Local Energy Matters: Scotland

In this issue:
Focus on: Scottish energy news | Energy tariff headlines | Scotland energy tariffs | Community share opportunity at Assel Valley | ScottishPower announces £6bn investment | Electric vehicles update

Scottish energy news

Call for a Scottish National Energy Company

Scottish 'think and do tank' Common Weal published a report on 8 February arguing the case for a Scottish National Energy Company (NEC).

The report, *Powering Our Ambitions: The Role of Scotland's National Energy Company and the Case for a Scottish Energy Development Agency*, written by the Common Weal Energy Working Group, also argues the case for a Scottish Energy Development Agency (SEDA), which would allow Scotland to mirror the successful approach of the Danish Energy Agency.

Common Weal say that the NEC cannot just be a publicly owned energy supplier, but must also play an active part in installing, developing and delivering new energy supply in the form of renewable energy in Scotland.

The proposed SEDA would coordinate the distribution of funding related to energy research and development, as well as setting the strategic planning of these goals. On a local scale, the SEDA could work with local authorities, health boards, housing associations and other agencies to identify and support fuel poor and vulnerable households.

Community share opportunity at Assel Valley

On 25 February, Assel Valley Community Renewable Society launched share options for local residents to gain a stake in a wind farm 5km South of Girvan in South West Scotland. The share offer aims to raise £1mn for the Assel Valley Wind Farm, which consists of ten turbines, with an installed capacity of 25MW. This site generates approximately 84GWh annually, enough to power 20,500 homes and save as much as 36,000 tonnes of carbon dioxide per year.

Shares can be purchased at between £250 and £30,000 to earn a targeted 4-5% interest per annum. The closing date for applications is 1 April 2019.

£3.5mn for a network of city climate commissions

The UK Government has launched a £3.5mn research initiative to create a network of "city climate commissions" to help local delivery of the UK's climate change objectives and stimulate the flow of green finance. Reported by the Centre for Climate Change Economics and Policy (CCCEP) on 31 January, the Place-based Climate Action Network is a private, public and third sector partnership and will see a commission established in Edinburgh.

Professor Simon Kelley, Head of the University of Edinburgh's School of GeoSciences, said: "Edinburgh City Council is developing its longer term vision for a vibrant, green and prosperous city through its City Vision 2050. The Climate and Energy Commission created through this project will help the city make those plans real – engaging people across Edinburgh in delivering a fair and equitable transformation in our energy and finances to meet the challenge of climate change. The University, through our climate impact hub the Edinburgh Centre for Carbon Innovation, is looking forward to working with government, business and the third sector to accelerate our transition to a thriving low carbon future."

Fuel poverty scheme pilot results published

The Scottish Government has published a report on its findings from the Home Energy Scotland Homecare pilot, which aimed to test the Energycarer approach to tackling rural fuel poverty. Published on 15 February, the report explained that the Energycarer approach seeks to provide support in accessing energy retrofitting opportunities and funding for vulnerable rural fuel-poor households, which may require multiple points of contact and face-to-face visits rather than single phone calls offered through traditional services.

It was concluded that:

- a single finance mechanism incorporating a range of physical measures alongside remedial works is required
- there is a requirement for an area-based approach to identifying vulnerable people and subsequent upgrade of buildings and heating, as well as to utilise local networks and services more efficiently, and
- longer timeframes are needed to establish the organisational structure and relationships with partner organisations.

The report also recommended that future evaluation of pilot schemes should use social evaluation tools, such as simpler and shorter surveys and opportunities should be explored for internal temperature monitoring equipment that does not involve collecting information through repeated visits.

Acciona selected for Scotland waste plant

Aberdeen City Council, Aberdeenshire Council and Moray Council have selected a preferred provider of an energy from waste plant in the East Tullos area of Aberdeen. A multinational consortium was chosen after a two-year procurement process and will be led by global construction company Acciona. Acciona will use its own in-house construction skills to build the £150mn plant, and waste company Indaver, who own EfW facilities in Ireland, Belgium and Netherlands, will then operate the plant for a 20-year period.

A final decision on whether to proceed with the project will be taken individually by the three councils in early March, but if given the go ahead, the plant is due to be completed by 2022. The plant will take non-recyclable waste from the three councils and burn it cleanly conforming to the latest European standards for emissions. The heat generated will then be used in the regions district heating network, and the plant will also generate power.

