

Chamber's Renewable Energy Policy Group

Minutes of Meeting – 3 June 2010

held at Conference Room, Carnegie B, James Watt Centre, Heriot Watt University,
Edinburgh

Present: Bruce Farquhar, Partner, Anderson Strathern (Chair)
Ray Mountford, Site Optimisation Manager, Ineos
Professor Steve Chapman, Principal, Heriot Watt University
Steven Vickers, Group Strategy Director, Buccleuch
Alasdair Rankin, Crown Estate (an alternate for Tom Mallows)
Jamie Hume, Head of Renewable Energy, Scottish Government
Ross Mackenzie, Lead Officer – Investment, Fife Council (also representing City of Edinburgh Council)
Ian Lindsay, Commercial Director, Babcock
Douglas Coleman, Project Director, Forth Ports
Alan Cramond, Energy Services Limited
Kath Thomson, Membership Sales Executive, Edinburgh Chamber of Commerce
Tom Myres, representing Graham Bell
Max Carcas, Business Development Director, Pelamis Wave Power
Mike Robertson, Skanska (as alternate for Alex McLeod)
Raymond Flanagan, Edinburgh Chamber of Commerce (by phone for part of meeting)
Cecilia O'Connell, Solicitor, Anderson Strathern

In attendance: Professor Tooraj Jamasb, Heriot Watt University

Apologies: Chris Rodgers, Senior Manager, Co-operative Bank
Rodney Ayre, Operations Manager, Mitsubishi Electric
Tom Mallows, Environmental and External Affairs Manager, Crown Estate
Jason Ormiston, Communications Manager, Vattenfall Windpower
Graham Bell, Press Policy Manager, Edinburgh Chamber of Commerce
Ron Hewitt, Chief Executive, Edinburgh Chamber of Commerce
Liz Macreavey, Edinburgh Chamber of Commerce

	Item of Agenda	Narrative	Action Owner
1	Welcome	Bruce Farquhar welcomed attendees to the second meeting of the Renewable Energy Policy Group. He noted the attendance of Mike Robertson of Skanska who have joined the group. Mike gave a brief outline of Skanska's interests and involvement in the sector.	
2	Overview of Renewables by Jamie Hume	Jamie Hume provided an overview of the renewables sector. A summary of the presentation is annexed	

3.	Presentation from Heriot Watt Energy Academy	<p>Professor Tooraj Jamasb of Heriot Watt Energy Academy gave an informative presentation on the development of Renewable Energy Companies. A copy of the presentation is attached.</p> <p>Tom Myres asked whether the facilities in Edinburgh comprise a suitable technology cluster. Steve Chapman noted that there are 4 universities in Edinburgh and 7 research parks. There are a number of other research institutes in Scotland. There is clearly a huge amount of knowledge in the Edinburgh area and major under-use of our capabilities.</p>	
4.	Update on Low Carbon Investment Conference by Dr Raymond Flanagan	<p>Raymond Flanagan joined the meeting by phone to discuss progress made in the run up to the Low Carbon Investment Conference (28-29 September 2010 at the EICC.)</p> <p>A number of major international financiers have either committed or indicated a strong interest to provide sponsorship of the event. These include:</p> <ul style="list-style-type: none"> • Firms such as PWC, Ernst & Young and Deloittes. • A number of legal firms • Scottish banks such as RBS, Clydesdale Bank and Lloyds • International banks including Barclays and Deutschebank. <p>A web portal will go live online within the next few weeks inviting notes of interest from Scottish companies seeking finance for their technology. They are to outline what they are seeking finance for. A matchmaking exercise will be undertaken in advance of, during and the weeks after the conference, attempting to link investors with specific developers.</p> <p>This website is to go live in mid-June. There will be 6 weeks to use this to lodge information before it is taken off and put into the conference documentation.</p> <p>An Agenda for the conference is being drafted. This is to include a debate on fundable propositions and on obstacles to development. There will be a number of well qualified key note speakers.</p>	

