

Scotland's Energy Future in a Wellbeing Economy

WEAll Scotland's response to the Scottish Government's draft Energy Strategy and Just Transition Plan (ESJTP) - May 2023

WEAll Scotland is the Scottish Hub of the Wellbeing Economy Alliance, a collaboration of organisations and individuals working to redesign our economy to put people and planet first.

The Scottish Government has committed to delivering a Wellbeing Economy, which is reaffirmed in their vision for the future of Scotland's energy system. In our response we offer our assessment of how far the proposals for the draft Energy Strategy and Just Transition Plan (ESJTP) can contribute to building such an economy in Scotland.

The policy outcomes from this strategy will dictate Scotland's energy future for decades. The energy transition provides an opportunity to pave the way for a wellbeing economy, and a future where our energy is decarbonised, energy prices are reasonable, and the benefits of energy production are shared equitably throughout Scotland and beyond. However, there is also a risk that Scotland will lock in a future which mirrors our current energy system. A future where a handful of companies are in control of our energy supply, where the wealth created from energy production is mostly benefitting wealthy shareholders, and where too many people in Scotland still must choose between heating or eating.

The ESJTP is framed around a just transition, which aims to meet our climate change targets and ambitions, whilst protecting workers and their livelihoods. We commend the Scottish Government for actively considering how the transition of Scotland's energy system will protect workers and make Scotland more equitable and inclusive.

However, we are very concerned that the ESJTP in its current form will fall well short of delivering a just transition. There are very few concrete new proposals, relying heavily on - statements of ambition and existing policy proposals, which will be insufficient to achieve a Wellbeing Economy. Instead of a clear plan, the ESJTP offers vague, preliminary policy options which lack substance and a strategy for delivery. At this stage of climate change, with time running out, we need a comprehensive plan that inspires confidence.

A Wellbeing Economy would be designed to deliver good lives for all on a healthy planet by delivering [five key Wellbeing Economy Needs](#). We have assessed the ESJTP around these needs in order to determine if their proposals will achieve a Wellbeing Economy:

Wellbeing Economy Need	Key messages
<p>Nature - The economy operates well within planetary boundaries, enabling ecosystems to regenerate to provide a restored and safe natural world for all life.</p>	<ul style="list-style-type: none"> ● The government should move the net-zero target forward to 2035 and commit to phasing out fossil fuel production by 2030 as our fair contribution to an internationally just transition. ● The strategy needs to set out in more detail how the targets will be achieved and how it will ensure that the redesign of our energy system will be building a circular and nature positive economy. ● The set up of the new public energy agency should not delay further action on domestic heating and should build on the work of already existing agencies. ● The strategy currently puts too much emphasis on hydrogen and CCS which is unlikely to make a significant contribution to the energy transition and will primarily benefit current oil and gas producers.
<p>Fairness - The economy is designed to ensure a just distribution of income, wealth, power and time. Inequalities are reduced to a small fraction of today's levels.</p>	<ul style="list-style-type: none"> ● We need a much bigger investment in public and community ownership of energy production than is currently envisaged in the strategy to allow for a fairer distribution of the benefits of energy production. ● The strategy needs to set out how the energy transition will contribute to Community Wealth Building. ● Where community ownership is not possible, community benefit schemes can still have a transformative effect. The Scottish government needs to work much more closely with communities and learn from existing initiatives to support them in realising their fair share in Scotland's energy wealth. ● The government needs to set out more clearly how it plans to address the cross-cutting themes of social infrastructure and international climate justice highlighted by the 2nd Just Transition Commission.