Linda Ovens, the project director, said: “Reaching this point in the procurement is testament to the effort and hard work afforded by the project team and the bidders involved. I’m delighted that we have identified a high quality, affordable solution for the Councils and look forward to finalising the details with Acciona over the coming months. This is a significant project for the north east and shows what can be achieved when Councils work together”.

Energy tariff headlines

Large and medium suppliers cluster at caps

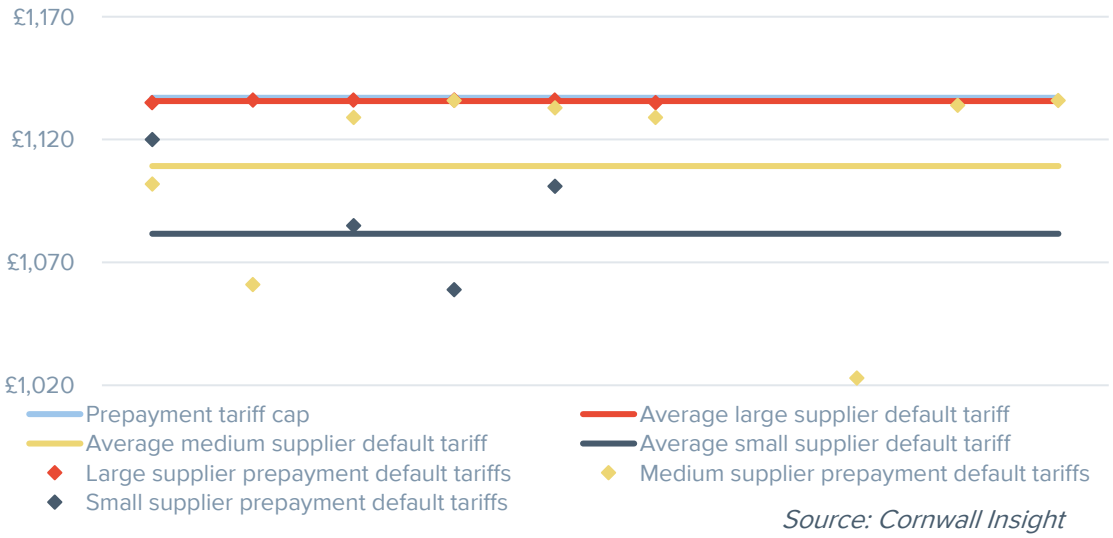
On 1 January 2019, the default tariff cap came into force capping the tariffs for default and standard variable tariffs (SVTs) at £1,137/year for customers paying by monthly direct debit and £1,221/year for customers paying on receipt of bill.

Default tariffs offered by large suppliers were on average at the level of the cap, while small and medium suppliers profiled in this report had default tariffs that were on average £30-32 below the cap.

There is a clear trend for large suppliers to offer prices at or near the cap, while smaller suppliers position themselves below the cap. On average medium suppliers' tariffs fell mid-way between the large and small suppliers, but as Figure 1 shows, two medium suppliers are some of the cheapest in the market, while most price close to the cap.

What is also evident is how much further away from the cap small suppliers have priced their prepayment default tariffs, typically at £55 lower.

Figure 1: Prepayment tariffs and position against cap



Source: Cornwall Insight

Supplier reactions to the price cap

The average variable tariff is down 3% and the average one-year fixed tariff is down by 1% compared to December 2018. Since the implementation of the price cap, two suppliers (Orbit Energy and npower) have launched tariffs which promise to keep their prices at 10% and 6% below the cap respectively. Orbit Energy has cited a deal with Shell Energy to make this possible and npower will maintain its promise until 30 September 2020. In addition, Pure Planet also announced price reductions of £12/year.

On 7 February, Ofgem announced that it is increasing the default tariff price cap by £117 to £1,254/year and the prepayment price cap by £106 to £1,242/year from 1 April. Since the announcement, the six large suppliers have confirmed SVT price rises of a similar order of magnitude (around 10%). This will put prices at or within £2 of the level of the new cap. Ebico, Robin Hood Energy and Co-operative Energy have also announced price rises since this date.

