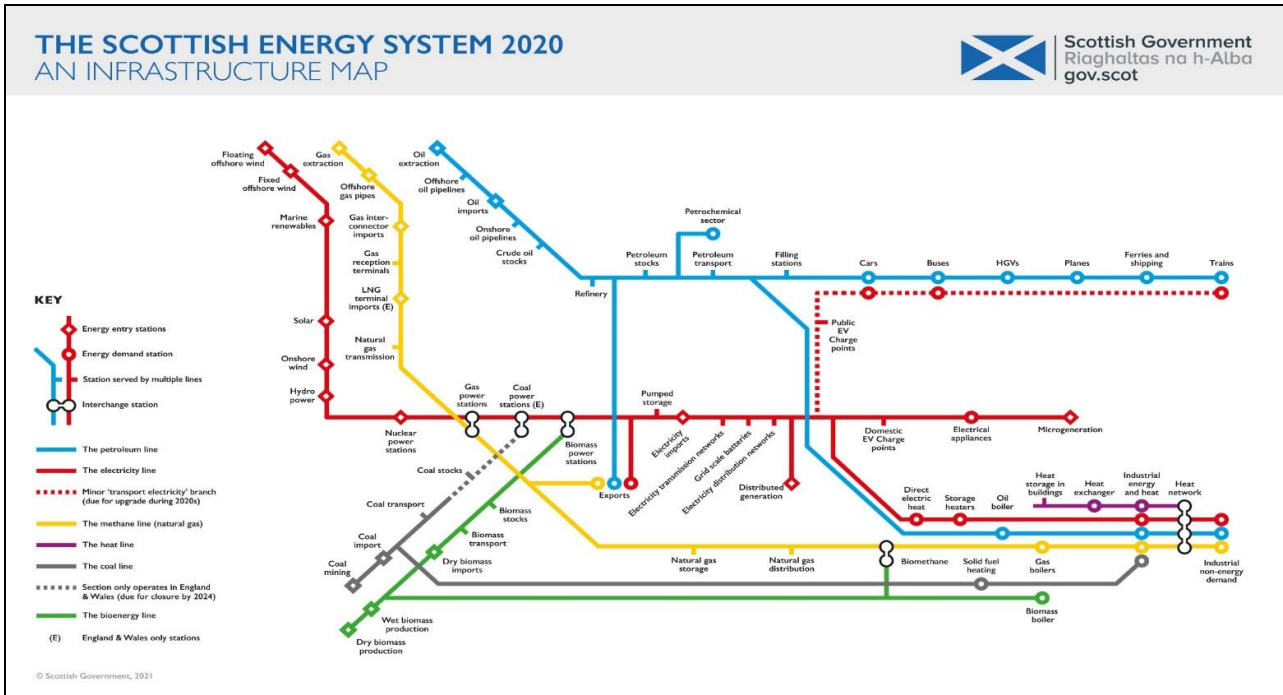
The map also highlights a couple of important pieces of wider UK infrastructure that affect Scotland's energy system – for example, gas import terminals in England and Wales which play a role in maintaining a secure gas system. It also shows how different parts of the system interact – “interchange stations” show places where energy moves from one line to another. For example – a gas power station is represented as an interchange station linking the natural gas and electricity lines.

The 2030 map highlights some of the huge changes we expect to see in the energy system.

- There are two brand new lines – hydrogen and carbon. The carbon line represents the capture, transport and storage of CO₂ associated with Carbon Capture and Storage.
- There is a substantial increase in the importance of the heat line reflecting the expected growth of heat networks and the need to link them to zero carbon heat technologies.
- There is an explosion of stations in the Heat district in the lower right hand corner reflecting the plethora of potential options for delivering heat into buildings.
- The electricity and hydrogen lines join the petroleum line in delivering energy to transport.
- The coal line is retired, but the number of stations on the bioenergy line increase.

- The number of interchange stations has increased from 5 to 9, highlighting the importance for infrastructure planning.

These maps are not intended to be definitive. In developing them, we have chosen to include particular elements because they seem important either in terms of energy through-put, the complexity of policy and regulatory issues needed to deliver them, or their potential importance as part of the wider public debate on energy. Their main aim is to stimulate discussion.



Just Transition Fund Ministerial Visits: Aberdeen Day, NZTC

Date and Time	15:30 -16:30, Thursday, 9 February, 2023
Where	Net Zero Technology Centre , 20 Queen's Road, Aberdeen, AB24 3HG
Who	Meeting with Net Zero Technology Centre Senior Team, including CEO (REDACTED) (Full details in Annex B)
Key Purpose / Message	<p>Purpose Visit to NZTC will allow the Minister to discuss the progress of the organization's JTF project and other just transition matters.</p> <p>Message The Scottish Government is supporting, through the JTF, transformative projects in Aberdeen City, Aberdeenshire and Moray to enable a Just Transition in the region.</p> <p>We are committed to working across society to deliver lasting action that secures a just transition to climate resilience and net zero for Scotland</p>
Top Facts / Figures	<ul style="list-style-type: none"> • We are investing almost £5 billion in the net zero energy economy in Scotland over this parliamentary term. • Analysis shows the number of low carbon jobs in energy production is estimated to rise from 19,000 in 2019 to 77,000 by 2050 as the result of a just energy transition, delivering a 58,000 increase in jobs across the low carbon energy production sector. This would mean there are more jobs in energy production in 2050 than there are now. • We are investing £500 million over the next 10 years through our Just Transition Fund. NZTC have secured £2.1 million of JTF funding for their HOP2 Project.
Sensitivities	(REDACTED)
Media Handling	Comms colleagues will ensure pictures of the visits are shared on the @ScotGovnetzero social media.
Greeting Party meeting point	NZTC Reception, (REDACTED) will greet the Minister upon arrival.
Car/parking arrangements	NZTC: Please park at the front of the NZTC offices, a parking space will be reserved here for the Minister.
Agenda	<ol style="list-style-type: none"> 1. ONE (10:30 – 12:30) 2. Aberdeen City Council (14:00 – 15:00) 3. NZTC (15:30 – 16:30)
Briefing Contents	<p>Annex A: Programme for the day Annex B: NZTC JTF Project, agenda and attendees Annex C: North East Top Lines Annex D: ESJTP Annex E: Just Transition Annex F: NZTC Background</p>
Official Support	(REDACTED)

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This is the second day in a series of ministerial engagements around the North East and Moray to meet local stakeholders and see how projects funded through the JTF are progressing. The first day of visits were held in Aberdeen on Tuesday 17 January.