Wellbeing Economy Need	Key messages
<p>Dignity - Everyone has enough to live in comfort, safety and happiness. Poverty becomes a thing of the past.</p>	<ul style="list-style-type: none"> ● The strategy does not give us confidence that it can protect communities that are currently heavily reliant on income from oil and gas jobs from the impacts of the energy transition. The strategy needs to engage more closely with such communities and offer concrete plans, rather than simply relying on the assumption that jobs lost in the oil and gas industry will be replaced by renewables. ● The definition of “green jobs” should be widened to realise the full potential of new employment that a transition to a Wellbeing Economy can offer, especially in sectors related to care. ● Additionally, the strategy needs to look beyond employment to ensure dignity for everyone in the energy transition, for example by bringing forward proposals for a minimum income guarantee and universal basic services.
<p>Participation - The shape of the economy is determined by people’s active voices and is locally rooted. People participate in the decisions that affect their lives, whether it is in their countries, communities or workplaces. Participatory processes are designed to hear the voices of marginalised and oppressed groups.</p>	<ul style="list-style-type: none"> ● Developing the strategy should build on a much more comprehensive and proactive approach to engagement, especially including the seldom-heard voices of those most strongly impacted by the transition and the injustice of the current energy system. ● The strategy needs to do more to embed strong democratic control and accountability into the heart of our energy system, to ensure that it is governed in the public interest.
<p>Purpose - The collective wellbeing of people and planet is the driving goal behind decision-making. Economic activities and behaviours that contribute to this purpose are valued, and our institutions serve the common good.</p>	<ul style="list-style-type: none"> ● The strategy should be linked more directly to government work around business purpose and fair work to ensure that all organisations involved in the energy transition aligned with the purpose of a Wellbeing Economy.

Nature

A Wellbeing Economy need's a safe natural world. To achieve this, we need to quickly address climate change and other environmental issues to avoid catastrophic impacts on current and future generations. Scotland's energy transformation needs to be done in a way that is compatible with this vision.

Oil and gas - We welcome the ESJTP's policy shift away from supporting unconventional oil and gas, and their preferred policy position of no support for the exploration or development of onshore conventional oil and gas. However, we strongly urge the Scottish Government to take a stronger, and clearer position on no new oil or gas. We echo calls from Friends of the Earth Scotland for the Scottish Government to set an end date for fossil fuels, and commit to phasing out oil and gas by 2030¹. The Tyndall Centre for Climate Research has predicted that the UK must end all oil and gas production by 2031 to have a 67% chance of reaching 1.5°C degree warming². This is further supported by the recent report from the IPCC, which indicates that there is no future for oil and gas on a liveable planet³. Dr Friederike Otto, one of the report's authors told BBC News "The message in terms of urgency, I think, is stop burning fossil fuels as fast as humanly possible"⁴. Whilst the ESJTP focuses on ramping up renewables, there must also be serious attention given to offering a realistic plan to end oil and gas production. Therefore, the Scottish Government's current policy positions are not strong enough to avoid catastrophic climate impacts.

2045 is too late - Whilst we welcome the Scottish Government's focus on 2030 within the ESJTP, their overall target to be a net-zero nation by 2045 is too late for an internationally just transition and for avoiding catastrophic climate breakdown. We need decisive action now. Accounting for our remaining carbon budget and principles of international fairness, Prof. Tim Jackson recommends setting a UK target for net zero carbon emissions no later than 2035, with a maximum of around 5% of the mitigation effort achieved through negative emission technologies.⁵

We strongly recommend to the Scottish Government to step up their ambition and to reconsider what milestones must be reached in order to stay within safe planetary boundaries, whilst protecting workers livelihoods. In particular, we urge the Scottish Government to publish a strategic and detailed road map, which is integrated with other national policies and explains exactly how we will reach the targets and vision set out in the ESJTP. We echo comments by the

¹ <https://foe.scot/wp-content/uploads/2023/01/6-page-ESJTP-briefing-FINAL.docx.pdf>

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<https://www.iisd.org/publications/report/phaseout-pathways-fossil-fuel-production-within-paris-compliant-carbon-budgets>

³ <https://www.ipcc.ch/2023/03/20/press-release-ar6-synthesis-report/>

⁴ <https://www.bbc.co.uk/news/science-environment-65013560>

⁵ <https://cusp.ac.uk/themes/appg/zero-carbon-sooner-update/>

Just Transition Commission, that this must also include an assessment of the current state of the sector, with regards inequalities⁶.