Scotland energy tariffs

Overview

In this section, we illustrate the cheapest tariffs for the previous month for various customer types (A-G) in Scotland. Customer types are described in our 'Best buys' section overleaf and are based on typical electricity and gas consumption values.

The three main types of tariff are shown in the table below.

Tariff	Definition
Standard variable tariff (SVT)	A supply contract with an indefinite length, which has prices that can go up and down with the market.
Fixed tariff	Offers guaranteed standing charges and unit rates, usually until a defined end date.
Prepayment (PPM) tariff	A tariff for customers with prepayment meters, which requires payment for energy in advance through 'topping-up' using prepay cards or a key. PPM tariffs can be fixed or variable.

February prices

Distribution networks are operated in the north and south of Scotland by two different companies: Scottish Hydro (north) and Scottish Power (south). As a result, tariff prices differ between these two regions. The cheapest deals for households in southern Scotland are always lower than in northern Scotland, mostly due to lower network charges.

The lowest average cost of fixed tariffs this month was £988 and £925 in northern and southern Scotland respectively. These cheapest deals were provided by People's Energy to customer types A-G in northern Scotland and A-F in southern Scotland with Avro Energy the cheapest for "average" southern consumers.

The average prices for the lowest cost SVT across all customer types for northern and southern Scotland were £878 and £832 respectively this month. Outfox the Market provided the cheapest SVTs for customer types A-D across northern and southern Scotland, with Powershop doing the same for customer types E-G.

For PPM tariffs, the average price of the lowest cost deal across all customer types was £1,002 and £951 for northern and southern Scotland respectively. In the north, Bulb supplied the cheapest deals to customer types A-D whilst Bristol Energy offered the lowest prices for E-G. In the south, OVO Energy was the cheapest provider for all customer types.

Useful Contacts

Citizens Advice Scotland is able to independently advise on your energy supply (Contact: 03454 04 05 06)

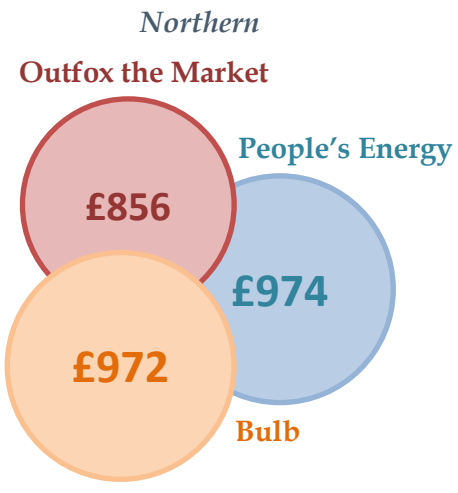
Home Energy Scotland is a network of local advice centres able to provide advice on home energy savings, greener travel and more (Contact: 0131 555 7900)