The programme for the day is the following:

Time	Organisation	Location	Description
10:30 – 11:00	(REDACTED)	ONE Office, 11 Queens Gardens, Aberdeen AB15 4YD	Meeting (REDACTED) to discuss the Energy Transition
11:00 – 12:30	ONE (NEAT and Seedpod projects)	ONE Office, 11 Queens Gardens, Aberdeen AB15 4YD	Meeting (REDACTED) to discuss the next phase of JTF funding and receive an update on ONE's JTF projects.
14:00 – 15:00	Aberdeen City Co-leaders and Chief Executive	Chief Executive's Office, Marischal College, Broad Street, Aberdeen AB10 1AB	Meeting with Aberdeen City Council's new administration to discuss Just Transition.
15:30 – 16:30	Net Zero Technology Centre	Net Zero Technology Centre, 20 Queens Road, Aberdeen AB15 4ZT	Meeting with senior members of NZTC to discuss their HOP2 project and other Just Transition matters.

LINES TO TAKE ON YEAR 2 OF THE JTF

- Officials are working hard to take on board the constructive feedback received from stakeholders in the region on Year 1 of the Fund to develop robust processes and achievable objectives for Year 2 onwards.
- Conversations are also underway internally to confirm the type of finance that will be on offer from the Fund in financial year 2023/24.
- Once these key issues have been further developed and put to Ministers for a decision, officials will be able to progress with the launch of Year 2 of the Fund **(REDACTED)**

- **NZTC JTF Project, Agenda and Attendees**
Annex B

(REDACTED)

JUST TRANSITION FUND PROJECT

Hydrogen Offshore Production Project (HOP2): £2,120,000 over 4 years

- NZTC were awarded £2.12M from the Just Transition Fund to demonstrate the feasibility of repurposing existing assets to produce green hydrogen
- The objective of HOP2 will be to demonstrate offshore hydrogen production and storage is feasible at a scale of 500MW – 1GW through the repurposing of existing assets.
- It will also outline what a new build asset for offshore hydrogen production could achieve within the UKCS and what the impact of anchoring this emerging sector in Scotland will be on regional workforce, supporting a just transition.
- HOP2 will build upon the **(REDACTED)** HOP feasibility study that NZTC and industry partners secured funding for via the competitive BEIS Low Carbon Hydrogen Supply competition in 2018.
- **(REDACTED)**

Agenda

The agenda for the meeting is as follows:

- Introductions
- HOP2 Overview
- Just Transition
- Energy Strategy Just Transition Plan

Attendees

CEO: (REDACTED)

Solution Centre Director: (REDACTED)

Head of External Relations (REDACTED)

Head of Energy System Integration: (REDACTED)

Hydrogen Theme Lead: (REDACTED)

NORTH EAST ECONOMY

The North East has a bright future, helped by our significant investment which will ensure a just transition from fossil fuels to sustainable energy.

- We are investing **£125 million over 10 years in the Aberdeen City Region Deal** to help ensure economic transformation for the North East. This matches the investment of the UK Government and will help to support business growth and create more job opportunities.
- The Deal provides significant investment in innovation, digital connectivity and infrastructure, supported by an **additional £254 million 'side package' from the Scottish Government** over the same period.
- This is complemented by our **£75 million Energy Transition Fund**. This is supporting the energy sector in the North East to grow and diversify by helping attract private sector investment.
- Our **£500 million Just Transition Fund** will further support the North East and Moray to transition to a net zero economy. It will help finance organisations, businesses, communities and individuals to transition to net zero, creating jobs in low carbon industries and contributing to the region's future prosperity.
- This is in addition to the **Green Jobs Fund**. This **five-year, £100 million capital fund** offers support to businesses and their supply chains to transition to a low carbon economy.
- We also recognise the potential of the North Sea in growing and developing the Scottish Cluster of renewable energy, hydrogen, and Carbon Capture Utilisation and Storage.
- We are supporting the growth and development of this cluster through constructive engagement with the UK Government and through our **£80 million Emerging Energy Technologies Fund**.

NORTH EAST AND MORAY JUST TRANSITION FUND

Our Just Transition Fund is a ten year, £500m investment to support a fair transition to net zero and to diversify the regional economy, with the first £50m committed this year.

- The projects supported in the first year of the fund include:
 - a **package of skills interventions** including: a digital offshore energy skills passport which empowers offshore workers to utilise their existing certification; and an advanced manufacturing skills hub;
 - **innovative projects and approaches**, including: the Social Enterprise Just Transition Fund; a digital innovation lab; and a supply chain pathway and challenge fund;
 - testing and promoting **emerging technologies** such as EV battery recycling technology, offshore green hydrogen, and decommissioning; and
 - empowering and **investing in communities**, with our participatory budgeting approach and through specific community projects in ecovillages, adaptation and local climate assemblies.
- We have ring-fenced £1m of the Fund this year for participatory budgeting, whereby local communities are able to influence and have a direct say on how money is spent in local areas.
- The UK Government's own Green Jobs Task Force recommended they set out how they will match support available through the EU's Just Transition Fund, something that to date they have completely failed to do.
- Indeed, the UK Government has refused to even match our £500m Just Transition Fund, despite the £300bn that has flown to the Treasury from North Sea oil since the 1970s

The draft ESJTP 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 transition will deliver maximum benefit for Scotland, enabling us to achieve our wider climate and environmental ambitions, drive the development of a wellbeing economy and deliver a Just Transition for our workers, businesses, communities and regions.
- The draft ESJTP sets out a route map of ambitions, milestones and actions to deliver this vision and will guide decision making and policy support out to 2030.
- We are taking action to transform and expand Scotland's energy generation sector. Scotland's rich renewables endowment means we can not only generate enough cheap green electricity to power Scotland's economy, but also export electricity to our neighbours, supporting jobs here in Scotland and the decarbonisation ambitions of our partners.
- We must seize the huge opportunity that the energy transition presents and deliver maximum benefits to Scotland's people, communities and economy from our vast renewable energy resources.
- Investment in our infrastructure needs to be both sufficient and timely, to ensure we maximise the benefits of increasing renewable electricity and hydrogen supplies.
- We must continue to change the way we use energy – reducing demand across our heat and transport sectors and replacing fossil fuel demand with zero carbon technologies.
- The consultation is open until 4 April and we welcome views to help shape the final Energy Strategy and Just Transition Plan.

