



Renewables Obligation Scotland (2008)

Unite – the Union Scotland Response

Introduction

Unite - the Union represents around 200,000 working people and their families throughout Scotland. We are the UK and Ireland's largest trade union with 2 million members in a range of industries including transport, construction, financial services, manufacturing, print and media, the voluntary and non-profit sectors, local government and the NHS.

As a Union with a significant membership in the energy sector - including workers in electricity, gas and nuclear power stations, offshore oil and gas production and opencast coal sites - we have a wide-ranging stake in the energy debate, issues relating to the impact of climate change and the need for a transition to a low carbon economy.

We have been a consistent supporter of efforts to reduce carbon emissions and our reliance on energy imports through the development of renewable technologies and other industries in the energy sector including clean coal, nuclear power and carbon capture. This has included welcoming a series of measures implemented by the previous Scottish Executive, and the UK Government particularly: the Scottish Sustainable Development Forum, investment in recycling projects, the Green Jobs Strategy and the provision of assistance to the Scottish Environmental Protection Agency.

However, we have also continued to articulate our belief that more needs to be done in a number of areas including renewable energy, energy efficiency, transport and the key role that our members can perform in the transition to a low carbon economy.

While we appreciate that this consultation focuses on Marine Supply Obligations (MSO) and that the Scottish Government intends to bring forward a Climate Change Bill in due course, we feel that it is important to raise a number of

pertinent points at this juncture which not only directly impact on marine renewable technology but also all other emerging renewable sources.

In light of the Scottish Government's new targets for renewable energy (50% by 2020) and carbon emission cuts (80% by 2050), Unite – the Union seeks clarity in the following areas:

- Projected job creation in marine and all other forms of renewable energy sources on an annual basis;
- Measures being taken by the Scottish Government to ensure the necessary level of skilled labour is delivered for the construction, operation and maintenance of each renewable sector to realise new targets;
- The allocation of funding specifically set aside for the training and development of workers in the renewables sectors to achieve the Government's renewable targets;
- Measures being taken by the Scottish Government to develop and actively support a *Green Manufacturing* strategy;
- The achievability of marine requirement annual targets; and
- Measures either in place or which can be introduced to mitigate any shortfall in output against MSO levels – as has already occurred for 2008/09 MSO target.

We, therefore, welcome the opportunity to take part in the '*Renewable Obligation Scotland*' (2008) consultation to ensure that the voice of our membership is heard.

Unite – the Union Response

Policy Position

Unite - the Union believes a *balanced energy strategy* (incorporating clean coal, nuclear, oil, gas, and renewable sources) is vital to ensuring security of supply, greater price stability and the transition towards a low carbon economy.

We are concerned that in the future the energy requirements of the whole of the UK will continue to increasingly rely on imported energy unless steps are taken to increase the diversity of supply. While Scotland exports 20% of the electricity it generates the Department of Business, Enterprise, and Regulatory Reform highlight that in 2006 overall primary fuel consumption in the UK was not met by indigenous production. This continues the trend since 2004 when the UK became a net importer of fuel. The indigenous production of energy was 9.1 per cent lower in 2006 than in 2005, continuing a year on year decline for each year since 2000. For example a paper by the former Department of Trade and Industry titled '*The Energy Challenge*' speculates that the UK could be importing as much as 90% of our gas needs by 2020 compared with around 10% now.

While the whole of the UK must continue to have access to reliable sources of energy – as issues regarding the reliability of supply are not exclusive to imported energy - we must become less dependent on energy from abroad. The security of supply and price stability which is becoming increasingly important in a volatile political world particularly as the largest global reserves of oil and gas are concentrated in Russia, Central Asia, the Middle East, and African countries.

Consequently, if we are to address these energy and environmental challenges then it must entail an integrated and interdependent strategy for all potential indigenous sources in the UK. *This must be at the heart of the transition to a low carbon economy.*

We believe this challenge must be viewed and addressed in the widest possible context. It is for this reason Unite – the Union welcomes recent reports that the UK and Scottish Governments are in advanced discussions regarding a significant expansion in off-shore windfarms.

