



WWF Scotland
Little Dunkeld, Dunkeld
Perthshire PH8 0AD

Tel: 01350 728200
Fax: 01350 728201
ISDN: 01350 728154
wwfscotland.org.uk

PARLIAMENTARY BRIEFING

Debate on Energy, Economy & Tourism Committee renewables inquiry

February 2013

- WWF Scotland is pleased that the EET Committee 'fully supports' a series of ambitious targets for the development of renewable energy by 2020. WWF believes these targets are absolutely necessary and also achievable.
- However, we call on the Scottish Government to focus more on increasing renewable heat, with an increase in the heat target. We welcome the commitment to a Heat Generation Policy Statement and hope it will mark a step change in policy effort.
- WWF supports the committee's recommendation for 'a clear, stable, long-term incentive regime' to deploy renewables at the scale required.
- WWF calls on MSPs to ensure the Scottish Government's position on a UK Emissions Performance Standard is in line with its commitment to a decarbonised grid by 2030.

Realising Scotland's renewables potential

We welcome the EET Committee's support for Scotland's renewable targets and agree with their finding that these are achievable. Analysis by *Garrad Hassan* concludes that renewables could comfortably provide 100% of Scotland's annual electricity demand by 2020, increasing up to 185% by 2030, without resorting to new nuclear or endangering environmental interests, and allowing for electrification of heat and transport sectors.¹ Achieving our renewables targets is a vital – and popular² – part of decarbonising our energy system and meeting our climate targets.

WWF Scotland welcomes the certainty and continuity of the Scottish Government's renewables policy framework to date, enabling significant investment into Scotland, the creation of thousands of jobs and a shift to a cleaner energy system. Continued leadership from the Scottish Government and cross party support for renewables is important in building investor confidence, providing long-term policy clarity and maintaining public support for renewables. However, generating more renewable energy alone will not deliver the scale of emission cuts necessary unless we also increase our energy efficiency and phase out our use of fossil fuels.

Renewable Heat

Much of the focus during the EET inquiry was on renewable electricity. Heat accounts for more than half of energy demand in Scotland, 47% of CO2 emissions and 60 per cent of household energy costs. It is therefore vital to accelerate installation of renewable heat technologies.

¹ Power of Scotland Secured http://assets.wwf.org.uk/downloads/power_of_scotland_secured.pdf

² 79% support the UK's use of renewable energy to generate electricity, fuel and heat, 4% oppose https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/73107/Key_findings_wave_4.pdf



Director of WWF Scotland: Dr Richard Dixon
President: His Royal Highness,
The Prince of Wales KG, KT, GCB, OM
Chair: Ed Smith
Chief Executive: David Nussbaum

WWF-UK a charity registered in England and Wales number 1081247 and in Scotland number SC039593, a company limited by guarantee registered in England number 4016725. VAT number 733 761821. 100% recycled paper
Registered office: Panda House, Weyside Park, Godalming, Surrey GU7 1XR

The Scottish Government's second Report on Proposals and Policies reiterates a previous commitment to a 'largely decarbonised heat sector by 2050' and a milestone of 'significant progress by 2030'. Yet they also restate a 2020 target to source 11% of heat demand from renewables, which the Government confirms it is 'well ahead of'.³ Analysis for WWF Scotland by *Element Energy*, suggests that the current target of 11% renewable heat of 2020 demand is insufficient to reduce emissions in line with this 2030 milestone. Indeed, in 2011, Scottish Renewables concluded that the will be hit as early as 2016 and that therefore the target ought to be raised to stimulate greater development and uptake of heating systems.⁴ We call on Ministers to raise the renewable heat target.

A clear incentive regime

WWF supports the committee's recommendation for 'a clear, stable, long-term incentive regime' and 'a range of mechanisms' to promote and support the development and deployment of renewables at the scale required. Many renewable technologies are relatively new and have not yet been widely deployed or benefitted from the same level of R&D and economies of scale as more mature technologies. As renewable energy technologies mature, cost can be expected to fall. In the case of onshore wind, a recent report from Bloomberg New Energy Finance, made clear that the best wind farms in the world already produce power more economically as coal or gas generators.⁵ It is worth noting that the growth in renewable generation across Scotland and the UK is happening at just a fraction of the public finance support enjoyed by gas, oil and coal.⁶

In its latest detailed review of consumer bills in December, the UK Committee on Climate Change made it clear that the 60% rise in consumer electricity bills that we have seen between 2004 and 2010 was primarily caused by an increase in wholesale prices, gas in particular.⁷ The latest Ofgem estimate of the combined cost of supporting renewables (RO and FiTs combined) is just £27 a year compared to an average annual household energy bill of £1342.⁸

UK Electricity Market Reform (EMR)

It is critical that Scotland's voice is heard while the UK Energy Bill is being finalised. UK electricity market reform is critical to enabling a growth in renewables, a step change in energy efficiency and a reduction in consumer costs. We welcome the Scottish Government's championing of a specific 2030 decarbonisation target of 50gCO₂/kWh carbon intensity and a rejection of support for new nuclear. However, we consider this position contradicts support for a UK Emissions Performance Standard (EPS) of 450g CO₂/kWh. WWF believes the proposed EPS risks a dash for gas, a concern supported by the UK Energy and Climate Change Committee⁹ and the Scottish Parliament's EET Committee, which recommended 'a revision of the Emissions Performance Standard that does not create incentives which will lead to investment being unduly diverted from renewables to gas.'

In WWF's view, an EPS of 450gCO₂/kWh for new power plant will have very little impact in preventing the construction of unabated gas plant in Scotland and is not in line with the Scottish Government's commitment to a virtually decarbonised power sector by 2030. The EPS does nothing to support investment in CCS, further frustrating the establishment of a Scottish supply chain that has been hampered by the drawn out UK funding competition. We call on MSPs to question the Government's EPS position and its impact on the achievability of the 2030 decarbonisation goal.

Contact: Eva Groeneveld, Public Affairs Manager, WWF Scotland, egroeneveld@wwfscotland.org.uk

³ http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/20130206p.pdf

⁴ See http://www.scottishrenewables.com/static/uploads/publications/110320_sr_-_renewable_heat_report_final.pdf

⁵ <http://www.bloomberg.com/news/2013-02-06/australia-wind-energy-cheaper-than-coal-natural-gas-bnef-says.html>

⁶ See <http://www.guardian.co.uk/environment/2012/feb/27/wind-power-subsidy-fossil-fuels?newsfeed=true>

⁷ http://downloads.theccc.org.uk.s3.amazonaws.com/Household%20Energy%20Bills/CCC_Energy%20Note%20Bill_bookmarked_1.pdf

⁸ <http://www.ofgem.gov.uk/Media/FactSheets/Documents1/household-bills.pdf>

⁹ <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmenergy/275/275.pdf>