This is Scotland's first outline Just Transition Plan and details our response to the energy recommendations of the Just Transition Commission.

- The energy transition offers significant opportunities for Scotland and is essential to delivering on our wider net zero ambitions, but we must also make sure that it is a just transition delivers for the people, communities and economy of Scotland.
- Our draft energy Just Transition Plan sets out a vision for a just energy transition that benefits communities across Scotland, provides high-quality jobs and economic benefit, delivers affordability, and protects our environment and our energy security.
- We are committed to delivering an energy transition that is fair for everyone. This means the people most likely to be impacted must have a voice in determining their future.
- Throughout 2022, we engaged with businesses, trade unions, workers, communities and places. In the coming months, we will continue to refine our draft through further engagement during the consultation period.

ECONOMIC OPPORTUNITIES

- The energy transition offers significant opportunities for Scotland's economy, providing benefits for Scotland's people and communities.
- To maximise these benefits, we will secure private investment and seek to strengthen and support Scotland's companies, equip workers with the skills and opportunities to access good, green jobs, and explore opportunities to boost international exports.
- **We are investing almost £5 billion in the net zero energy economy in Scotland over this parliamentary term.**
- Delivering a just transition requires a Team Scotland approach; it cannot be delivered by the Scottish Government alone.

- Our National Strategy for Economic Transformation, Inward Investment Plan and Global Capital Investment Plan show that working with businesses and investors, as well as public agencies, will be key to attracting the required capital and inward investment to deliver Scotland's net zero ambition and export potential.
- We will work with our enterprise agencies, business and investors to attract capital and inward investment to deliver Scotland's net zero ambition and export potential.

JOBS AND SKILLS

- The number of low carbon jobs in the energy production sector is estimated to rise from 19,000 in 2019 to 77,000 by 2050 as the result of a just energy transition, delivering a net gain in jobs across the energy production sector overall.
- Increasing Scotland's renewable energy generation as oil and gas production naturally declines, jobs in the energy production sector could increase by 6,000 by 2030 and 7,000 by 2050 as a result of the transition, provided the right steps are taken now.
- Scotland's green jobs revolution is underway with recent research suggesting that up to 100,000 roles in Scotland are 'new and emerging' green jobs (Universities of Warwick and Strathclyde). We must ensure that workers have access to the reskilling and upskilling they need to take on the green jobs of the future.
- The £500 million Just Transition Fund to support a fair transition to net zero and to diversify the North East regional economy includes financial support around the ability to reskill and find jobs for energy industry workers. Four (of the twenty four total) projects successful in Year 1 of the Fund have been allocated funds for this purpose:
 - **Skills Passport**, led by OPITO to develop an energy skills passport to support the transition of skills and jobs across the rapidly changing industry.
 - **Advanced Manufacturing Hub**, led by the ETZ and North East Scotland College to facilitate the creation of a Skills Hub
 - **Pilot Energy Transition Skills**, led by NESAs to determine the skills required to reach an energy transition
 - **Net Zero Bottlenecks in Moray**, led by UHI Moray, which is a feasibility study to identify the current skills gap and what is holding it back in its transition.

HYDROGEN

- Our ambition is to achieve 5 GW of installed renewable and low-carbon hydrogen production capacity by 2030 and 25 GW by 2045.
- **We need hydrogen to decarbonise the parts of our energy system that are difficult or impractical to electrify.** Hydrogen could also help decarbonise heavy road freight, parts of the rail sector, aviation and shipping. Hydrogen will also be needed to provide high temperature heat to industry and may help decarbonise some of our homes.
- **A transition to a strong hydrogen economy in Scotland will support the transition and growth of existing energy supply chains and jobs.** A hydrogen economy can also provide new opportunities for clean power industrial activity for Scotland, including in the development of skills and manufacturing capacity, that can play a significant role in the hydrogen economy both domestically and internationally.
- **Scotland is strongly positioned to become a major exporter of hydrogen to Northern Europe and the UK.** Scotland's offshore wind renewables could power green hydrogen production for export on a very large scale and lay the foundations for an industrial transition that is sustainable and long term. Economic impact estimates based on scenarios developed for the Scottish Government indicate the development of a hydrogen economy in Scotland could mean between 70,000 to over 300,000 jobs could be protected or created with potential Gross Value Added (GVA) impacts of between £5bn and £25bn a year by 2045 depending on the scale of production and the extent of exports.

NORTH SEA OIL & GAS

- The draft ESJTP sets out clearly that the North Sea basin is mature and production will inevitably decline. The Scottish Government's priority is therefore to support the fastest possible just transition for workers, communities and businesses in the oil and gas sector.
- The Scottish Government is clear that unlimited extraction of fossil fuels is not consistent with our climate obligations and our focus must now be on achieving the fastest possible Just Transition. It is also clear that unlimited extraction, even if the North Sea was not a declining resource, is not the right solution to the energy price crisis that people across Scotland are facing or to meeting our energy security needs.
- As a result, in establishing a renewed policy position on oil and gas, and whilst licensing is reserved to the UK Government, the Scottish Government is consulting on whether, in order to support the fastest possible and most effective just transition, there should be a presumption against new exploration for oil and gas.
- **The maturity of the North Sea basin means that oil and gas production is in decline.** Therefore, planning for a just transition to a net zero energy system and securing alternative employment and economic opportunities is essential if Scotland is to avoid repeating the damage done by the deindustrialisation of central belt communities in the 1980s and to capitalise on our potential as a location for low carbon and renewable energy expertise.
- In September 2022, the UK Government introduced a climate compatibility checkpoint for all new licensing rounds. Whilst we welcome this in principle, we believe that the assessment criteria are not rigorous enough to align with climate commitments under the Paris Agreement and should be strengthened.
- The Scottish Government is consulting on what factors should be considered in assessing the impact of new oil and gas production and if this test should be applied to fields that are already consented but not yet in production as well as new exploration (if exploration continues) in the context of the global goals of the Paris Agreement.
- **The House of Commons Environmental Audit Committee** published a report on Thursday 5 January in which they recommended the UK set a clear date, which should fall well before 2050, for ending new oil and gas licensing rounds in the North Sea and that the UK Government should consult on what this date should be.

