



Alyn
Smith
Energy News
Winter 2012

Dear Friend,

Welcome to my first energy newsletter, which is designed to help keep you up to date with what I'm doing in Scotland and Brussels to promote and protect this vital sector of our economy.

As Scotland's sole member of the European Parliament's Energy Committee, I'm passionate about representing Scottish interests, showcasing our achievements, and doing whatever I can to help our energy sector become and remain a world leader.

This is a critical time for the industry. Scotland's oil and gas business continues to thrive, with the North East a global centre for innovation. Our fast growing renewables sector, backed by top class research, has the potential to become a huge contributor to Scotland's economy.

In other leading edge energy technologies such as Carbon Capture and Storage (CCS), we are determined to help prove the concept and to punch well above our weight as projects move through feasibility studies and research and development towards the commercial phase.

There are now more than 2000 companies in Scotland working to harness and develop our rich energy resources. The Scottish Government's vision on renewables is now among the most ambitious in the world: after having beaten our own targets, we are now aiming to generate the equivalent of half of our own needs by 2015 and 100 per cent by 2020.

This commitment to green energy offers Scotland huge opportunities. We have 25 per cent of Europe's tidal power potential, 25 per cent of its wind resource, and 10 per cent of its wave power.

Investment in the sector already runs into billions of pounds, and this will rise in the future, potentially creating tens of thousands of highly skilled, highly paid jobs across the country. It's true to

say that energy - already a hugely important industry in Scotland - is going to be even more vital to our economy in the decades to come.

There are still some major issues we need to overcome - for instance, the unfair system of locational electricity transmission pricing, which you can read more about in this newsletter, and often misleading campaigning about negative impacts of renewables projects.

However, I'm delighted to see the huge amount of progress which has been made and optimistic that these problems can be overcome. We have

some fantastic opportunities and we must maximise the benefits they bring.

I'm keen to do everything I can to support the industry - if there's any way you feel I can help, then please do get in touch. My contact details are in this newsletter. And why not register for my future energy newsletters? You can do so by visiting my web site at www.alynsmith.eu.

I look forward to meeting you as I travel round Scotland and visit some of your projects in the months ahead.

“ It's true to say that energy is going to be even more vital to our economy in the decades to come. ”

Yours for Scotland

Alyn Smith MEP



The Greens | European Free Alliance
in the European Parliament



Alyn Wins Support From Industry For Grid Campaign

A campaign launched by Alyn against what he describes as an “obscenely unfair” charging regime for transmission of green energy has won the backing of some of the industry’s leading figures...

The UK’s current location-based charging structure, supervised by the electricity regulator Ofgem, discriminates heavily against Scottish renewables generators. Alyn is currently seeking legal advice on whether this breaches EU law.

The action could ultimately see Ofgem having to answer for its actions in the European Court of Justice.

At present, Scotland has about 9 per cent of the UK’s population and currently generates about 12 per cent of its electricity. However, it pays about 40 per cent of the UK’s transmission charges.

Companies with renewables projects off Orkney and the Western Isles have to pay more than £100 a kilowatt to get their power to consumers. But the existing system benefits competitors in the south of England - similar firms in Cornwall, for example, are actually subsidised to the tune of £6 a kilowatt.

Alyn said: “Frankly, this pricing structure is obscenely unfair. Jobs, investment, meeting ambitious renewables targets and Scotland’s reputation as a world leader in cutting edge scientific research and innovation are all at risk if Ofgem continues with this disastrous strategy.”

He continued: “Scotland’s renewables sector has achieved remarkable success in developing models to allow commercial generation of clean, green electricity from remote locations. It has the potential to lead the world, but is currently being throttled by a series of London-made barriers and hurdles.

“I’ve been working with industry stakeholders for some time now and will present a dossier to the European Commission very soon. It will have hard facts and statistics showing how the current pricing regime discriminates against our industry and remote communities.”

Niall Stuart, Chief Executive of the industry body Scottish Renewables, joined Alyn in warning about the damage the regime is doing.

Mr Stuart said that the charges risked discouraging investment in areas with some of the best wind, wave and tidal resources in Europe.

He continued: “Harnessing the islands’ great renewables resources will help keep bills down for consumers across the UK, will cut carbon emissions and will create local jobs.



“We believe that the European Commission should now assess whether the charges for the islands are consistent with European law.”

Another leading figure within the Scottish renewables sector backed Alyn, saying: “This discriminatory and hugely inappropriate pricing regime will affect more than 90 per cent of the UK’s proposed wave energy projects and potentially stop this new industry before it has started.

“It is disadvantaging remote communities which want to see more renewable energy along with the economic benefits it brings.”

Energy Chief Asked To See Scottish Innovation For Himself

EU Energy Commissioner Günther Oettinger has been invited to Scotland by Alyn so he can see at first hand some of the exciting developments in Scotland’s energy sector...

The two men met in Strasbourg where the trip was discussed. Alyn added afterwards: “It’s well known that Scotland has won the energy lottery. We have fossil fuels in abundance with reserves of coal, oil and gas already well explored.

“We also have proven technologies in wind, hydro and biomass, as well as tantalising new technologies in biofuels, wave, and tidal research. I’m confident that the Government and industry in Scotland will put on a first class programme when Commissioner Oettinger visits, as I hope he will soon.”

