

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning and Infrastructure
DATE	18 January 2011
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Securing the Benefits of Scotland's Next Energy Revolution
REPORT NUMBER:	EPI/11/025.

1. PURPOSE OF REPORT

This report advises members on content the Scottish Government's consultation paper, *Securing the Benefits of Scotland's Next Energy Revolution*. It also presents the Committee with officers' proposed response to the consultation.

2. RECOMMENDATION(S)

It is recommended that the Committee :-

- a. approve the proposed response to the Scottish Government and
- b. instruct officers to develop Council policy to address the relevant issues from this consultation.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications to this report.

4. OTHER IMPLICATIONS

This consultation paper supports many of the priorities within Aberdeen City's Single Outcome Agreement. In particular the potential to anchor the oil and gas industry in Aberdeen; Diversify Aberdeen's economy, ensure high quality education opportunities, a sufficient number of skilled people, reduce carbon emissions and minimize our environmental impact. Similarly, this also supports the Vibrant Dynamic and Forward Looking initiatives in particular promoting Aberdeen as an Energy Capital, addressing the skills shortage in the city, ensuring a sustainable economy and advancing the Council's target of being carbon neutral overall by 2020.

5. BACKGROUND/MAIN ISSUES

The Scottish Government published the consultation paper '*Securing the Benefits of Scotland's Next Energy Revolution*' on 29 November 2010 and has invited views and comments on the issues raised in the paper by 18 February 2011.

Our 'Draft response' is appended. It should be noted that much of the response is limited to the Council's current strategies and policies, along with Aberdeen City's Community Plan and Current Single Outcome Agreement. In addition the response highlights the way that this Council has maximised community benefits through renewable and carbon reducing projects such as the 3Rs Project, The De-centralised Energy Programme and Marischal College Re-development as examples. The Council's future strategies and policies should consider the impacts of renewable energy and potential public dividends.

The consultation suggests a way forward to ensure an ongoing dividend from renewable energy is to establish a 'Future Generation Fund' for Scotland similar to those established in Shetland and Norway as a result of the Oil and Gas finds in the North Sea. The consultation seems to focus on ensuring public dividends from the Marine Crown Estate in Scotland are in some way contributed to a 'Future Generation Fund'. It should be noted that on-shore renewable developments may also contribute in some way to such a fund as well as those out with the Crown Estate. This would have to be in a different manner to voluntary development contributions which fall under Section 75 of the Planning Act (Scotland) 1997.

The consultation introduces the next phase in the development of Scotland's energy needs and usage. It notes how we have managed our natural resources throughout history to provide heat, light and power and improve our standard of living.

Each generation faces challenges as it exploits the natural environment while seeking to preserve the integrity of our assets for future generations.

Aberdeen has been at the heart of energy development since the 1960s (oil). More recently, the city has broadened its interests and is now an important centre for the creation and development of renewable energy technology.

The Scottish Government considers that we are on the brink of a new energy revolution based on wind and wave. As per previous revolutions in energy development there is a fresh opportunity to grow our economy and improve our standard of living.

The consultation is predicated on the need to ensure that the benefits of our land and water are managed wisely and the benefits shared.

Consultation Questions

Action 1: Reform of the administration of the Crown Estate in Scotland

The consultation paper suggests that there are anomalies regarding the way the Crown Estate in Scotland is administered. The Scottish Government believes that the legislative framework in which the Crown Estate Commissioners operates should be modernised to take account of devolution.

At present, the revenues from administering the assets of the Crown in Scotland go to a general fund at HM Treasury. These revenues include those generated by renewable energy projects and Carbon Capture and Storage. The Scottish Government contends that these revenues should be clearly identified and invested to support the development of Scotland's renewable energy industry and for future generations.

If the Scottish Government were successful in securing the revenues from the Crown Estate in Scotland, part of these revenues would be in a fund for future generations (see Action 2). The remainder would be used to benefit local communities through skills development; purchase of community land and support for other local projects.

1a. In what ways can the legal framework within which the Crown Estate Commissioners operate be reformed to ensure greater accountability for the management of the Crown Estate in Scotland to the people and government of Scotland?

1b. How could the administration of the Crown Estate in Scotland be made more accountable to Scotland's people?