ONSHORE CONVENTIONAL OIL & GAS

- In line with statutory requirements, the Scottish Government is developing a policy position for onshore conventional oil and gas. On 21 June 2022, we published a call for evidence seeking views on the future of onshore conventional oil and gas in Scotland; the responses to this call for evidence have been independently analysed and considered by Ministers alongside wider policy on energy and climate targets.
- This has allowed Ministers to confirm a preferred policy position of no support for the exploration or development of onshore conventional oil and gas in Scotland.
- The preferred policy position is subject to statutory and other assessments before the policy-making process can be completed.

UNCONVENTIONAL OIL & GAS

- The Scottish Government confirmed its finalised policy position of no support for unconventional oil and gas, including hydraulic fracturing (fracking) and coalbed methane dewatering, in October 2019. This remains Scottish Government policy.
- Powers over onshore oil and gas licensing were devolved to the Scottish Government in February 2018.

We are committed to working across society to deliver lasting action that secures a just transition to climate resilience and net zero for Scotland

- A just transition delivers on our social, economic and climate goals, harnessing the Net zero transition across all sectors of the economy to build a better and more equal Scotland.
- Our response to the Just Transition Commission recognises the importance of an orderly managed transition to net zero, and sets out a world-first National Just Transition Planning Framework.
- Delivery of this must be a national mission involving all sections of society, working with those most impacted by the transition to help shape our approach.
- On 7 December, Parliament overwhelmingly voted to endorse the importance of delivering a just transition for Scotland, and our response to the work of the Just Transition Commission.
- We are world renowned for having underpinned our net zero targets with a legislative commitment to a just transition – ensuring no one is left behind.

JUST TRANSITION COMMISSION ESJTP LINES

- We understand the Commission's dissatisfaction with the ESJTP process to date – we will fully respond to the Commission's feedback and will be working to ensure that we have a more productive engagement process from the outset as we work on other sectoral Just Transition Plans.
- The Commission's involvement in the ESJTP has been invaluable – which we hope you will agree is aligned to many of the Commission's priorities – and we continue to recognise the importance of fully utilising the Commission's expertise in the development of our Just Transition Plans.
- We agree wholeheartedly with the Commission's view that certain dimensions of the transition to net zero relating to justice and fairness are now even more vital to advance during a time of economic crisis and instability, and we will strive to work closely with the Commission in the future.

JUST TRANSITION PLANNING

We are developing Just Transition Plans for sectors, regions and sites, ensuring our transition to net zero is a fair and managed transition.

- We recognise that planning will be crucial to ensure that the economic and social opportunities from the transition to net zero are not missed and that risks associated with rapid structural change are mitigated.
- Our ambitious approach builds on our world-first National Just Transition Planning Framework and sets out how we will be working with others on the economic and social impacts of transition.
- It has co-design at its heart, meaning that we will ensure that those who stand to be most impacted by the transition to net zero are given a voice in determining their future.
- National Just Transition Planning Framework (published last September) sets out how we will work with others to manage the economic and social impacts – ensuring we are capitalising on the opportunities and managing the risks to the Scottish economy.
- The Scottish Government will identify where it is best placed to act as convenor, facilitator and mediator for planning processes, bringing parties together and ensuring all voices are heard

We have committed to develop Just Transition Plans covering all areas of the Scottish economy requiring decarbonising.

- We have sought advice from the Just Transition Commission on our approach to Just Transition Plans and will continue to draw on their expertise.
- We are increasingly embedding just transition into all of our work as a Government. The 2019 Climate Change Act requires that forthcoming Climate Change Plans address the challenges faced by sectors, regions and communities in Scotland and the policies Ministers set out to address these challenges.
- To fulfil this legal requirement and ensure that our climate change policies are fair, we will align our Just Transition Plans with the next Climate Change Plan, developing JTPs for Land Use and Agriculture, Transport, and Buildings and Construction.
- We are committed to developing Transition Plans across sectors and regions, beginning with our Energy Strategy and Just Transition Plan. We will also develop Just Transition Plans for Agriculture and Land Use, Buildings and Construction, and Transport alongside our next Climate Change Plan.
- These plans will provide further certainty around the policy framework and support business investment decisions in net zero opportunities.

STUC FUNDING FOR A JUST TRANSITION

Workers voices are crucial as we work to ensure a just transition – that is why we have committed additional grant funding to support just transition capacity within the trade union movement.

- We have committed to £100,000 in grant funding to support just transition capacity within the trade union movement; this will provide dedicated worker engagement roles within the STUC to support just transition planning and delivery for workers.
- The unions – through the creation of the Just Transition Commission – have already been fundamental to our policy thinking about a just transition. This funding will ensure that they continue to be vital, as we get on with delivering good, green jobs and a truly just transition.
- The new roles will:
 - engage with workers to feed into our Just Transition Plans;
 - help workers influence the manner of the transition in their own organisations and sectors and
 - support workers within the low-carbon economy.
- STUC are currently carrying out research to identify workplaces where the transition is likely to have most significant job impacts.

TOP LINES:

- The Net Zero Technology Centre (NZTC) is developing and deploying new technologies to reduce emissions from existing oil and gas facilities and to support an integrated net zero energy system.
- It will enable a just transition to net zero by helping the North East to retain its competitive position in energy skills and capability.

