

**SCOTTISH ENERGY ADVISORY BOARD**  
**Thursday 16 July 2020**

**MINUTES OF MEETING**

**Co-Chairs**

- Paul Wheelhouse, Minister for Energy, Connectivity and the Islands
- Professor Sir Jim McDonald, Principal & Vice-Chancellor, University of Strathclyde

**Members in Attendance**

- Andrew Jamieson, Chief Executive, ORE Catapult
- Claire Mack, Chief Executive, Scottish Renewables
- Alistair Philips-Davies, Chief Executive, SSE
- Deirdre Michie, CEO, Oil and Gas UK
- Gordon McGuinness, Chief Executive, Skills Development Scotland (substituting for Damien Yeates, CEO)
- Frank Mitchell, CEO, SP Energy Networks (ESAG)
- Dick Winchester, Managing Director, Pipistrelle Ltd
- Graeme Sweeney, Chairman, The Chopping Company
- Jim McColl, Founder & CEO, Clyde Blowers Ltd
- Melfort Campbell, CEO, IMES Group
- Andy McDonald, Head of Low Carbon Transition, Scottish Enterprise, (substituting for Steve Dunlop, Chief Executive)
- David Sigsworth, Chair, Energy Technology Partnership Advisory Board
- Audrey MacIver, Energy Director, Highlands and Islands Enterprise
- Sam Ghibaldan, Director, Customer Forum at the Water Industry Commission for Scotland
- John Morea, CEO, SGN
- Lewis Shand Smith, Chair, Energy Consumers SLG
- Roy MacGregor, Chairman, Global Energy Group
- Carole Cran, CFO, Forth Ports (substituting for Charles Hammond, CEO)
- Matt Sykes, Managing Director, Generation, EDF (ESAG)
- Fintan Slye, Director Electricity System Operator, National Grid

**Scottish Government**

- Kersti Berge, Director of Energy and Climate Change
- Madeleine Plater, Secretariat
- Jill Rosie, Secretariat
- Lewis Todd, Secretariat
- Lorraine King, Scottish Government

## WELCOME AND INTRODUCTIONS

Paul Wheelhouse, Minister for Energy, Connectivity and the Islands opened the meeting and thanked all members for attending the first SEAB meeting of 2020. The Minister acknowledged the meeting was occurring during a challenging period. He welcomed new members and those standing in for members:

- Carole Cran; CFO of Forth Ports standing in for Charles Hammond, CEO
- Andy McDonald; Head of Low Carbon Transition, Scottish Enterprise standing in for Steve Dunlop; Chief Executive.
- Gordon McGuiness; Director of Industry & Enterprise at Skills Development Scotland standing in for Damien Yeates, Chief Executive.
- John Morea; CEO, SGN
- Lewis Shand Smith; Chair of the Energy Consumers Strategic Leadership Group

The Minister had spent a lot of time over the recent months meeting both individual organisations and collective groups such as the Strategic Leadership Groups and discussed the severe challenges that the sector is now facing.

- The report by the Advisory Group for Economic Recovery was acknowledged. The Minister assured members that the Government is taking this report very seriously and the Scottish Government are considering each recommendation before issuing a response later this month
- It was noted the report is a clear call beyond the Scottish Government and the public sector and will require active involvement private and third sector partners
- Scottish Government has been clear that to ensure our economic recovery is one that is green, fair, sustainable and resilient but the Scottish Government can't achieve that on our own

Sir Jim noted apologies from the following members:

- **Professor Alex Kemp**; of University of Aberdeen
- **Ian Marchant**; CEO of Dunelm Energy
- **Vinay Mulgundmath**; of Doosan Babcock
- **Rozanne Foyer**; General secretary of STUC
- **Duncan Burt**; from National Grid
- **Colin Nicol**; from SSE

Grahame Smith of STUC retired at the end of June and Sir Jim acknowledged the contribution he made to SEAB.