As a result, Unite – the Union supports the development of a wide range of renewable energy technologies throughout Scotland and the UK, and the objective of the Renewables Obligations which is designed to drive increases in renewable capacity.

Realising the Potential of Marine Power

Unite – the Union believes that Scotland, primarily through natural and marine resources, is in a unique position to be pioneers of renewable technologies. Renewable energy technologies could bring new success to Scotland's manufacturing sector and support the development of the Green Jobs strategy.

A recent report by the Carbon Trust illustrates the massive potential for tidal and wave power generators for supplying a significant amount of power to the electricity grid by the end of the decade. The Trust estimate that marine energy could provide up to 20% of the UK's current electricity needs and become cost competitive with conventional and other renewables in the long term.

Marine energy has massive potential but there is still little operational capacity currently installed. At present there are two wave power devices in the UK – the Limpet unit of Islay and Pelamis on Orkney. The total capacity currently stands at 1.25 megawatts (MW). The Marine Energy Group (MEG) has projected that 1,300 MW of wave and tidal current energy capacity could be installed in Scottish waters by 2020. If Scotland, and the UK, is to realise the potential of marine technology then this will be dependent upon the right level of investment and support.

Unite – the Union strongly believes that more Government support is necessary because while the UK has a history of developing prototypes the manufacture of these take place elsewhere due to greater government support overseas. We are keen to see the Scottish Government, UK Government and enterprise agencies adopting a strategy that integrates the need for domestic production and provides support for this. Without this, it is already clear, that production will just move elsewhere where greater support will be provided.

We want the Scottish Government, and the UK Government, to back manufacturing champions including *green manufacturing* by taking a stake where necessary in a company to guarantee their futures - and the future security of our nation's energy supply. Unite – the Union believes this should happen when either an emerging technology company is in receipt of financial assistance (e.g. business start-up grants, support schemes, or assistance grants), or, through active steps to hold equity in existing and established energy companies.

Realising Job Opportunities

It is essential that more Government support is directed at emerging technologies not only in terms of incentivising companies but in skills, training and retaining people in the sector. *This is critical if Scotland is to ensure that emerging renewable targets are to be achieved.*

Countries that have invested and led the way in 'green manufacturing' have also created jobs. In Denmark 29,000 people work in the renewables sector. With UK manufacturing losing around 100,000 jobs a year a green manufacturing jobs strategy must be given serious support. A DTI study has shown that with the right level of investment up to 35,000 jobs could be created by 2020 in the renewables sector (*DTI Renewable Supply Chain Gap Analysis, 2004*). The MEG (2004) has also stated that 7000 direct jobs could be created in a diverse marine industry in Scotland by 2020.

With an ageing workforce, issues regarding retention and a shortfall in the number of newly qualified entrants to disciplines of importance to the energy and environment sectors, we believe that more needs to be done in relation to training and skills if we are to realise potential job growth. For example the Bank of Scotland Labour Market Report continuously highlights that Engineering & Construction workers are the most sought-after workers in both the permanent and temporary sectors.

The necessity of skilled labour and the manufacturing of components in the UK in the tidal power sector has been identified as key issues to the success of the industry in a joint paper by the Departments of Economics and Engineering at Lancaster University, the Fraser of Allander Institute and the Centre for Public Policy for Regions titled '*Modelling the Potential Economic Impact of Tidal Devices on the UK*' (September 2007).

The study finds that there would be '*significant economic benefits*' to the UK from the installation of tidal energy devices. The annual impacts in 2020 range from £17.1 million to £43.2 million (in 2000 prices). However, the study also crucially highlights that if there were a greater share of the components made in the UK then this "*might increase the economic impact by between 29% and 45%*" and that this should make continuing to '*develop a sophisticated and technically skilled labour and component supply-chain a priority for policy makers*'.

We believe the Scottish Government must address the issues of skills and training in the energy sector. Unite – the Union is concerned that in the Scottish Government's recently published '*Skills for Scotland: A Lifelong Skills Strategy*' (September 2007) the necessity of supplying skilled workers in the energy sector is referred to only once.

