

## ORAL CONCOURS 2013

### ANGLAIS - LVI

#### Scotland warned independence could cost billions in renewable subsidies

**Ed Davey tells conference that more than one-third of the UK's subsidies for wind, wave and tidal energy is spent in Scotland**

Ed Davey, the UK energy secretary, has warned that Scotland could lose billions of pounds in subsidies for renewable energy projects if it voted for independence, putting its green energy revolution at risk.

Davey told a renewable energy conference in Aberdeen that more than one-third of the UK's subsidies for wind, wave and tidal projects – currently £1.4bn a year – was spent in Scotland. That was worth £530m, even though only 9% of all UK electricity sales were in Scotland. The energy secretary said that there had been pledges of £13bn worth of investment, and 9,143 jobs, announced in Scottish renewables since 2010, with a further £16.5bn of promised investment in England, Wales and Northern Ireland.

UK-wide investment in renewables would rise to £7.6bn a year by 2020, he said. Asking whether an independent Scotland could ever afford supporting that type of investment with just 10% of the market to fund it, the cabinet minister said: "At present Scottish renewables benefit from the ability to spread investment costs across the whole of the UK consumer base. [I] believe Scottish renewables have flourished precisely because Scotland is part of the United Kingdom. Our collective energy system has underpinned the success seen to date."

Davey's remarks will fuel further conflict with Alex Salmond's government after tit for tat threats about the potential conflicts between Scotland and the UK, assuming the nationalists overturn a big gap in the opinion polls to win next year's independence referendum.

Political tensions between the two governments are growing, raising the stakes over future renewable energy cooperation. The first minister claimed on Tuesday that a future independent Scotland could refuse to pay its £92bn share of the UK's debts if the UK government refused to set up a new sterling currency zone.

Salmond claims that all the current assets of the UK, including sterling, are commonly owned by all parts of the UK, and insists that Scotland's substantial green energy resources – theoretically the largest in Europe - greatly increase the arguments for close cooperation between Edinburgh and London. Scottish ministers claim that if the rest of UK hopes to hit its post-Kyoto climate and renewable energy targets, it is in London's interests to share the heavy investment needed to exploit Scotland's marine energy reserves.

That potential was underscored at the same conference, when a major new wave power project off the Isle of Lewis – the largest in the world so far – was approved by the Scottish energy minister, Fergus Ewing.

Ewing said Scottish ministers had now agreed a new system for increased funding for marine energy. Up to 50 Oyster 800 wave power machines, totalling 40MW, will be deployed by Edinburgh-based Aquamarine Energy off the island's north-west coast. UK ministers dispute that the rest of the UK would be heavily reliant on Scottish energy: Irish renewables, nuclear power and the UK's own offshore projects would be heavily used. Scottish power firms, which share a UK-wide "single market" of 23 million consumers, would have to compete with other suppliers, they state.

Davey told delegates in Aberdeen: "We cannot assume that English, Welsh and Northern Irish consumers would still be willing to subsidise Scottish renewables.

"But it will be much harder for a nation potentially having to spread the costs of investment in renewables across just two and a half million households to keep prices competitive."

The £29bn of private sector investment in renewables is money that has been announced by companies, between January 2010 and April 2013, but much of it has not yet been delivered. The Department of Energy and Climate Change was unable to say how much had been deployed and how much was still at the planning stage.

The projects that are being planned are uncertain – some may be windfarms or other installations such as biomass power plants that fail to gain planning permission, and the money also includes other investments that may not go ahead, depending on the financial and political environment.

Private sector investors have repeatedly warned that they will reconsider their investments in renewables in the UK if the political environment is perceived to be hostile or policies liable to be revised in future. Many Tory MPs have fuelled this uncertainty through outspoken attacks on renewables and the subsidies for them.

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