Integration with other environmental priorities - It is important that the redesign of our energy system does not only contribute to mitigating climate change but also helps us to achieve other important environmental goals, especially those related to building a nature positive and circular economy. Achieving this will require strong government direction, but the current ESJTP does not clearly set out how this integration will be achieved.

We therefore recommend to the Scottish Government to develop stronger measures to ensure that the supply chain for new energy generation is built on circular economy principles and the new renewable energy developments are mindful of the need to restore our natural environment. This should be done as part of a comprehensive green industrial strategy, that sets out in detail the sectoral capabilities, skills and workforce required across the economy to achieve our environmental targets and implements concrete steps to build them.

Decarbonising domestic heating - The ESJTP outlines the Scottish Government's commitment to decarbonise 1 million homes by 2030. However, it is not clear how this will be achieved. We echo our previous point which urges the Scottish Government to publish a clear, concrete strategy, which sets out how these targets will be achieved.

The proposal for establishing a new public energy agency - Heat and Energy Efficiency Scotland - by 2025, also lacks clarity. Currently, it is unknown what this organisation will look like, or what its overarching purpose would be. Whilst we appreciate that this new public energy agency will be in its early stages of development we have some concerns about its creation. At the moment, there is a wide range of organisations offering services with the aim of increasing the energy efficiency of our buildings and to decarbonise our heating, for example; Home Energy Scotland; Local Energy Scotland; Business Energy Scotland. There is an opportunity with the proposed public energy agency, to strengthen these existing efforts, but there is also a risk that its creation will delay efforts. Time is running out, and we are concerned that the process of establishing a new public energy agency will take up too much precious time if not done well.

That being said, there is an opportunity for this agency to streamline services, encouraging a collaboration of a range of organisations and services all with the same goal of increasing the energy efficiency of Scotland's buildings, decarbonise heating and alleviating fuel poverty, making an important contribution to reaching the Scottish Government's 2030 Child Poverty targets. We urge the Scottish Government to consider the following:

- **Collaboration:** The agency could collate many existing services, encouraging collaboration and a holistic approach. We would encourage this to include organisations who would not at first glance be relevant to energy. Poor energy efficiency and fuel poverty results in poor

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<https://www.gov.scot/publications/just-transition-commission-letter-to-minister-for-just-transition-employment-and-fair-work-15-february-2023/>

health outcomes and contribute to wider social issues. We would encourage the Scottish Government to consider creating a holistic agency, which includes organisations such as Citizens Advice.

- **Centralised *and* regional approach:** Whilst there is considerable benefit in having a centralised approach to delivering these services (sharing learnings, resources and best practice), the service must also be regional in approach. The regions of Scotland have a range of different needs, and a local approach is beneficial in meeting these needs effectively. This is echoed in Community Energy Scotland's response to the ESJTP who argue that the new public energy agency must work in partnership with local groups, to ensure we empower communities to reach our climate targets⁷.
- **Trust and reach:** Whilst we recognise and welcome the Scottish Government's commitment to increase funding for existing services, such as Home Energy Scotland, we highlight the need for increasing reach. If we are to meet our climate targets, we need to ensure that those who are eligible receive the support they are entitled to. This also speaks to the trust that the public must have in organisations who are administering energy efficiency measures and renewable technologies. Our concern is that a new public energy agency will not have the trust of the public, and may result in slow uptake of measures. We suggest the Scottish Government build on the trust already gained by existing services to increase momentum. There is an opportunity that the new public energy agency, through the collaboration of existing organisations, could also increase reach.

