

SCOTTISH ENERGY ADVISORY BOARD
Tuesday 9 July 2019
Glasgow

MINUTES OF MEETING

Members attending in person

- Professor Sir Jim McDonald, University of Strathclyde (Co-Chair)
- Keith Anderson, Scottish Power Renewables

- Jim McColl, Clyde Blowers Ltd
- Graeme Sweeney, The Chopping Company
- Sam Ghibaldan, Water Industry Commission for Scotland
- Vinay Mulgundmath, Doosan Babcock

Members attending by phone

- Melfort Campbell, IMES Group
- Deirdre Michie, Oil and Gas UK
- Professor Alex Kemp, University of Aberdeen
- Claire Mack, Scottish Renewables

Attendees in person

- Fintan Slye (in place of Duncan Burt) National Grid
- Sam Peacock (in place of Alistair Phillips-Davies), Scottish and Southern Energy
- Gordon McGuinness (in place of Damien Yeates), Skills Development Scotland
- Andy Hogg, Scottish Government
- Neil Ritchie, Scottish Government
- Jenna Williamson, Scottish Government

Attendees by phone

- Gavin MacKay (in place of Audrey MacIver), Highlands and Islands Enterprise
- Andy McDonald (in place of Linda Hanna), Scottish Enterprise
- David Cameron (in place of Brian Cowell), EDF Energy
- Kersti Berge, Scottish Government

Secretariat

- Sean Jamieson, Scottish Government
- Temeeeka Linton, Scottish Government

Welcome and Introductions

1. Sir Jim welcomed attendees to this follow up to the unfinished June's SEAB meeting by thanking them for their attendance, and asking members on the call to identify themselves.
2. Sir Jim provided apologies for the absence of the First Minister and Mr Wheelhouse due to other diary pressures however noted that minutes of this meeting will be shared with them .
3. Sir Jim thanked members who had already provided comments following on from the previous discussion and asked for any further comments to be provided by the end of July.

ACTION: Members to provide any additional comments by email to Scottish Government officials by 31 July 2019.

4. Sir Jim directed members to the questions provided in the papers as a guide to the day's discussion. Firstly asking for views as to how the advice provided the Climate Change Committee Report affects the scope, priorities and delivery of the Energy Strategy going forward.

Energy Strategy Delivery and the Committee on Climate Change Report

5. Industry investment within the automotive industry and the desire for a strategy to alignment demand was highlighted by members by members as potential avenue for delivery. This was deemed to provide clarity and indicate how stimulate industrial investment to capture economic opportunities.
6. The board highlighted the immense task in promoting and motivating the uptake of any future household scale energy generation system in future. Members suggested that by adopting promotions in which adoption is made simpler and cheaper for consumers; a big enough impact can be achieved.
7. The impact of the recent Climate Change Committee (CCC) report was noted as positive promoter for further driving the renewable industry. Scotland could a achieve status as a world leader through maintaining competitiveness.
8. Sir Jim noted the importance of the market as being key within this transition.
9. The importance of an industrial strategy which places the welfare of Scotland's citizens at the heart was highlighted. Such a strategy will require:
 - a political and economic assessment of climate and energy policies
 - a complete overview of how individuals and firms participate within these outline areas of influence areas of non-influence to ensure success.
10. Additionally, the importance of protecting to the environment and pursuing social welfare was recognised; this should begin with understanding what success regarding welfare has already been achieved.

11. The lack of quantification within the CCC report was raised with further research being suggested. It was noted that further works will be provided by the Committee in future.
12. The board raised the importance of ensuring households and society more widely are effected positively by any transition. As such, questions must be raised regarding the UK and future investment in energy sectors, like hydrogen, which Scotland could be an attractive space for.
13. Sir Jim welcomed the publication of the updated Future Energy Scenarios for 2019 by The National Grid Electric System Operators on Thursday 11 July.
14. The connection between Carbon Capture Storage and hydrogen within the CCC report was highlighted by members. Through an economic business case, which could maximise output and to drive power targets, there is a way forward; which could place Scotland at the heart due to current storage sites and hydrogen clusters already in place.
15. Members highlighted British Columbia as an example of successful decarbonisation policies. Taxation had been used to promote and not to punish the sector, Scotland should evaluate how a similar system could be applied.
16. A strategy based upon strong analysis of potential alterations within the offshore wind sector was raised by members. Despite a strong focus on Scotland's supply chain it was deemed to be lacking investment, compared with onshore wind where there are hopes of repowering the existing fleet.
17. The lack of forward planning was highlighted by members; citing only providing targets for 2020 (as a result of heat). As such consumer access must be reversed with an emphasis placed on alternative options available.
18. Additionally, the issue of addressing timescales more generally by members was raised. The transition was deemed to require further clarity regarding benchmarks and that barriers the sector currently faces should be tackled by the Scottish Government (where possible).
19. Legislation regarding transport was raised by members suggesting that is required to promote electric vehicles; due to the majority of this coming from the European Union and not the United Kingdom.
20. The economic opportunity of heat was recognised by members, particularly through a strong supply chain. However the correct signalling to the market was deemed essential to ensure this would be successful. This could be achieved by:
 - Repowering through the recycling of old equipment of energy sites
 - Reinforcing Carbon Capture Storage
 - Government support to drive future success.