BACKGROUND

- Opened as the Oil and Gas Technology Centre in February 2017, before being renamed NZTC in June 2021.
- Strategic focus on technologies in 3 areas, developed in consultation with industry:
 - emissions reduction – helping reduce operation emissions in high carbon sectors
 - energy system integration – encouraging investment and innovation in low carbon power generation, storage and infrastructure towards an integrated energy future
 - offshore energy 4.0 – deploying digitisation and automation to achieve net zero.
- Work is primarily split into 3 areas: **the solution centre; TechX;** and **research and academia.**

SOLUTION CENTRE

- Works with established businesses to screen and develop low carbon technologies across the 3 areas of strategic focus.
- Includes projects awarded funding through the £10 million Open Innovation Programme, This has an obligation for the technology to be trialled and developed in the UK Continental Shelf.

TECHX

- Provides support programmes to help energy startups and early-stage businesses to grow, aiming to accelerate the transition to an affordable net zero energy industry.
- The TechX Accelerator has supported 45 companies since 2018, providing £4.5 million funding and helping startups collectively raise £33 million in investment
- Cohorts 1 to 3 of the accelerator programme generated £5.5 million in revenues in 2021, providing work for 206 employees.

RESEARCH AND ACADEMIA

- Driven by two national research and development centres, established in partnership with academic institutions in the North East
- National Decommissioning Centre
 - £38m partnership with University of Aberdeen and industry to reduce costs, extend field and asset life and transform decommissioning, with £12.7 million from NZTC
 - £1.6 million marine simulation suite was installed in September 2021, providing a safe, virtual environment to simulate offshore and subsea operations
 - has 29 projects in total: 14 PhD, 12 postdoctoral and 3 infrastructure.
- National Subsea Centre
 - £41m partnership with Robert Gordon University to accelerate energy transition through smart technologies applied in subsea and marine sectors, with £9 million from NZTC
 - due to be launched officially in January 2023, it is focused on 3 programmes, Transparent Ocean, Integrated Marine Energy and Net Zero Marine Operations
 - it already has 14 ongoing research projects and 16 strong academic groups with 9 PhD students.

Just Transition Fund Ministerial Visits: Aberdeen Day, Opportunity North East

Date and Time of Engagement	10:30 – 12:30, Thursday, 9 February, 2023
Where	Opportunity North East, ONE Office, 11 Queens Gardens, Aberdeen AB15 4YD
Who	10:30 – 11:00: Meeting with (REDACTED) 11:30 – 12:30: Meeting with ONE CEO (REDACTED) and ONE JTF Project Leads (full details in Annex B)
Key Purpose / Message	<p>Purpose Visits with (REDACTED) and Opportunity North East (ONE) will allow the Minister to discuss the energy transition and progress of ONE’s JTF projects.</p> <p>Message The Scottish Government is supporting, through the JTF, transformative projects in Aberdeen City, Aberdeenshire and Moray to enable a Just Transition in the region.</p> <p>We are committed to working across society to deliver lasting action that secures a just transition to climate resilience and net zero for Scotland</p>
Top Facts / Figures	<ul style="list-style-type: none"> • We are investing almost £5 billion in the net zero energy economy in Scotland over this parliamentary term. • Analysis shows the number of low carbon jobs in energy production is estimated to rise from 19,000 in 2019 to 77,000 by 2050 as the result of a just energy transition, delivering a 58,000 increase in jobs across the low carbon energy production sector. This would mean there are more jobs in energy production in 2050 than there are now. • We are investing £500 million over the next 10 years through our Just Transition Fund. One has secured the following JTF funding: <ul style="list-style-type: none"> ○ Seedpod: £3,100,000 from the JTF over 2 years ○ North East Adventure Tourism (NEAT): £2,097,000 over 2 years
Sensitivities	(REDACTED)
Media Handling	Comms colleagues will ensure pictures of the visits are shared on the @ScotGovnetzero social media.
Greeting Party and specific meeting point on arrival	On arrival at ONE office, please buzz the intercom where (REDACTED) , Executive Assistant to ONE Chief Executive, will greet the Minister at the front door. The first meeting will be with (REDACTED) in the Board room.
Specific entrance for Ministerial car/parking arrangements	<ul style="list-style-type: none"> • Approach Aberdeen on the A90 dual carriageway (Anderson Drive). • Turn off eastwards toward Aberdeen city centre at the Queen’s Road roundabout on the B9119.

	<ul style="list-style-type: none"> • Continue along Queen’s Road towards the Queen’s Cross roundabout. • At the Queen’s Cross roundabout take the second exit onto Fountainhall Road, then take the first road on the left, Queens Lane North. • Proceed along the road to the car park situated on the left-hand side duly signposted.
Agenda for the Day	<ol style="list-style-type: none"> 1. ONE (10:30 – 12:30) 2. Aberdeen City Council (14:00 – 15:00) 3. NZTC (15:30 – 16:30)
Briefing Contents	<p>Annex A: Programme for the day Annex B: ONE background, agenda and attendees Annex C: NEAT Projects – Further info Annex D: North East Top Lines Annex E: ONE Background Annex F: Food and Drink Sector Annex G: Tourism</p>
Official Support	(REDACTED)

This is the second day in a series of ministerial engagements around the North East and Moray to meet local stakeholders and see how projects funded through the JTF are progressing. The first day of visits were held in Aberdeen on Tuesday 17 January.

The programme for the day is the following:

Time	Organisation	Location	Description
10:30 – 11:00	(REDACTED)	ONE Office, 11 Queens Gardens, Aberdeen AB15 4YD	Meeting with (REDACTED) to discuss the Energy Transition
11:00 – 12:30	ONE (NEAT and Seedpod projects)	ONE Office, 11 Queens Gardens, Aberdeen AB15 4YD	Meeting with (REDACTED) to discuss the next phase of JTF funding and receive an update on ONE’s JTF projects.
14:00 – 15:00	Aberdeen City Co-leaders and Chief Executive	Chief Executive’s Office, Marischal College, Broad Street, Aberdeen AB10 1AB	Meeting with Aberdeen City Council’s new administration to discuss Just Transition.
15:30 – 16:30	Net Zero Technology Centre	Net Zero Technology Centre, 20 Queens Road, Aberdeen AB15 4ZT	Meeting with senior members of NZTC to discuss their HOP2 project and other Just Transition matters.