Best buys in Scotland

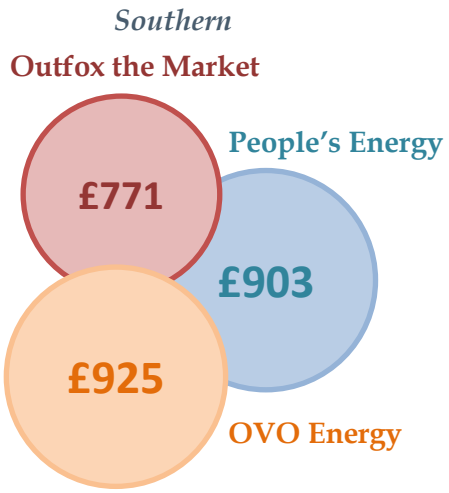
A. Smaller electricity-heated homes

Gas – 0kWh | Electricity – 6,130kWh

Northern



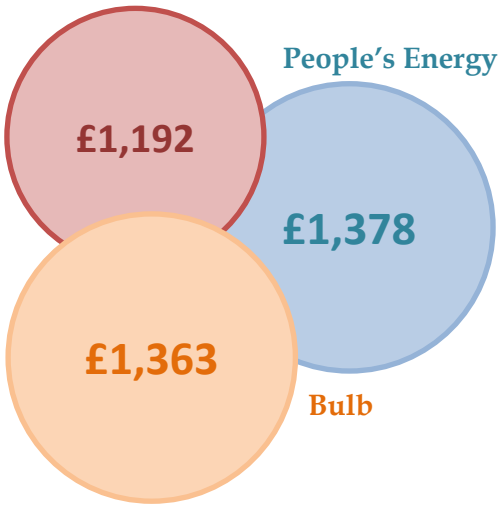
Southern



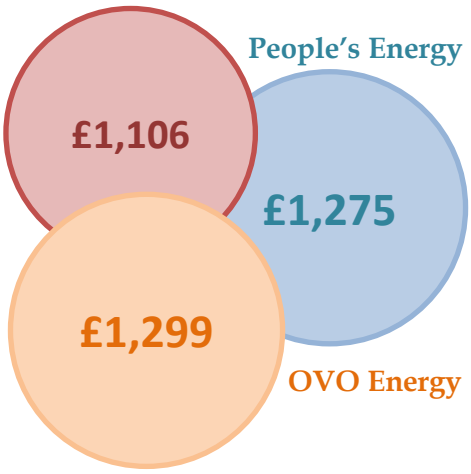
B. All other electricity-heated

Gas – 0kWh | Electricity – 8,912kWh

Northern



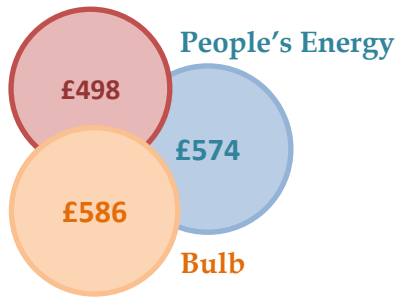
Southern



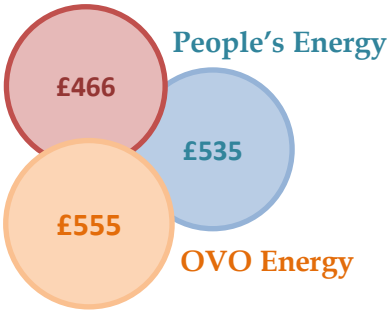
C. Smaller non-metered fuel-heated homes

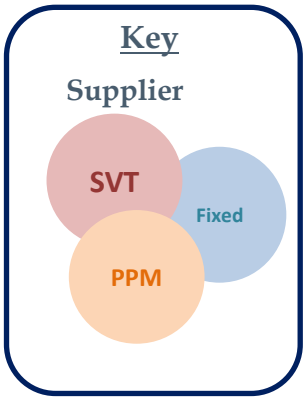
Gas – 0kWh | Electricity – 3,383kWh

Northern



Southern

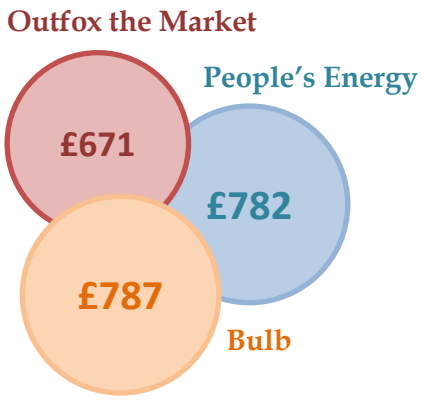




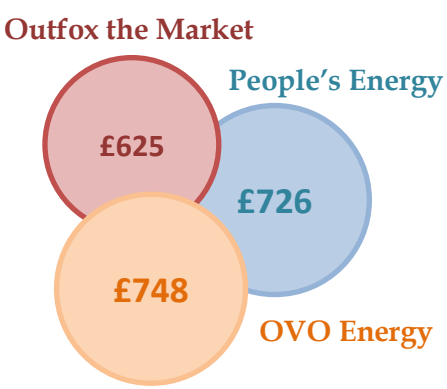
D. All other non-metered fuel-heated homes