Therefore, Unite – the Union seeks clarity from the Scottish Government on the following points:

- Projected job creation in marine and all other forms of emerging renewable energy sources on annual basis;
- Measures being taken by the Scottish Government to ensure the necessary level of skilled labour is delivered for the construction, operation and maintenance of each renewable sector to realise new targets;
- The allocation of funding specifically set aside for the training and development of workers in the renewables sectors to achieve the Government’s renewable targets; and
- Measures being taken by the Scottish Government to develop and actively support a *Green Manufacturing* strategy.

Marine Supply Obligation Levels

Unite – the Union wishes to acknowledge the consistent and growing contribution by emerging renewables to Scotland’s electricity generation over a number of years. The table below from the Scottish Government highlights the amount of electricity generated by the emerging renewables sector which includes wind, wave, solar power and thermal renewables – excluding hydro power (natural flow and pumped storage).

<u>Year</u>	<u>Fuel Source</u>	<u>Amount generated (GWh)</u>	<u>Percentage generated (1)</u>
2000	Other renewables	306	0.6
2001	Other renewables	465	0.9
2002	Other renewables	672	1.4
2003	Other renewables	823	1.7
2004	Other renewables	1361	2.7
2005	Other renewables	1876	3.8

The consultation highlights that although the Renewable Obligation Scotland (ROS) order for 2007 contained MSO levels from 2008/9 onwards the position

now is that because “*no eligible projects or generating capacity have come forward or been declared*”. As a result, the wave and tidal requirements for the period 2008/9 have now been amended to be set at zero. In contrast, the ROS order 2007 indicates that marine power would already be making a contribution to total electricity supplies in 2008/09 (0.1%). Therefore, the first marine requirement target has not been achieved in accordance with the ROS 2007 order.

While we appreciate marine capacity is “*making its way through the planning and pre application stages*” and that according to the Amendment Order the marine requirements will still be achieved by 2016 (7% of electricity supplied by marine power), Unite – the Union wishes to seek clarity from the Scottish Government on the impact of the new annual marine requirements on the achievability of the new renewables targets (i.e. 31% by 2011 and 50% by 2020).

The reason we highlight this point is that under the Amendment Order the March 2011 marine requirement is now 2.4% in contrast with the ROS 2007 order marine requirement target of 3% for 2011. While the variance of 0.6% is an admittedly very small percentage, and presently does not alter the total marine obligation by 2016; we wish to highlight that in the absence of sufficient conditions (e.g. investment in skills and training, retention of skilled labour, sufficient numbers of engineers and construction workers and newly qualified entrants to disciplines of importance to the energy sector) then further slippages in meeting marine and other renewable sector targets is a real possibility.

We are aware that the Energy Minister Jim Mather has recently announced that the Scottish Government is now looking at setting a target of nine months for new energy applications to be determined where there is no public inquiry. However, while this will accelerate the process of applications being progressed it does not address the aforementioned issues.

Therefore, Unite – the Union in this context wishes to seek clarity on the following:

- The achievability of marine energy annual targets; and
- Measures either in place or which can be introduced to mitigate any shortfall in output against MSO levels – as has already occurred for 2008/09.

In relation to all the points raised above in this consultation response, we would be happy to meet with the relevant Minister and/or civil servants to discuss any of these points in greater detail.

Conclusion

Unite – the Union has welcomed the opportunity to articulate our policy relating to marine power and the emerging renewable sector. We believe there are a number of key challenges facing the future energy needs of Scotland, and the whole of the UK, not least the necessary investment in education, skills and training.

Addressing this is vital if Scotland is to produce the required level of graduates in disciplines of importance to the energy and environment sector, engineers, construction workers and other skilled staff who will be pivotal to developing, operating and maintaining emerging renewable technologies - and to ensuring the Scottish Government's new targets are achieved.

Therefore, as a key stakeholder in the energy sector we look forward to our points in this consultation response being addressed and to playing a key role in future consultations of importance to our members.