Oil And Gas Plans Not Fit For Purpose, Says Alyn

Planned changes by the EU to oil and gas safety regulation could have a profoundly damaging effect on Scotland's offshore industry - and Alyn is in the vanguard of an attempt to block them...

He wants to change the proposed regulation of the sector into a legally more flexible directive - a move which is now backed by the European Parliament's Energy Committee on which he sits.

Alyn explained that the European Commission was proposing to create a pan-EU offshore oil and gas safety regime, but this has sparked concerns in Scotland and elsewhere. Trade unions, industry leaders and the Scottish Parliament are all against the idea.

The proposal by the Commission is a response to the disaster in the Gulf of Mexico. The worry is that if a similar incident happened in EU waters, the resulting pollution would cross borders and wash up on various member state beaches.

"While I support the aims of this proposal, the recommendations as they stand are not fit for purpose," Alyn said. "We all share the same concerns, but the proposed new EU-wide regulation would be to the detriment of our already high standards in the North Sea.

"It would also be expensive - the ratings agency Fitch has calculated that it could raise costs by £8 billion."

Alyn has now lodged several amendments to the text and will be adding further pressure in the run-up to the vote in the European Parliament, which takes place in December.

New EU Package Set To Boost Scotland's Green Energy

Members of the European Parliament's Energy Committee, including Alyn, have voted to speed up the development of major infrastructure projects - something he describes as "vital to Scotland"...

He says: "We know we have the resource when it comes to generating electricity but we must be able to export it. Investing in renewable energy must be complemented by investments in the technology which will transport it."

The proposed European Energy Infrastructure Package covers oil and gas, but it also focuses on electricity grids which will open up newer and bigger markets to UK producers. This in turn will help with the development of renewable energy sources.

Alyn adds: "One project which falls into this category is the NorthConnect interconnector between Peterhead and Norway, which will be the first electricity link joining the Scottish and Scandinavian electricity markets."

This project has been awarded €690,000 to pay for a detailed feasibility study and it is due to be commissioned before 2020.



Making waves in energy - marine technology in action

Carbon Capture Needs Cash And Clarity

Carbon Capture and Storage (CCS) could have a massive effect in dealing with unwanted emissions - but more work needs to be done to ensure that it is completely safe and efficient...

Alyn recently chaired a parliamentary round table session on CCS and its potential impacts on marine ecosystems. The meeting discussed the ECO2 project, which is an EU-funded initiative aiming to assess the impacts of leaked CO₂ on the sea bed over a four year period.

He said he remained committed to ensuring the development of CCS in Scotland received adequate funds, adding: "It's currently cheaper to emit carbon than it is to capture and store it.

"In these hard economic times when budgets are stretched, CCS will struggle to reach the front of the funding queue, so we have to find new ways of encouraging this to happen."



Alyn in discussions with colleagues in Brussels

Alyn pointed out that at a high level summit earlier this year, he had spoken about the need for a clearer plan on developing the technology.

"Clarity and secure investment go hand-in-hand with ensuring the EU does not fall behind international competitors on CCS."

New EU Deal On Energy Efficiency

Alyn has voted for an important new EU deal on energy efficiency which will formalise the organisation's target of obtaining 20 per cent savings within the next eight years...

The move means that the 27 member states will be responsible for setting out a roadmap for achieving energy savings, and energy companies will be tasked with delivering annual reductions across all sectors.

Alyn said: "Energy efficiency is the low hanging fruit of energy policy, but it is so often overlooked. Worse, some member states appeared more interested in backsliding on the targets they themselves had agreed to.

"Our ambitions will be good for jobs and the economy as well as the planet. There are of course short term costs but the savings, and wider economic benefits, are plain to see."

He added: "There has been some opposition to this initiative, including grumblings from the UK Government, yet the package we have adopted offers considerably more flexibility for member states than the one initially proposed."

Alyn urged that the directive was now implemented quickly. "Policy at EU and national level must be reoriented with a view to maximise the benefits of this new legislation.

"This includes mobilising European funds, which can be used to support energy efficiency and savings, as well as creating training programmes and job opportunities."

Making The Most Of Renewables

Alyn addressed the Scottish Parliament a few weeks ago in order to outline the current state of EU energy policy...

The event focused on the European Energy Infrastructure Package and post 2020-targets. It facilitated discussions between key members of the Scottish energy community, taking a close look at EU energy goals.

It also discussed how best to maximise the economic development opportunities which are on offer for Scotland.

Alyn commented: "Scotland's renewable energy targets are ahead of those in the rest of Europe and Scotland could therefore play a significant role in both establishing and reaching new ones for the whole of the EU."

Getting In Touch

If there are any energy or EU issues you'd like to discuss with me, then please do get in touch:

 e-mail me at: alyn.smith@europarl.europa.eu

 Write to me at my office: **c/o SNP Headquarters, Gordon Lamb House, 3 Jackson's Entry, Edinburgh, EH8 8PJ**

 Find me on Facebook: **alynsmithSNP**

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 Visit me at my web site at: **www.alynsmith.eu** where you can also register for future issues of this newsletter.