LINES TO TAKE ON YEAR 2 OF THE JTF

- Officials are working hard to take on board the constructive feedback received from stakeholders in the region on Year 1 of the Fund to develop robust processes and achievable objectives for Year 2 onwards.
- Conversations are also underway internally to confirm the type of finance that will be on offer from the Fund in financial year 2023/24.
- Once these key issues have been further developed and put to Ministers for a decision, officials will be able to progress with the launch of Year 2 of the Fund
- **(REDACTED)**

- **ONE JTF Projects, Agenda and Attendees**
Annex B

(REDACTED)

JUST TRANSITION FUND PROJECTS

The North East Adventure Tourism (NEAT) project: £2.1 million over 2 years

- The NEAT project led by ONE was awarded £2.1 million in the first tranche of JTF support for the development of sustainable facilities and low carbon infrastructure adventure projects in the region.
- By 2030 NEAT has potential to create around 500 jobs, increase adventure tourism turnover in the north east by 20-25% **(REDACTED)**
- ONE are leading the NEAT project in partnership with Scottish Enterprise, Developing Mountain Biking in Scotland, VisitAberdeenshire and Aberdeenshire Council.
- JTF Funding for the project will go towards four distinct elements of the project: Tarland Trails, Transition Extreme, **(REDACTED)** **(full details in Annex C)**

(REDACTED)

Seedpod: £3.1 million over 2 years

- SeedPod is a £27 million investment in the food and drink industry that will build on the strengths and assets of the region to create a centre of excellence for manufacturing and production in north east Scotland that will deliver regional and national growth ambitions.
- This industry led, transformational project will put the region's food and drink businesses at the forefront of innovation, productivity and sustainability, increasing high-value exports and creating new jobs. It will play a key role in green economic recovery, helping businesses and the sector deliver low-carbon production and contribute to net-zero goals.
- **(REDACTED)**

SeedPod will include **(REDACTED)** incubator space, product development and demonstration kitchens, demonstrator space **(REDACTED)**

- SeedPod will deliver support programmes **(REDACTED)**
- SeedPod includes £10 million of capital funding provided jointly by the UK Government and Scottish Government via the Aberdeen City Region Deal (ACRD).
- **(REDACTED)**
- The JTF provided and additional £3.1 million towards **(REDACTED)** SeedPod.

Agenda

Item	By
Energy Transition	(REDACTED)
Just Transition Next Phase Funding	(REDACTED)
Seedpod Update	(REDACTED)
North East Adventure Tourism Update	(REDACTED)

Attendees

[REDACTED VERSION: PICTURES REMOVED FOR DATE PROTECTION]

(REDACTED) KT GBE - Chair Opportunity North East

Chair, J W Holdings Ltd

Chair, The Wood Foundation

Chair, Opportunity North East

Chair, Energy Transition Zone Ltd

(REDACTED) - Chief Executive, Opportunity North East (REDACTED)

(REDACTED) Food Drink & Agriculture Director, (REDACTED)

(REDACTED) FoodHub Director: (REDACTED)

Transition Extreme

- Has been awarded JTF funding for the construction of a pump track (a mountain bike trail made up of rolling mounds in a loop format) **(REDACTED)**
- Transition Extreme is a modern social enterprise that aims to offer the very best in extreme sports experiences as well as using those sports and their cultures to effect positive change. They are an award-winning youth charity **(REDACTED)**
- **(REDACTED)**
- For 16 years Transition Extreme has played a huge part in driving social and health benefits across the city and Aberdeenshire. **(REDACTED)**
- Transition Extreme also works to improve disabled access to the activities and assist in rehabilitation, increase the number of women and girls participating in BMX, skateboarding and roller skating and offer opportunities for individuals from deprived communities through partnership with the Lighthouse Foundation and Partnership Pot

Tarland Trails 2

- Has been awarded JTF funding for development and construction of mountain bike trails and associated infrastructure.
- Tarland Development Group is a local group of volunteers which aims to plan, fund, promote and maintain developments in the Tarland area for the benefit of the community, visitors and local businesses.
- **(REDACTED)**
- This community-based project will also act as a door-opener for other similar developments in Aberdeenshire providing cyclists of all abilities with an exciting platform to develop their skills.
- It will also help to boost business opportunities within the local community by working in partnership to develop initiatives to encourage visitors to spend time in the village and use the local amenities, keeping the economic benefits within the local community.

- **(REDACTED)**

NORTH EAST ECONOMY

The North East has a bright future, helped by our significant investment which will ensure a just transition from fossil fuels to sustainable energy.

- We are investing **£125 million over 10 years in the Aberdeen City Region Deal** to help ensure economic transformation for the North East. This matches the investment of the UK Government and will help to support business growth and create more job opportunities.
- The Deal provides significant investment in innovation, digital connectivity and infrastructure, supported by an **additional £254 million 'side package' from the Scottish Government** over the same period.
- This is complemented by our **£75 million Energy Transition Fund**. This is supporting the energy sector in the North East to grow and diversify by helping attract private sector investment.
- Our **£500 million Just Transition Fund** will further support the North East and Moray to transition to a net zero economy. It will help finance organisations, businesses, communities and individuals to transition to net zero, creating jobs in low carbon industries and contributing to the region's future prosperity.
- This is in addition to the **Green Jobs Fund**. This **five-year, £100 million capital fund** offers support to businesses and their supply chains to transition to a low carbon economy.
- We also recognise the potential of the North Sea in growing and developing the Scottish Cluster of renewable energy, hydrogen, and Carbon Capture Utilisation and Storage.
- We are supporting the growth and development of this cluster through constructive engagement with the UK Government and through our **£80 million Emerging Energy Technologies Fund**.

NORTH EAST AND MORAY JUST TRANSITION FUND

Our Just Transition Fund is a ten year, £500m investment to support a fair transition to net zero and to diversify the regional economy, with the first £50m committed this year.