Gas – 0kWh | Electricity – 4,814kWh

Northern



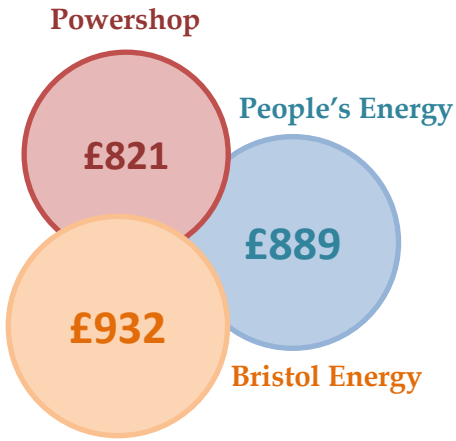
Southern



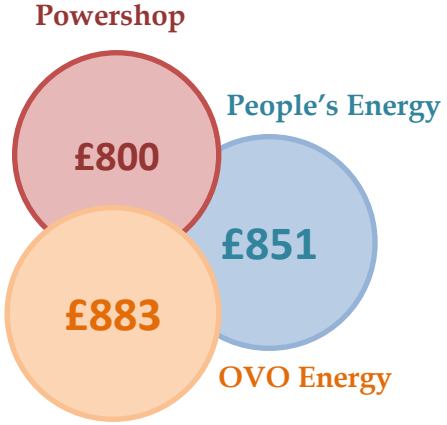
E. Single adults in social rented flats

Gas – 10,592kWh | Electricity – 2,640kWh

Northern



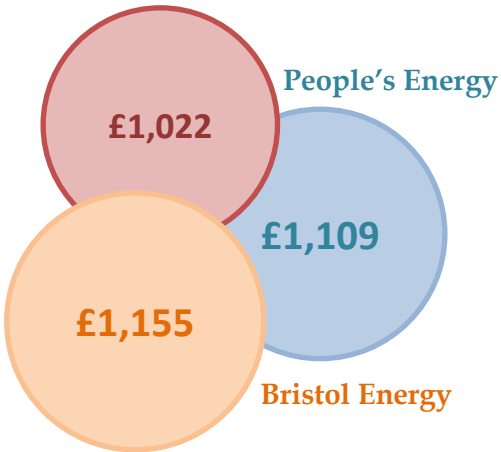
Southern



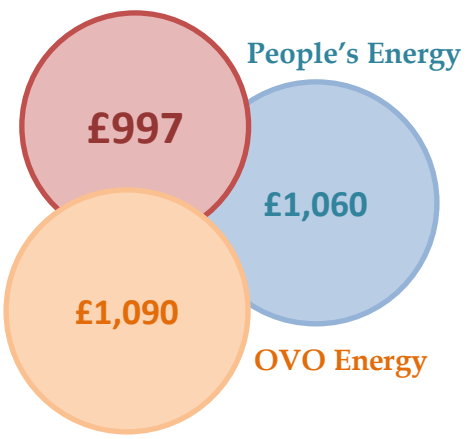
F. Younger working families in medium-sized rented homes