		<p>Max Carcas noted that different investors have different requirements or different appetites in terms of what they wish to invest in.</p> <p>Raymond Flanagan agreed that there is a wide variety of development proposals and funding requirements. This will be reflected in the conference structure. There will be 3 plenary groups:</p> <ol style="list-style-type: none">1. Major capital – where financiers are interested in huge projects such as large scale offshore wind.2. Public-Private Partnership dealing with matters such as upgrades to port infrastructure.3. Technical development comprising funding for globalisation of Scottish technology and venture funders looking invest with a return within 3-5 years. <p>Raymond Flanagan is actively seeking input on the content and will circulate a draft Agenda. The renewable group are keen to have input on this point.</p> <p>Steve Chapman noted that there is a huge intellectual base in Edinburgh and a huge bank of potential investors. The issue currently is that these two groups are not meeting and hopefully the conference will bring these groups together.</p> <p>Alasdair Rankin questioned who is underwriting the risk of investing in such technology. It is likely that some companies will not fund development unless the Government underwrites the investment.</p> <p>Raymond Flanagan confirmed that this happened in the USA with proven technology such as windfarms. There is clearly less certainty regarding for instance offshore wind power technology to be developed in the North Sea.</p> <p>Win Rampen agreed that the Conference objectives are good especially in terms of the matchmaking. In his own dealings with venture capitalists over the years he has found that considerable time can be spent talking investors through technology only to</p>	
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		<p>be told at a future date that they will not invest.</p> <p>The website holding address is www.slconference.com. Raymond Flanagan is willing to attend the next meeting of the group.</p>	
5.	Identification of 3 key delivery focus areas	<p>Bruce Farquhar referred to the list of key initial focus deliverables. If possible the Group could identify up to 3 for action in the short term. Assisting with the Low Carbon Investment Conference appeared to have the support of the Group at large.</p> <p>Another deliverable suggested was the issue of “community benefits” on the back of major offshore projects. Alasdair Rankin stated that the issue of levels and type of compensation was of concern to developers. Jamie Hume suggested that while it may be too early in the process to discuss community benefits especially given the definition of the impacted “community” is not yet clear in the context of offshore wind, it was certainly an area where input from the Group could be helpful.</p> <p>Win Rampen noted that an area of interest to him was the fact that by 2050 85% of buildings will be existing buildings. This means that these 85% of buildings will require to be retro-fitted to meet renewable energy specifications. This will be a serious technical challenge and will create employment opportunities for huge numbers of people. Mike Robertson noted that Skanska had been involved in such retro-fitting (Empire State Building, NYC).</p>	
6.	AOB	<p>Bruce Farquhar brought the meeting to a close and confirmed that a Minute would be circulated in early course. A date and venue will be confirmed at that point for the next meeting.</p>	

OVERVIEW OF RENEWABLES BY JAMIE HUME

- Election 2010 – The new Government is a positive for the renewables sector. New discussions between the Scottish Parliament and Westminster. There is clear willingness of the two administrations to work together.
- Jamie Hume's team was set up over a year ago. Both technology and public sector involvement continues to advance in this sector. There has been internal reorganisation at the Scottish Government in the last month with the creation of the Energy Directorate, bringing together climate change with all aspects of energy policy and delivery.
- Offshore – Offshore wind energy has become visible as a priority area. The Crown Estate have developed strong expertise in this area.
- The Low Carbon Strategy Consultation Paper was published in March 2010. This knits the various pieces of the Government policies together.

Action plans have also been put in place including:

1. a renewable energy action plan which sets out key actions in this area. This is a live document which is republished every 6 months.
2. an energy efficiency action plan (in development).
3. an offshore wind route map (for publication this summer)
4. a renewable heat action plan

5 A national renewables infrastructure plan has been put in place which pulls together various aspects of renewable infrastructure.

Availability of investment in renewables remains an issue, which forms the focus of the Low Carbon Investment Project, and international conference in Edinburgh on 28/29 September.

Steve Chapman enquired re the Scottish fossil fuel levy, which stands at £185m. **Jamie Hume** confirmed that this is not Treasury money and that the money can only be used for the promotion of renewable energy in Scotland. A review is to take place in early course. While there is no firm timescale for this review, John Swinney met George Osborne last week where this matter was raised.

Win Rampen asked about the Carbon Trust. He had concerns regarding the availability of grants to Scottish companies. **Jamie Hume** confirmed that the Carbon Trust does support certain aspects of Scottish businesses, though there is unquestioned further opportunity to better integrate grant funding between various agencies. A series of meetings between the Carbon Trust (of which Jamie Hume is a board member) and Scottish Enterprise are underway in this regard.

Jamie Hume confirmed that the Government has a key role to play in clarifying the direction in which the sector should develop. However a lot of responsibility often lies with individuals/companies/local authorities to take responsibility for delivery of certain policy.

Alasdair Rankin commented on private sector investment in renewables. The private sector will find it difficult to invest in developing and funding a scheme until there is financial closing.

Ray Mountford raised concerns regarding the future diversification prospects for non-renewable energy companies post 2020. There needs to be clarity as to future diversification prospects. Jamie Hume stated that the focus at the moment is on immediate actions relating to renewable energy – the longer term impacts and opportunities for various industry sectors of a low carbon Scotland, towards 2020 and beyond, are only now beginning to be understood.