

Scottish Manifesto

April 2021

A letter from David Smith

As an industry, the energy networks have an almost unparalleled geographic footprint with physical infrastructure and thousands of highly skilled workers that reach every single home and workplace in the country.

The Scottish Government have set a high bar for action on climate change. Driving the growth of renewable energy, electrifying transport, and decarbonising heat.

However, the networks have different capacities and conditions in different areas. Funding is required from Ofgem to invest in the network infrastructure required to deliver Net Zero across all sectors, including the electrification of heat and transport.

This regional specificity is central to decarbonising heat and hitting Net Zero. With technologies like heat-pumps, hydrogen boilers, hybrids of both, and district heating all on the table, the best approach is clearly a local one. The diversity of this new heat market will not only make the energy system more resilient, but it will give customers the power to choose the solution that works for them.

Fundamentally, all energy policy development and industry reform must accelerate, not delay, Net Zero delivery. To this end, strategic investments in critical national energy infrastructure needs unlocking to enable Net Zero delivery, particularly to deliver on ambitions around offshore wind, local renewables, and decarbonising both transport and heating. To do this the remit of the regulator, Ofgem, should include delivering Net Zero and recognise the targets and statutory requirements Scotland have to fulfil their own climate change obligations.



Network companies have a central role to play in delivering Net Zero and need an agile regulatory framework that gets the balance right between no-regret network upgrades and supporting the development of smart flexible approaches to investment and connections. A good model for such agility would be the recent Green Recovery project which ENA has spearheaded.

We look forward to continuing to work with the Scottish Government following the election, to make sure that the energy networks are fully supporting their ambitions on climate change. Our priorities to do so are fully detailed within this paper, but in summary:



Further detail is required beyond the headline decarbonisation targets to turn ambition into meaningful action. We and our members look forward to working with the Holyrood Parliament on this detail, empowering communities and driving Net Zero.

David Smith
Chief Executive

Our Scottish members



Manifesto Asks



RIIO alignment

It is essential that the timings of the RIIO framework are reflected in the plans and programmes which the devolved administrations put in place for the energy industry. Ofgem must work in conjunction with the Scottish Government to ensure that these programmes are deliverable within the regulatory framework.

The forthcoming RIIO-ED2 price control period will be instrumental in removing barriers to decarbonising heat and transport – providing clarity about where and when new capacity will be required is critical to enabling an efficient and cost-effective transition.

RIIO-ED2 also provides a key opportunity to ‘future proof’ the network through a one-touch approach, with longer-term investments being made rather than periodic and shorter-term ones which may require additional investment and upgrades in the future.

Strategic investments in Scotland’s critical national electricity transmission infrastructure will help enable Net Zero delivery, particularly in unlocking the ScotWind ambition for 11GW of offshore wind by 2030, but also in supporting the delivery of the UK Government’s 40GW of offshore wind by 2030 target.

Refining planning

We need a planning system that supports and prioritises delivery of low carbon generation and associated infrastructure at the pace required for an ambitious pathway to Net Zero, with greater coordination of on and offshore planning activities. This should include on and offshore spatial planning for the electricity grid infrastructure required to support offshore renewables' ambitions and the continued deployment of onshore renewables across Scotland.

Each community is unique, requiring local solutions to help meet local needs. To reach Net Zero, every community will need to make changes, but no areas should be left behind in this transition. We know that one size does not fit all, and we understand the importance of listening to the needs of local communities.

Collaboration will be critical in delivering Net Zero solutions to support rapid upscaling and deployment of low carbon technologies. It is important the key role of local network plans be recognised in delivering a coordinated and cost-effective pathway to the decarbonising of heat and transport.

Scotland's energy networks can plan the infrastructure required to facilitate the shift towards decarbonised heating and transport but need to be a central part of the planning process, working with local authorities, communities, and the Scottish Government. Doing so will ensure fair access for all and bring economic and resource efficiencies.

Ensuring local communities have sufficient resources and capacity to devise and deliver plans will in turn enable flexible, timely, and efficient investment, in line with local and regional ambitions.

Greening gas

The upcoming Scottish Government hydrogen action plan should set out a clear statement of ambition on hydrogen as a zero-carbon heat solution to give industry and investors the confidence to press ahead with projects. Included would be the detailed plans for hydrogen production, reflecting Holyrood's 5GW target for 2030, which is above the wider UK's ambition.

We would also look for support for key hydrogen R&D projects such as H100 Fife future phases, Aberdeen Vision, and others.

To ensure Scotland's hydrogen industry gets off to a quick start sectoral targets could be introduced to drive the take-up of hydrogen in those parts of the economy that are hard to decarbonise.

Hydrogen could also provide a clean transition for skilled workers currently focused on fossil-based industries to a growing green sector.



Electric vehicle infrastructure

Distribution network companies want to ramp-up the roll-out of EV charging infrastructure equitably across urban and rural areas so that no communities are left behind. That means supplementing chargers in private driveways, hotels, shopping centres, and motorway service stations with a programme of public use charge points – right across Scotland. Not just on wealthy high streets or leafy suburban avenues, but in remote, rural, and socially disadvantaged areas as well, which the market is less likely to reach.

We should be taking action to put in place the charging infrastructure that we can expect will be required with more and more electric cars, vans, and buses on our roads. A pilot project in Scotland¹, involving SP Energy Networks and the Scottish Government, has used a DNO-led model to effectively plan the siting and delivery of public EV charging infrastructure with significant connections savings and increased efficiency of roll out. This DNO led model could be scaled up across Scotland to ensure further cost savings and fair access to public charging.

The decarbonisation of heat and transport will require many to work together to make sure it happens in a fair and coordinated way. Markets will rightly take over in commercially attractive areas to encourage consumers to make the switch to renewable heat, but in other areas, such as our rural communities, other players, including DNOs, may have to step in to ensure these areas are not left behind as a kick-starter to the development of future markets. We look forward to working with the Scottish Government to ensure that any new provisions which are required are robust.

¹ Project PACE
<https://www.spenergynetworks.co.uk/pages/pace.aspx>

Decarbonising heat and homes

The Scottish Government's recently published *Heat in Buildings Strategy* set a target of 1 million homes currently heated by gas to be converted to low or zero carbon heating by 2030. This is to meet the interim 75% emissions reduction target set in law for 2030 which has cross-party support.

Electric heat pumps have been put forward as the main way of meeting that supported by heat networks. However, we firmly believe that greening the gas network needs to be considered as a viable alternative where heat-pumps are not the most appropriate solution.

Optionality over the technologies available is essential to not only hit Net Zero, but to engage customers and ensure that they are brought along the journey of decarbonisation.

The *Heat in Buildings Strategy* should reflect a hydrogen-heated homes target for 2030 as a key part of 2030 heat targets and equivalent numbers of homes on biomethane/blended hydrogen towards the 2030 heat target.

Energy efficiency must be a priority, without that customers and industry cannot pursue the decarbonised heating option that works best for that property or region.