Gas – 13,595kWh | Electricity – 3,491kWh

Northern

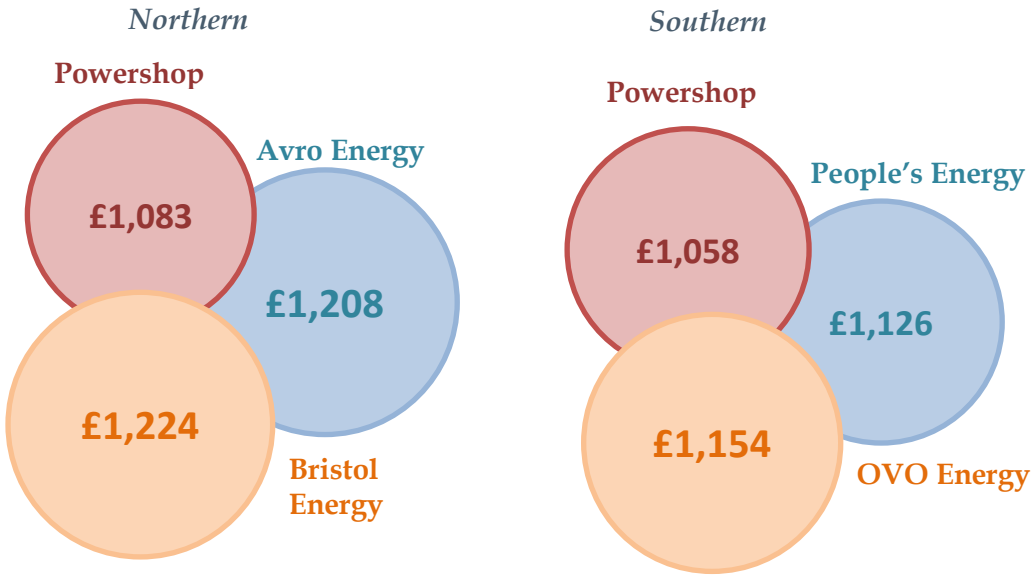


Southern



G. "Average" mains gas-heated households

Gas – 15,280kWh | Electricity – 3,585kWh



Tariff changes from last month

This month, northern Scotland customers saw the greatest rise in cheapest tariff deals with SVT and fixed offerings rising by 0.45% and 9.92% respectively on January prices. The average lowest PPM prices rose by 0.10%.

In southern Scotland, the cheapest SVT and PPM deals remained static unlike fixed deals which rose by 6.92%.

Big Six savings

New-entry suppliers often enter the GB retail market with innovative and disruptive technology to attract customers away from the Big Six suppliers.

This month, we have calculated the savings that an average customer switching supply from a Big Six supplier to one of the cheapest tariff suppliers would have made.

The annual potential savings are as follows:

- **SVT** customers switching could save **£230** and **£276** in the north and south of Scotland respectively
- **PPM** customers switching tariff could benefit from savings of **£69** in the north and **£120** in the south.
- **Fixed** tariff customer switching is usually rarer due to exit fees. However, if switching this month, fixed tariff customers could make savings of **£89** in northern Scotland and **£152** in southern Scotland (excluding additional costs).

Big Six suppliers:

British Gas
EDF
E.ON
npower
ScottishPower
SSE

Renewable energy news

ScottishPower announces £6bn investment

ScottishPower announced on 26 February plans to spend up to £6bn in the UK by 2022. This includes £2bn to be spent in 2019 as it targets investments including electric vehicle charging, smart grids and energy storage technologies.

Iberdrola

Scottish Power is a subsidiary of Spanish multinational electric utility Iberdrola. On 26 February, Iberdrola also announced a strategic investment plan. It will accelerate its global growth with €34bn (£29bn) of investments by 2022.

CEO Ignacio Galán said: "Through this plan we give a major boost to the irreversible transition towards a low-carbon energy model. Our capital expenditure grows by 2 billion euros and our generation capacity will be 40% higher by the end of 2022".

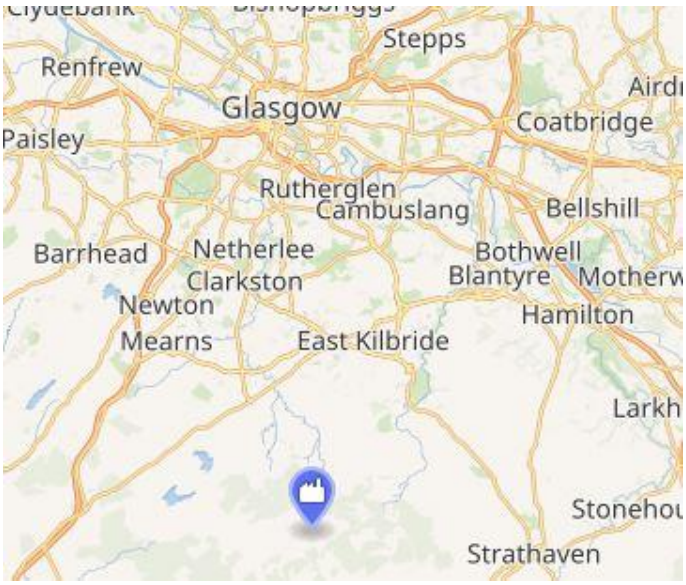
Scottish Power's investment strategy will benefit areas throughout the UK. The company intends to spend 40% of the £6bn fund on new renewable energy generation, 42% on smarter enhanced networks and 15% on "innovative services and products for customers".

The plans include a new electric vehicle (EV) public charging business based within its retail division, which will install rapid chargers from winter 2019. Investments will also target the digitalisation of the grid, including ground-breaking artificial intelligence systems that will control and balance the network in areas with high penetration of low-carbon technologies. This should further help the transition to widespread use of EVs.