Sir Jim provided his views on the challenges over recent months for the energy sector:

- The immediate impact Covid had led to CO2 reductions, forcing industries such as aviation and automotive to move quickly with decarbonisation agenda and acceleration into electrification.
- A huge opportunity to create jobs in utilities unfortunately regulatory barriers still in the way preventing investment in infrastructure. Important that the policy environment is aligned to the efforts by the private sector investment.
- Minister accepted the policy frameworks are a hurdle and although some are UK Government, barriers such as planning are devolved.
- Scottish Government taking on board points raised by Advisory Group for Economic Recovery's report and are exploring what action can be taken.
- Sir Jim suggested that SEAB communicate its views to the regulator that it needs to do as much as it can to facilitate investing in infrastructure and enable a Green Recovery.
- Sir Jim referenced Lord Stern's report on Climate Change and emphasised the need for alignment in policy, as at the moment he feels there is significant divergence

**ACTION: SEAB to send strong communication to Ofgem in response to its consultation on the RIIO-2 draft determinations**

## **MINUTES AND MATTERS ARISING**

Sir Jim noted no matters arising.

**ACTION: SEAB secretariat to work towards a programme of 2-3 SEAB meetings per year.**

The draft minutes of the previous SEAB meeting held on 17 June and 9 July 2019 were approved as an accurate record of the meeting.

## **STRATEGIC LEADERSHIP GROUP UPDATE**

At the last meeting in June 2019, it was agreed to establish four strategic leadership groups with an aim of addressing key challenges facing the sector, focusing on innovation, transition and delivery

### **Energy Consumers Strategic Leadership Group**

The Minister welcomed Lewis Shand Smith the newly appointed Chair of the Energy Consumers Strategic Leadership Group

As well as being the Strategic Leadership Group reporting into SEAB, the creation of this group will also fulfil the commitment within the Energy Consumers Action Plan to establish an Energy Consumers Commission to strengthen the consumer voice.

The group held its first meeting on Wednesday 15 July 2020

## **Oil & Gas & Energy Transitions Strategic Leadership Group**

There have been three meetings of this refocused Group since the beginning of the Covid-19 pandemic, following the decision to hold monthly meetings in response to the scale of the challenges now facing the sector.

The most recent meeting took place earlier this month where the discussion centred around:

- the retention of talent and skills in the sector;
- bolstering workforce and the supply chain confidence;
- moving towards a Just Transition.

This was also the first meeting after the £62 million Energy Transition Fund, developed in consultation with industry was announced on 12 June.

The group discussed the importance of this deal not only in terms of supporting industry needs but also allowing us to meet our net zero targets through growth in markets such as hydrogen and CCUS.

At its next meeting in August the group will look at more longer term options for supporting the sector.

## **Renewable Energy Strategic Leadership Group**

The first meeting of this SLG covered a wide range of issues including:

- the need to drive investment and how to work to overcome some of the barriers attached to that aim
- bringing forward shovel ready projects to ensure there is a good pipeline of work across the sector

The group will now build upon those discussions and focus on how the renewables sector can feed into the collective efforts towards economic recovery over the next 12 months.

## **Energy Networks Strategic Leadership Group**

The Energy Networks SLG has now met twice, in January and June of this year.

A key task for this group is agreeing the strategic framework and principles to underpin it's work moving forward

One of the key pieces of work the group are looking to explore is that of *whole system energy planning scenarios* and the minister will update members on progress at the next meeting of SEAB

Members of the Energy Networks group advised it would be useful to receive an update on the key publications and milestones, such as the Climate Change Plan Update, the Scottish Government intend to deliver over the coming months.

## **Scottish Offshore Wind Energy Council**

The most recent meeting of SOWEC took place at the start of June where the group discussed energy transition and green recovery.

Similar to the Oil and Gas leadership group, SOWEC are focussing on the impacts of Covid-19 on the offshore wind sector and the action required to ensure those impacts are mitigated

A key point raised by the group is that exports have a crucial role to play in the economic recovery.

The Minister then invited any further comments from SLG members in attendance of which there was none

**ACTION: The SEAB secretariat to circulate a paper to SEAB and the Strategic Leadership Group's on the priorities for The Scottish Government's Energy Directorate's priorities over the next 6 months**

## **GREEN RECOVERY**

Kersti Berge opened the discussion by presenting an overview of the Scottish Government's approach to a Green Recovery and the key priorities the Scottish Government intend to take forward as part of its Energy Strategy refresh in 2021.

