

## Scottish Government Response to Energy Market Reform Proposals

### Scottish Govt Energy targets and commitments

The Scottish Government is committed to promoting the increased use of renewable energy sources. This commitment recognises renewables' potential to support economic growth. Ministers want renewable sources to generate the equivalent of **80 per cent** of Scotland's gross annual electricity consumption by **2020**, with an interim milestone of **31 per cent by 2011**. Similarly, a target has been set for renewables sources to provide the equivalent of **11 per cent** of Scotland's heat demand by **2020**.

The Scottish Government's Climate Change Act, which came into force in June, sets a target of reducing emissions by **80 per cent by 2050**, including emissions from international aviation and shipping. It also sets a world-leading interim target for a **42 per cent** cut in emissions by **2020**.

Scotland's pursuit of its huge renewable energy potential has been very successful to date. The installed capacity of renewable electricity generation overtook nuclear in 2007, which was celebrated on Green Energy Day - 7 September 2007.

The main driver behind renewable electricity development in Scotland, now and over the coming years, is the Renewables Obligation (Scotland) (**ROS**). This mechanism places an obligation on electricity suppliers to provide an increasing amount of their electricity from eligible renewable sources. The aim is that these targets should be met by as wide a range of renewable sources as possible. Changes to the Renewables Obligation (Scotland) Order have increased the financial rewards for marine energy. The Scottish Government expresses confidence that Scotland's 'immense natural resources' will enable Scotland to reach its renewable energy targets.

### Impact of the Energy Market Reform for Scotland

Mr Salmond has urged that any reforms of the electricity market must put in place long-term mechanisms that will 'fully exploit' Scotland's renewables potential. He has pointed out Scotland's 'successful track record' in creating 'the best levels of support in the UK for wind, wave and tidal energy'. He has expressed concern that changes to the current energy market could threaten Scotland's strong track record by risking investor confidence.

Mr Salmond has also expressed concerns that the proposed Energy Market Reforms, by placing so much emphasis on low-carbon generation, are skewed in favour of new nuclear power. The concern appears to be that the creation of subsidies for new nuclear power in England and Wales could come at the cost of subsidies for, and investment in, Wind power and Carbon Capture and Storage technologies in Scotland. Mr Salmond stated that '*The UK Government's complete u-turn in its proposals to subsidise the bottomless pit that is new nuclear power is deeply unwelcome.*' He pointed out the massive costs still being paid to decommission nuclear power stations that were switched off years ago, and stated the Scottish governments 'clear position against new nuclear power'.

In response to the proposed Energy Market Reform Mr Salmond said that the Scottish Government would '*resist in the strongest possible terms any change that would*

*see subsidies for new nuclear power in England and Wales at the expense of renewable and CCS electricity generation in Scotland.'*

Mr Salmond has written to energy companies and industry representatives, business organisations and unions who have an interest in electricity regulatory change, expressing the Scottish Government's initial views and seeking their views on the proposals.