Hydrogen and Carbon Capture and Storage (CCS) - There is considerable focus in the ESJTP on the role of hydrogen and CCS. The evidence suggests that it is highly unlikely that hydrogen and CCS can make a significant contribution to climate change mitigation efforts at the time scale required, even if they might have important applications in specific areas. We are therefore very concerned that the strong focus on hydrogen and CCS in the ESJT will delay the transition to a renewable energy sector and perpetuate the inequalities that exist in our current system, by locking us into a system that continues to primarily benefit fossil fuel companies.

Fairness

A Wellbeing Economy requires redesigning pre-distribution into the economy so that it generates a fairer distribution of wealth and income. Our current energy system is a key driver of inequality. The transition should be taken as an opportunity to design fairness into the new system.

Our current energy system - For decades our energy system has been a key driver of inequality. This is because the system has allowed a few companies (and their owners and shareholders) to

⁷ <https://communityenergyscotland.org.uk/news/draft-energy-strategy-and-just-transition-plan-published/>

reap vast profits and widen inequalities⁸. To a large part, these profits reflect the control over resources that were created by nature, the benefits of which should be managed for everyone. Our transition away from fossil fuels to a new future for Scotland's energy presents an opportunity to rewire our energy system, to build fairer outcomes into our economy. The ESJTP relies heavily on private investment, which runs the risk of perpetuating our current system. Therefore, we need clarity on how the benefits of the new energy generation will be shared. The ESJTP seems to assume that an increase in renewable energy generation will automatically translate into better outcomes, but it is unclear how, and how equitably, these will be shared.

Public ownership as an opportunity to build a fairer energy system - As aforementioned, the ESJTP relies heavily on private investment and ownership, which will result in profits flowing into the pockets of fossil fuel companies and their wealthy shareholders, many of which do not live in Scotland. We echo calls from the Just Transition Commission, Just Transition Partnership, Friends of the Earth Scotland, and Commonweal (to name a few), for an investment in public ownership of our energy system. This is already happening in Wales, who have committed to a national energy company⁹. Public ownership can allow that the benefits created by Scotland's wealth of renewable energy resources is shared more fairly across the population. Whilst we recognise the challenges associated with financing public ownership models, we urge the Scottish Government to seriously consider all potential public and collective ownership avenues. For example, municipal renewable energy schemes, such as in North Ayrshire¹⁰, and community owned energy schemes, such as in North Uist¹¹. We strongly urge the Scottish Government to commit to public ownership over private investment as a key policy position moving forward.

Community benefits and ownership - We commend the Scottish Government for recognising that communities have different needs, and appreciate their commitment to maximise community benefits from energy projects. However, there is a lack of clarity in the ESJTP over different models of community benefits and ownership and we are concerned that this may lead to communities losing out. Communities in Scotland deserve a fair share of the returns from energy projects in their communities and community benefits and ownership schemes have to play an important role in embedding fairness in the future energy economy in Scotland. The Scottish government's plan to "encourage" developers to include community benefits as a standard and the target of 2 GW of community-owned energy are far too weak to and will not ensure that communities receive their fair share.

There is evidence that giving communities an ownership stake in energy projects leads to greater and fairer returns to communities and we recommend to the government to set out options that would give communities the right to take ownership stakes if they wish to do so. However, it is also important to recognise that the needs and context of each community are different and community benefit schemes have had transformative effects on many communities in Scotland.

⁸ <https://www.common-wealth.co.uk/publications/power-ahead-an-energy-system-fit-for-the-future>

⁹ <https://www.gov.wales/wales-announces-publicly-owned-renewable-energy-developer>

¹⁰ <https://foe.scot/can-councils-change-our-energy-system/>

¹¹ <http://www.isleofnorthuist.com>

We therefore recommend to the Scottish Government to engage with communities on how it can best support them to develop the ways for realising their share in Scotland's energy wealth that works best for them. As part of this it is important to learn from existing community benefit and ownership models and case studies to ensure maximum benefit for communities in the future.