The key points covered were:

- The Energy strategy first published in 2017, is going to be refreshed in early 2021.
- The Scottish Government is looking to bring together the views of the public and private sector to inform a coherent strategy for the green recovery to then inform its Energy Strategy refresh
- The Scottish Government's recast Climate Change Plan Update will set out the steps needed and that the SG intend to take with partners to achieve the new legislative targets set for Greenhouse Gas emissions in 2019 (net zero 2045, and 75% reduction by 2030)
- The strategy will reflect the economic recovery phase over the next 12-18 months by setting out the Government's short-term priorities and then the longer term ambitions for a Just Transition

Sir Jim then opened up for discussion and the key points made during the plenary session were:

- Importance of active engagement with Ofgem around the draft determinations and enabling private sector companies to work towards Scottish Government ambitions. There is a strong need to make sure the frameworks are in place.
  - RII02 announcement was disappointing and a major concern is the delay this could cause to investment
  - Ofgem are taking too much of a near sighted view of the cost to consumers. Don't think anyone is doing the right amount of work on future costs – not long enough timeline. Decisions around interconnectors and charging is worrying as there not enough proper analysis.
- The journey towards net zero needs to be underpinned by an industrial strategy for the Scottish economy.
- Scottish Government views for short and longer term priorities match with Oil and Gas roadmap to 2035 and the work Oil and Gas UK are doing on the sector deal towards net zero.
- Members cannot underestimate the importance of Hydrogen moving forward or the opportunities attached to CCUS in the North Sea.
- Need for more clarity on which sectors are responsible for what targets for 2030, and on the commercial frameworks that are and need to be set up.
- Important from a consumer perspective to involve customers in decision making and influence behavioural changes to energy. Progress requires active collaboration from consumers and for the public and private sector to make it aspirational so consumers want to be involved.
- Need to think about empowering communities and the importance of protecting the vulnerable. Consideration needs to be given to those who are excluded access to new technologies such as those who can't access the grid, for example islanders.
- Need to be mindful of the barriers as well as the opportunities presented by advances in data, digital and AI.
- Need to think about how a system is integrated around offshore wind to come into the whole system.
- Workforce skills are critical for driving the Green Recovery. Companies across the industry will draw on similar skillsets which could drive up cost unless there is improvement in training.
- Scotland has a high calibre of skilled people – need to make sure we have the right provisions for them and the right strategy underpinning it.
- Part of economic benefit can come from being an international leader and leading in innovation –sell Scotland as a product for being a leader in innovation and strategy to build the case for investment.
- Long term issues in universities with a downturn in international students. There is an issues around research funding that needs to be addressed.
- Need to think about the opportunities attached to the decarbonisation of industry such as heat, transport, and industrial clusters.

- EV charging infrastructure needs advancing along with more funding from the UK Government needed, as it will help drive decarbonisation of travel.
- There is a significant need enterprise investment and meaningful long term strategy and investment needed to support businesses for green recovery.
- With pressures on the financial services industry, there is a real danger that it will not finance the transition. It was noted that a report was recently published by UK Finance, a link to this report can be found [here](#).

**ACTION: Kersti Berge to pick up the issue around international students and research funding for universities with the Education Ministers**

Kersti Berge thanked everyone for their comments, summarised some of the key points from the plenary session and added the following points that she would take away for consideration:

- Consumer engagement and behaviour - how does industry and government help people beyond financial and regulatory incentives to make behaviour changes.
- How does Scotland attract investment, support exports, and show what Scotland can do. COP is opportunity to showcase this.
- Ofgem strategy is Net Zero at low cost and SG strategy is Net Zero with jobs which conflicts.
- Need to be clear on our long term goals for the sectors we want to grow as part of the just transition.

**SEAB MEMBERSHIP REVIEW**

Sir Jim advised there will be a review of the SEAB Membership commencing soon. He stated it is clear Scotland has challenges due to the impact of Covid-19, and he and the First Minister are now looking to SEAB and SLGs to focus on what Scottish Government and all parties need to do to take forward Green Recovery.

- First Minister and Sir Jim will reshape the main board and review the format.
- The co-chairs want to maximise the participation of members and Sir Jim, along with the Secretariat will be in touch over the next couple of months with more details.

The Minister highlighted that collaboration is a theme coming through really strongly, and SEAB needs to be sure we can underpin the journey with the right principles.

**AOB**

There were no items raised under AOB

Mr Wheelhouse thanked the members and provided his own short summary of the discussion, followed by Sir Jim closing the meeting.