- The projects supported in the first year of the fund include:
 - a **package of skills interventions** including: a digital offshore energy skills passport which empowers offshore workers to utilise their existing certification; and an advanced manufacturing skills hub;
 - **innovative projects and approaches**, including: the Social Enterprise Just Transition Fund; a digital innovation lab; and a supply chain pathway and challenge fund;
 - testing and promoting **emerging technologies** such as EV battery recycling technology, offshore green hydrogen, and decommissioning; and
 - empowering and **investing in communities**, with our participatory budgeting approach and through specific community projects in ecovillages, adaptation and local climate assemblies.
- We have ring-fenced £1m of the Fund this year for participatory budgeting, whereby local communities are able to influence and have a direct say on how money is spent in local areas.
- The UK Government's own Green Jobs Task Force recommended they set out how they will match support available through the EU's Just Transition Fund, something that to date they have completely failed to do. Indeed, the UK Government has refused to even match our £500m Just Transition Fund, despite the £300bn that has flown to the Treasury from North Sea oil since the 1970s

Opportunity North East (ONE) is a private sector catalyst company driving transformational change in economy of the North East of Scotland.

- Set up in 2015, with a £62 million 10-year funding commitment from The Wood Foundation, ONE develops and delivers projects to accelerate economic diversification and energy transition in the region.
- Their focus is on businesses in the key industry sectors: digital; energy; food, drink, agriculture; fishing; life sciences and tourism to help them develop and grow at home and internationally. ONE works in partnership to achieve this and uses its resources and funding to secure co-investment from the public and private sector sources.
- These are reflected in projects delivered via the Aberdeen City Region Deal: Net Zero Technology Centre, the Bio-Therapeutic Hub, and Agri-Food and Drink Hub (launched in January as “Seedpod”). ONE are the lead partner on the two Hubs.
- The regional economic partnership model (REP) established in north east Scotland is very successful, with significant private sector engagement across multiple industry sectors.
- It has established a track record of identifying transformational opportunities and developing these into funded projects which move into delivery at an accelerated pace.
- There is an opportunity to learn from the model led by ONE in the north east and identify how similar positive public/private relationships can be built elsewhere in Scotland, to support regional economic growth.

Energy transition

- ONE developed the Business Case for the Energy Transition Zone, before their Energy Board was spun-out as ETZ Ltd with **(REDACTED)** as CEO, the project was awarded £23.6m SG funding via the Energy Transition Fund (ETF) in August 2021.
- £3.1m funding was also provided to the Energy Transition Zone to provide a package of support to address the combined impact of COVID and the reduction in oil price in 2019 which has had a devastating impact on individuals working in the sector.
- The ETF aligns with the wider North East regional strategy and by using the Scottish Government’s community wealth building approach, we can ensure that local firms and workers directly benefit from the opportunities of these investments and the related supply chains.

Regional Skills and Innovation

- In their response to **(REDACTED)** request for input to the Independent Review on Technology Sectors Role in Economic Recovery, ONE noted that they consider digital to underpin and play an integral part in the future of the North East.
- In the view of **(REDACTED)**, chair of ONE, this could be articulated in three categories; 1) Stimulating a vibrant start-up ecosystem, drawing on expertise from the region and beyond to create the best possible environment for success, 2) supporting established digital companies through growth and diversification, and 3) enabling existing businesses in our key sectors of energy, food and drink, life sciences and tourism, to embrace digital and new working practices to continue to thrive into the future.
- The £14.3m North East Economic Recovery & Skills Fund is providing opportunities for up to 3,000 individuals in Aberdeen and Aberdeenshire through training and enterprise projects across a number of sectors. Opportunity North East allocated £6.14m to deliver projects with a focus on entrepreneurship; accelerated business start-ups, development and growth; and across a range of sectors including hospitality and tourism.

Importance of Sector & COVID-19 Impact – Narrative

- The food and drink industry is a major contributor to Scotland’s economy:
 - **£15 billion turnover**
 - **Over 17,000 businesses**, which **employ around 119,000 people**, many in remote and economically fragile rural and island communities.
- **Exports of Scottish food and drink were valued at £6.2 billion in 2021, up £738 million (13.5%) compared to 2020**, but down £488 million (-7.3%) on 2019 – suggesting trade had not fully recovered to its pre-pandemic/pre-Brexit peak.

We worked with the key trade bodies across the food and drink sector to develop a COVID-19 recovery plan, which was announced in November 2020. We committed support of £15m (£5m in 2020/21, £5m in 2021/22, and £5m in 2022/23).

- The Plan contains 50 actions to support all sectors of Scotland’s food and drink industry to recover from Covid and Brexit. It focuses is on two overarching aims: stimulating more demand in key markets; and supporting businesses to capitalise on this demand.
- Scotland Food & Drink is in the process of refreshing the Ambition 2030 Food and Drink Strategy, which was the industry’s main focus pre-Covid, and will begin again as the recovery plan phase ends. We expect a revised strategy to be published in early to mid 2023.

A £7.3m funding round for the Food Processing and Marketing Cooperation grant scheme ran in late 2021 to support the industry in developing local supply chains and transitioning to net zero operations.

- 29 businesses were successful in receiving a share of the funding. A further £10.2m round launched 9 May 2022 and successful applicants were announced on 7 November 2022.

We are providing £2.7m funding over 2019-2024 towards the Scotland Food & Drink Recovery Plan

- This £4.5m SDI-led plan harnesses public (60% SG, 20% SDI) and private sector (20%) resources to help the industry exploit the most significant opportunities for Scotland with a team of food & drink specialists situated in our key markets around the globe.
- We have provided £500k over 2020 – 2023 to the Scottish Grocers Federation for their “Go Local” programme which is helping transform convenience stores with dedicated display space for Scottish produce.

‘Local Food for everyone: a discussion’, a consultation on our draft local food strategy, launched August 2021.

- The 14 week consultation set out the actions we are taking to support local food, as well as inviting views on local food policy.
- The responses have been analysed and analysis report was published on the 13th of July 2022. Officials will continue to work with industry bodies and other key partners and form a working group to further strengthen our approaches to local food.

Further Action

- Through the **Food For Life Programme** we are providing a further **£480k funding in 2022/23** to the Soil Association to target accreditation for more local authorities to support the provision of more locally sourced, healthier food being served throughout schools.
- We retain our commitment to **Scotland’s seafood sector**, with publication of the Strategy for Seafood on 6th October 2022, which affirms the importance of the seafood

sector and sets out how we are supporting industry to contribute to achieving our Blue Economy aspirations.