In addition, the plans set out in the ESJTP should be more clearly integrated with other efforts to support Community Wealth Building in Scotland, which are not even mentioned in the current document. Applying Community Wealth Building principles to the strategic development of our energy resources and the related supply chains is a powerful tool for ensuring that Scotland's energy wealth is shared fairly.

An international just transition - Scotland has benefited from the industrial revolution, at the cost of releasing vast amounts of greenhouse gases into our atmosphere, which will have an extreme, negative impact on communities in the Global South, first. We therefore have a responsibility to these communities, to mitigate our emissions, and assist in adaptation. The issue of a Just Transition is therefore not only about a fair distribution of the costs and benefits of the energy transition within Scotland but also about our role in the wider international picture. The international dimension was highlighted as a key cross-cutting theme in the initial report of the 2nd Just Transition Commission¹² and it should be reflected in the principles with which we develop our new energy system in Scotland. For example, some of the profits from a nationally owned energy company could be used to fund loss and damage payments. We urge the Scottish government to set out how it will embed principles of international climate justice throughout its just transition plans.

A fair distribution of the costs of adaptation - With a significant amount of climate change now being locked in due to our historic emissions, we need to prepare for its impacts to ensure that the costs and impacts of adaptation are not born disproportionately by those with the least resources to adapt. This is an important part of the Just Transition. We therefore ask the Scottish Government to clarify where and how they will set out its actions to ensure that we are well prepared for the impacts of climate change and that the costs will be distributed equitably.

Dignity

A Wellbeing Economy ensures that everyone has enough to live a good life. The energy transition will reshape every person, business and community in Scotland. We have to put the systems in place to ensure that everybody is looked after.

Jobs in the just transition - Whilst we commend the Scottish Government for framing their policy suggestions around a just transition, we are concerned that the plans for jobs and skills are

¹² <https://www.gov.scot/publications/making-future-initial-report-2nd-transition-commission/documents/>

currently falling short. We do not have confidence in the estimates that the new energy production system will create the same number of jobs as the current system, especially as there is little evidence provided. In addition, whilst renewables offer an alternative industry for oil and gas workers, these jobs will not necessarily be created in the same places. There are therefore real and justified concerns about the impact of the energy transition in communities that currently rely heavily on income from jobs in the oil and gas sector. The current ESJTP does not give us confidence that these concerns will be addressed.

We therefore consider that the ESJTP needs to take a more holistic and concrete approach to the management of employment in the energy transition. We echo calls from the Scottish Trades Union Congress to drastically ramp up efforts to create more green jobs¹³. We need a job guarantee, job training and re-skilling for oil and gas workers, and we need concrete and serious plans now, developed with affected communities, that explore ways to avoid the negative social impacts of the energy transition that have accompanied industrial transitions in the past.

We also consider it important to develop a more comprehensive definition of what constitutes a “green job” to consider not only opportunities in the energy sector but also in the wider transition to a Wellbeing Economy. For example, jobs in the care sector or in the arts contribute directly to wellbeing and are relatively environmentally benign and will require scaling up in the transition to a Wellbeing Economy. Adopting such a more comprehensive approach to “green jobs” does not only provide more opportunities to ensure continuity for workers in the oil and gas sectors but would also allow to create new employment opportunities for some of those currently looking for work. Additionally, when planning for the future workforce, we need to take into consideration how this will impact current (and future) inequalities. For example, women’s role in the just transition needs to be considered.

Going beyond jobs to ensure dignity - A just transition must ensure that nobody is left behind. The energy transition therefore needs to be managed in a way that contributes to achieving the Scottish Government’s 2030 child poverty targets. To ensure this, the ESJTP focuses on the creation of new jobs in the energy industry. As outlined in the previous point, a comprehensive investment in green jobs is crucially important. But a just transition cannot solely be achieved through a focus on employment, it must also ensure that everyone can live in dignity in cases where the transition disrupts employment or where new job opportunities do not materialise as expected. This is a key principle of the Wellbeing Economy. We must ensure everybody is supported through the transition.