Construction is ongoing for the East Anglia One offshore windfarm located 43km off the Suffolk coast and planning permission has been gained for East Anglia Three windfarm. Development of the next two large offshore windfarms in the East Anglia zone has begun.

The plan will also see investment in Scotland. Scottish Power sees "substantial opportunities" for the continued development of onshore wind projects across Scotland and announced plans for a 50MW battery storage project at Whitelee onshore wind farm in East Renfrewshire (see Figure 2). It is the largest onshore windfarm in the UK; its 215 turbines generate up to 539MW of electricity – enough to power 300,000 homes per year.

Figure 2: Location of Whitelee wind farm



Source: OpenStreetMap

Aberdeen appoints energy centre operator

Scottish facilities management firm FES FM has been appointed by Aberdeen City Council to operate the energy centre for The Event Complex Aberdeen (TECA) and two on-site hotels. The centre, currently still under construction by Robertson Group, will open its doors this summer. Once finished it will showcase renewable technologies contributing to the city's position as the energy capital of Europe, with the energy centre providing the facility with renewable power.

The energy centre's combined cooling heat and power (CCHP) facility will use various technologies to provide power, heat, and cooling to TECA, in conjunction with the largest hydrogen fuel cell installation in the UK. An anaerobic digestion plant will use Aberdeen's food waste, agricultural crops, and waste products to produce renewable biofuel which will also be fed into the CCHP. There is also potential for expansion to allow for sustainable energy supply to surrounding neighbourhoods.

Aberdeen City Council Co-Leader Councillor Douglas Lumsden said: "It is fantastic that a company with a large presence in Aberdeen will play an important role in the future of TECA ... The energy centre plays a part in the city's Regional Economic Strategy to showcase renewable technologies and it will be one of the most sustainable venues of its type in the UK."

£10mn prize for tidal energy re-launched

On 10 February, the Scottish Government re-launched the Saltire Prize which aims to boost the commercial prospects for tidal energy in Scotland. The original prize ran between 2008 and 2017, but the £10mn prize went unclaimed as the challenge to generate 100GWh of wave or tidal power within two years went unfulfilled. With recent technological advances in tidal technologies, investor interest has began to increase again.

The prize, now known as the Saltire Tidal Energy Challenge Fund, aims to support the next steps of tidal and wave energy in Scotland by assisting in the commercialisation of the renewable energy source. Scotland has large marine energy potential a cost-competitive tidal.

The fund will be open to applications until 6 December 2019 with successful projects ready for deployment by the end of March 2020.

Onshore and offshore wind show opposite trends

According to the Office of National Statistics, the Scottish renewable wind industry has experienced a change in employment statistics, with jobs at onshore wind farms dropping by 29% between 2016 and 2017, whilst the offshore workforce increased by 55% from 2,200 to 3,400 jobs.

Other renewable energy technologies showed mixed change across Scotland, with solar power jobs falling by a quarter, but energy from waste and biomass jobs increasing by 75%. Despite these changes, the low-carbon electricity – solar, hydro, wind and nuclear – workforce increased overall on the previous year by 1%, with total jobs approximated at 23,000. Turnover from these sources also rose to £6.7bn in the same period.