- We set up a **Food Security and Supply Taskforce**, jointly with industry, which met for the first time on 18 March 2022. The groups aims were to monitor and identify any potential disruption to the food & drink supply chain resulting from the impact of the war in Ukraine and recommend actions to help.
- The taskforce reported back in June and recognised that most of the issues having a significant impact are reserved to the UKG.
- Given the current cost of doing business crisis members a further Taskforce meeting took place in October and we will continue to monitor the situation.

SG Support for F&D Sector Through COVID-19 Pandemic

- Engaged daily with industry and held regular meetings of the Food Sector Resilience Group.
- We asked all retailers to pay suppliers immediately to help with cash-flow, and engaged extensively with retailers to encourage even more local sourcing to support suppliers.
- We worked closely with retailers, wholesale sector and manufacturers to ensure equity of food provision across Scotland, and especially for our remote and island communities.
- We supported many food and drink businesses through the Pivotal Enterprise Resilience Fund and the Creative, Tourism and Hospitality Fund, as well as sector-specific funds such as the Scottish Seafood Business Resilience Fund (128 application with value over £5m), Scottish Wholesale Food & Drink Resilience Fund (Phase 1, £5.5m to 41 businesses in 2020/21 and Phase 2, £5.37m to 40 businesses in 2021/22) and the Scottish Food and Drink Producers Fund (£1.15m to 36 businesses in 2021/22).
- We also provided £1.8m of Covid related funding to small brewers in Scotland in 2021.
- SG also support the AHDB/Dairy UK promotional campaign to help increase retail sales of dairy products (SG contributed £45k to this).

We remain committed to supporting the sustainable recovery of the tourism sector, as we have throughout the pandemic.

- Since the start of the pandemic, we have delivered packages specifically to support various tourism and hospitality businesses totalling £258.5m – in addition to our rates relief schemes which have saved Scottish businesses around £1.6bn in reduced rates bills since 1 April 2020.
- There are signs that consumer confidence continues to return. VisitScotland's latest COVID-19 consumer confidence survey found higher levels of confidence in Scottish and UK residents that domestic trips will go ahead, compared with 2021.
- We do not underestimate the challenges facing the tourism and events industry, with effective recovery necessary to ensure the sector contributes to economic transformation, delivers fair work, sustainable jobs, value for communities, and that Scotland is a world leader in future responsible tourism.
- We have taken a range of actions, within our devolved powers and fixed budget, to help those facing the combined impact of higher energy bills and interest rate rises, and we will continue to work closely with the sector to help rebuild this vital part of Scotland's economy.

We supported tourism recovery projects aligned with the industry needs and Scotland Outlook 2030.

- The Scottish Tourism Emergency Response Group (STERG) was created in March 2020 to respond to the coronavirus (COVID-19) pandemic, and to support tourism businesses to recover from the pandemic.
- The purpose of the group was to ensure the tourism sector is well placed to reach its full potential and contribute to the Scottish government's ambitious overall plan for growth.
- The Scottish Government allocated £25m to fund ten projects as part of the recovery programme developed by STERG, based on the recommendations of the Tourism Recovery Task Force. This funding represented an important milestone in the recovery of the Scottish tourism sector from the pandemic.
- The ten projects were designed to support the four outcomes identified in Scotland Outlook 2030, which aim is to enable Scottish tourism to become the world leader in 21st century tourism.
- This work, delivered by partners working collaboratively across industry, has provided the foundation for a sustainable recovery of the £11.5 billion industry in the medium to long term.

These ten projects have had a significant positive impact throughout the entire tourism supply chain.

- The ten tourism recovery projects were aimed at assisting and accelerating recovery, and providing the foundations for the sustainable recovery of the sector.
- The recovery programme was also designed to positively impact the entire tourism supply chain, allowing tourism once again to contribute to communities and to the wider Scottish economy.
- Together, the projects have stimulated demand, supported infrastructure plans and invested in skills development to aid the recovery of the industry.
- They have also supported tourism's transition to a low carbon future, vital for the industry as it works towards the Scottish target to be net zero by 2045.
- This programme is setting us back on track towards achieving the ambitions of the national tourism strategy, Outlook 2030, for Scotland to be a world leader in 21st century tourism.

We will build on the work we have already done to continue supporting the tourism and hospitality sector in the coming years

- The Scottish Tourism Emergency Response Group (STERG) submitted to SG for consideration, a set of 13 recovery proposals for phase 2 of the Tourism Recovery Programme, addressing recovery in fall 2021.
- Due to budgetary pressures, we were unable, in the 22/23 budget process to allocate any specific funding to support STERG's proposals for phase 2 of the Tourism Recovery Programme.
- We are grateful for the work of STERG and the Tourism Recovery Taskforce. These proposals are still relevant and funding for these was recorded as a contingency pressure, in the 22/23 budget process, to be met if any further funding became available at a later time.
- Given the current financial pressures we do not anticipate this will happen.
- We will continue to discuss with sector leaders how we can best support businesses in the face of an extremely challenging budget position.

As we move beyond the immediate short term challenge of the pandemic, the industry and the government must continue to work together to align Scotland Outlook 2030's priorities with the National Strategy for Economic Transformation

- STERG has been well placed to coordinate the response of public agencies involved in tourism, in collaboration with industry, to offer the right professional support and guidance to the sector.
- We recognise that businesses continue to face significant challenges, including the longer term impact of the pandemic, labour shortages and rising costs. These challenges cut across both tourism and hospitality, which are inextricably linked.
- Partners will continue to work together, moving from an emergency response group through a transition period to a Tourism and Hospitality Industry Leadership Group (ILG) which can help drive recovery and sustainable growth across both tourism and hospitality in the long term.
- The new ILG will oversee the delivery of Scotland Outlook 2030, and its commitment to the four key priorities (passionate people, thriving places, diverse businesses, memorable experience), ensuring it also aligns with the ambitions of the National Strategy for Economic Transformation (NSET) as well as regional and sectoral strategies.
- The Minister for Business, Trade, Tourism and Enterprise co-chairs the ILG alongside an industry representative. In consideration of the work done by the Scottish Tourism Alliance during the pandemic and the importance of retaining institutional knowledge, the Scottish Government invited the Scottish Tourism Alliance's CEO to co-chair the ILG along with the Minister.
- The first ILG meeting took place on November 23rd.