21. The change in atmosphere and ultimate need for new modelling was highlighted by the board; as energy companies begin to address objectives in a different format than previously.
22. Sir Jim thanked members for their contributions before moving the discussion to the next question outlined. Purposing the question to which economic opportunities from the decarbonisation transition could be capitalised and those open to Scotland.
23. The role of regulators was noted as being overlooked within the paper provided. It was recommended by members that a clear role for regulation in the overarching political narrative was required.
24. Sir Jim agreed that an omission regarding regulation had been made.
25. The role of local authorities was noted as being key in achieving a successful transition especially in the heat sector. To achieve trust with these authorities will be essential due to the economic and long term costs associated with various heat systems (such as heat pumps).
26. The board recognised the importance of local authorities within this transition especially amongst Scotland's island and rural communities. As such these energy issues facing should be addressed in the local context (similar to broadband) as other geographical variations may impact transition. This suggestion highlighted works currently being carried out by Scottish water to utilise water as a heat source.
27. Additionally, localised community owned enterprises should play an important part in the future transition. As such, work needs to be carried out on understanding how these function and how to remove any barriers they face. Likewise the use of citizen assemblies was raised by members as a method of bringing people together to discuss the issues facing the nation during this transition.
28. The debate between hydrogen and electricity to lead the transition was also put forward. It was suggested that this needed to be agreed upon prior to further infrastructural planning is proposed.
29. Concerns regarding future investment was raised by the members of the board; citing the Royal Society of Arts which recently announced their decision to disinvest from the fossil fuel sector. We must ensure that investment is not lost as this was deemed as potentially detrimental upon any future transition plan.
30. Sir Jim agreed with the need for an investment transitional strategy before requesting comments regarding the promotion of talent within the industry.

31. Work feeding into government policy currently undertaken by Skills Development Scotland has shown that the knowledge and understanding across local authorities varies greatly. As such, a more consistent process was proposed going forward.
32. The success of the Low Carbon Skills Fund and apprenticeship programmes were highlighted by board as influential for the sector. Despite this, changes within the funding sphere have their influence reduced. The board noted that this funding will need to be sustained to ensure success of the sector.
33. The simplicity of the adoption of the general public within the transition was raised as being influential. With the example of Dumfries and Galloway providing a one bin per household policy and separation of waste conducted at their Eco Deco Plant and not by householders themselves highlighting this.
34. Additionally, it was suggested that the benefit of the transition needs to be made clear to maintain the support and involvement of consumers.
35. Regulation was highlighted as a way of simplifying and streamlining methods to achieve a transition to a net zero economy.
36. Sir Jim thanked members for their contributions before directing discussion to question how decisions taken externally affecting Scotland could be influenced and which areas should be prioritised.
37. The Well-being of Future Generations (Wales) Act 2015 was noted as an example in which strong lessons could be learned regarding any future strategy. For example, 0% loans for various bodies could be adopted to drive investment in areas certain areas.
38. The influence of the expected UK Government white paper was noted as influential; however its date of release as well as lead Minister and content was still unknown.
39. It was noted that Scotland had an opportunity to offer a positive template to the rest of the UK similarly seen with resilience issues.
40. Incentives such as higher carbon prices suggested as a method of promotion; with Aberdeen University research indicating that investment attributed from the oil and gas sector has allowed for greater integration within the supply network as a whole.
41. Coordination regarding future policies was deemed essential to ensure that priorities were achieved.
42. Sir Jim thanked members for their contributions before directing the discussion to the future restructuring of the SEAB Board following the various

changes which had been made to the proposal as a result of the meeting in June.

43. Andy McDonald stated he would email his comment to Scottish Government colleagues.

ACTION: Any further comments from board members requested to be provided to secretariat by 31 July

44. The board noted that the electrification of transport and changes within heat demand will open greater opportunities for supply in Scotland; as the demand on electricity increases. Research has indicated that that rampant electrification within urban areas require investment within the grid to remain stable.

Review of expert advisory groups under SEAB

45. The welcomed the adoption of oil and gas transition as a major working group within the updated proposal following previous concerns raised in June. As previously weighted concerns of the oil and gas sector's role within this transition being overlooked (and the detrimental consequences it could have) were relieved.

46. Members expressed their general agreement of the proposed structure and recognised work to take on board further feedback.

47.

Despite this, it was noted that there needs to be a greater focus on economic opportunity and the promotion of investment with suggestions that this could be achieved by:

- regulation,
- subsidies,
- SG involvement
- industrial investment

48. The role of consumers within the four main strategic leadership groups was welcomed by members. However, the importance of community and local government was noted and further collaboration being required with these groups and other sectors.

49. Additionally, the incorporation of hydrogen was noted to offset any ramifications with the electrification of the networks; as potential for local energy was highlighted.

50. The role of transport and heat were identified as needing to be more explicitly y referenced including through linkages to other groupings.

51. Members suggested that any future advice should be given only within the context of the political impact on the economy; with the energy strategy being a key component on the operability of this.

52. All structures cross cutting was noted as an issue by members with hydrogen being highlighted as an issue which needs to be tackled.
53. The future decision regarding heat within the transition was raised as key with concerns that any alteration in electricity costs; consumer protection must be ensured.
54. Additionally, greater focus on resilience was highlighted as required going forward.
55. The importance of planning for each main strategic group going forward was raised; with a potential shortage of renewable energy. Despite the strong set of resources within Scotland, the off gas grid homes must be considered to ensure this was resolved.
56. Sir Jim asked that any further comments from the board be provided to Scottish Government colleagues by email before addressing any other business.

ACTION: Members to provide further comments regarding the updated restructuring proposal by email to Scottish Government colleagues

Any other business

57. Deirdre Michie raised the current issue of funding facing the Centre for Doctoral Training and asked for Scottish Government support. Due to strong links with major universities and the geo-energy sector as a whole, the member wished to raise the importance of retaining and expanding their influence where possible; noting the strong alumni which have been a driving force in the industry thus far.
58. Sir Jim suggested that this should be raised directly with the Scottish funding board.

ACTION: Centre for Doctoral Training to be raised with the Scottish Funding Council

59. Sir Jim closed the meeting and thanked members for their participation and engagement.