1c. Should the revenue stream enjoyed by the Crown Estate Commissioners as a result of offshore renewable energy and future Carbon Capture and Storage projects?

1d. Do you agree that the revenues from the Crown Estate should be used to benefit Scotland at both a national and local level? How should the revenue be used to support local communities?

Action 2: Creating a Future Generations Fund

The Scottish Government believes that Scotland missed out on too many opportunities in the past with respect to Scotland's Oil and gas exploitation.

The consultation paper describes the use of 'energy funds' in Norway and Shetland and cites these as examples of what can be achieved.

The consultation paper contends that a Future Generations Fund (FGF) would provide the long term legacy which Scotland failed to create in order to capitalise on North Sea Oil and Gas.

The FGF would provide a source of investment in key areas such as skills to foster a successful renewables and low carbon revolution in Scotland. The fund would also help overcome barriers to early stage development to transform the scale of opportunity for Scottish involvement in renewable energy developments in Scotland.

2a. Do you believe that the time is right to create a Future Generations Fund

2b. On what basis could the Future Generations Fund be best established?

2c. Should part of the revenues from the Crown Estate in Scotland be invested in the Future Generations Fund?

Action 3: Creating a “register of community benefit.”

The Scottish Government sees merit in the creation of an open and transparent, publically accessible register where there would be the publication of the community benefit levels that renewable energy developers offer, have offered or will offer, and other opportunities for communities to get involved in their developments.

This would promote best practice commercially among developers of all renewables technologies and provide significant leverage to help communities negotiate on an equal footing. The Scottish Government proposes to legislate to require the creation of such a register, within devolved powers.

3a. Should a community benefit register, covering all renewables technologies be placed on a statutory footing?

3b. Which specific aspects of a development should it make reference to?

3c. Should information on existing community benefits flowing from operational onshore wind-farms be covered by these proposals for a register?

Action 4: Enhancing community benefit within the terrestrial and emerging marine planning systems.

It is a well-established principle that the determination of development proposals under town and country planning legislation should not be swayed by incentives. The models of community benefit and the barriers to accessing those benefits (set out in the consultation paper) are common factors that flow from the consenting of many wind farms across Scotland. Benefits to date have been entirely voluntary, maintaining (by separation) the objectivity of decision-making on wind-farm proposals by either the Scottish Ministers or planning authorities. Developer contributions, on the other hand, allow planning authorities to approve proposals where off-site works are required by means of legal planning agreements or under local government or other legislation. For wind-farms, this may, for example, be related to local road improvements.

Scottish Ministers would be interested in stakeholders' views on these matters. In relation to good governance, transparency and maximising community benefit could the terrestrial and the emerging marine planning system – within their legal remits - operate more creatively? For example, could a Statement of Community Benefit be introduced to accompany applications for wind-farm developments?

4a. Can the present arrangements within the planning system be developed to secure the benefits of Scotland's next energy revolution in a more creative way whilst maintaining the impartial and legal requirement for sound planning decision-making?

4b. Is there merit in seeking to introduce a Statement of Community Benefit to accompany applications for wind-farm developments?

Action 5: Maximising community benefit opportunities form renewables projects on property owned by the public sector.

The public sector must lead by example in providing community benefits from any renewables developments on the public estate. Forestry Commission Scotland is looking to act as a flagship for providing community benefit through emphasising the importance of securing leading-edge community benefit in negotiations with potential development partners. This could be in the form of, for example, equity participation. The Scottish Government will give priority to adopting similar approaches on other government-owned property and we would also expect the Crown Estate Commissioners to adopt a similar approach with respect to their holdings, particularly on land. When developments are commercially viable, a similar approach should apply

for marine, taking into account the fundamental differences and overall economics.

5. How can the public estate better be exploited to ensure greater community benefit from renewables? How best can this process be taken forward?

Encouraging debate

6. What other options are there for securing community benefit from renewables and other low carbon energy developments? Where should the revenue generated be directed and how should it be used?

6. IMPACT

7. BACKGROUND PAPERS

Securing the Benefits of Scotland's Next Energy Revolution on 29 November 2010

Scotland's Low Carbon Economy Strategy

UK Climate Change (Scotland) Act 2009

The European 2020 Strategy

Aberdeen City Council's The Aalborg Commitments Report 2006,

<http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=7385&sID=3795>

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