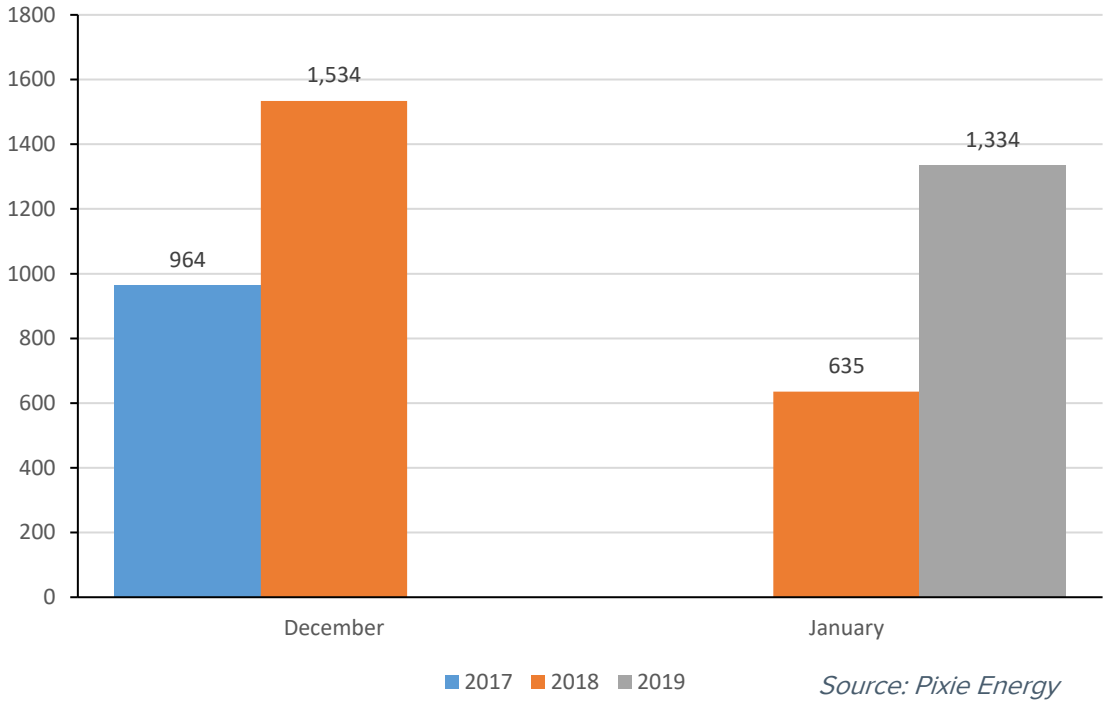
Electric vehicles update

EV charge points installed in north east Scotland

ANM Group, based in Inverurie in north east Scotland have installed electric vehicle (EV) charge points at their base. The Group, a farming, food and finance business, received funding from Transport Scotland's ChargePlace Scotland project which is managed by the Energy Saving Trust.

Grant Rogerson, chief executive at ANM Group, said: "We are pleased to partner with Transport Scotland by installing four electric vehicle charge points at Thainstone. The centre is located just off the A96 and is a natural choice for the charging points. With a large car park and restaurant on site, it has all the necessary amenities for drivers and passengers. The charge points have the capability of charging up to eight vehicles at one time and will certainly benefit the local community and anybody travelling."

Figure 3: BEV registrations



Source: Pixie Energy

EV registrations down 15% on December 2018

On 5 February, the Society for Motor Manufacturers and Traders (SMMT) published January 2019 UK electric vehicle registration data. As we have entered 2019, our comparison of monthly data includes December 2017 (marked as blue on the chart) and 2018, and January 2018 and 2019.

The figures indicate that battery electric vehicles (BEV) sales were twice as high in January 2019 as in January 2018. However, sales fell 15% from the previous month, December 2018. This was less of a reduction than between December 2017 and January 2018, however, when sales fell 35%.

Figure 3 compares UK BEV sales.

Electric vehicle loan

Drivers in Scotland are currently able to access interest-free loan funding from Transport Scotland for new electric vehicles. Loan repayment terms of up to six years are permitted.

Funding can be obtained for the following EVs:

- up to £35,000 for new pure electric/plug-in hybrid vehicles, and
- up to £10,000 for new electric motorbikes/scooters.

£500k of funding for Scottish e-bikes

The Scottish Government is providing £462,000 worth of funds through the second round of its eBike Grant to assist health organisations, universities, and communities purchase electric pedal bikes (pedelecs) and electric cargo bikes.

27 organisations will be allocated a portion of the grant with a total of 258 new electric bikes, including six electric cargo bikes to be purchased. Dundee City Council are the largest beneficiary of the grant, with £100,000 (50 electric bikes) being awarded in this funding round.

Cabinet Secretary for Transport, Infrastructure and Connectivity, Michael Matheson, said: “there are so many benefits to e-bikes and e-cargo bikes, but for many, the latest advances in e-mobility technology remain unaffordable. While we all anticipate price drops in the future, I am committed to ensuring that people can access and experience e-bikes in their communities.”

Pixie Energy is now operating the website *Scottish Energy News*. Please visit www.scottishenergynews.com to keep up-to-date on developments in the Scottish energy market or contact us on 01603 542119 or by email at enquiries@scottishenergynews.com for more information.