We therefore strongly recommend to link and complement the ESJTP with efforts to invest in universal basic services and a minimum income guarantee, and we welcome the recommendations set out by the Scottish Government’s Minimum Income Guarantee Expert Group in their interim report¹⁴.

¹³ <https://www.jtp.scot/reclaiming-our-energy/>

¹⁴ <https://www.gov.scot/publications/minimum-income-guarantee-expert-group-interim-report/>

Building social infrastructure - The second Just Transition Commission highlighted the importance of investment into social infrastructure as a key cross-cutting issue in their initial report.¹⁵ Such investment is crucial for developing a just transition to a Wellbeing Economy. While we welcome the publication of sector-specific plans, we are concerned that this might lead to a loss of focus on this important cross-cutting issue. We would therefore like to ask the Scottish Government to clarify where and how they will set out the actions to address.

Participation

A Wellbeing Economy builds meaningful democratic processes into every part of economic decision making to ensure that power is shared and that seldom-heard voices are included. It is important that participation is embedded in both the planning of the transition to a climate-compatible energy system as well as the new system.

Participation in the planning for a just transition - We welcome the decision by the Scottish Government to publish the draft of the ESJTP for consultation. But we are concerned that a process as important as the redesign of our energy system needs to be built on a broader participatory approach. Redesigning our energy system will impact every person and every community in Scotland and in different ways. We therefore echo the recommendations made by Community Energy Scotland that the final strategy needs to include community consultations¹⁶. We recognise the extremely valuable work done by the Just Transition Commission and the work it has done to engage with those that will be most affected by the transition. We have therefore been especially concerned by the letter from the Just Transition Commission in November voicing frustration with the lack of consultation on ESJTP. The work of the Just Transition Commission is a huge asset for achieving a just transition and we urge the Scottish Government to work more closely with it in the future and to fully take on board their recommendations.

A democratic energy system - In the ESJTP the Scottish Government commits to the ambition to ensure “secure, reliable and affordable” energy. We believe that the only way to achieve these aims will be by embedding strong democratic control and accountability into the heart of our energy system, to ensure that it is governed in the public interest. As the current energy crisis is demonstrating, we cannot afford to rely on a handful of big, often privately-owned, corporations to keep our energy supply secure, reliable and affordable. Embedding such democratic control and accountability is a vital complement to the need for public and community ownership outlined above. We therefore urge the government to set out concrete mechanisms to ensure strong democratic accountability of the organisations involved in every stage of the energy transition.

¹⁵ <https://www.gov.scot/publications/making-future-initial-report-2nd-transition-commission/documents/>

¹⁶ <https://communityenergyscotland.org.uk/news/draft-energy-strategy-and-just-transition-plan-published/>

Purpose

To build a Wellbeing Economy, the purpose of serving people and planet needs to be embedded into all organisations that are involved in the transition and the economy needs to be redesigned to value contributions to human and ecological wellbeing.

Building purpose into the just transition - Fundamentally, the just transition is a key part of redesigning our economy around the purpose of serving people and planet. We therefore welcome the fact that the Scottish government is explicitly focussing on a just transition approach to the energy transition, despite the shortcomings identified in the previous sections. Many of our recommendations around fairness, dignity, participation and nature are ultimately intended to deliver a just transition in a way that embeds the purpose of a Wellbeing Economy and design our economy to reward contributions to human and ecological wellbeing more fairly.

But we would recommend that the ESJT is connected more directly to government work around business purpose and the recommendations set out by the business purpose commission¹⁷ as well as related areas, such as fair working conditions. We would like to see stronger proposals to ensure that all organisations involved in the energy transition aligned with the purpose of a Wellbeing Economy.

This consultation response was prepared by Gemma Sandie and Dr Lukas Bunse. We are very grateful for the time and help provided by many of WEAll Scotland's allies and friends.

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¹⁷ <https://www.scdi.org.uk/policy/commission-calls-for-purpose-led-recovery-and-growth/>