



Scottish Government Debate: A Low Carbon Economy

22 September 2010

Introduction

Friends of the Earth Scotland welcomes the opportunity to brief ahead of the Scottish Government's debate on a low carbon economy. While we believe much good work is being done, particularly in the field of renewable energy, we believe much more needs to be done, particularly in those areas where there is significant scope for 'job rich interventions'. Such interventions have been advocated by economists such as Lord Stern and are outlined below.

1. Alternative measures to GDP

While we agree much of the Scottish Government's vision of a low carbon economy, we believe it is too focused on economic health as measured by GDP, rather than on a wider vision of well-being for Scotland's people. Such a focus could lead to perverse policy options and generate unnecessary conflicts between economic, social and environmental outcomes. The low carbon economy must be job rich, health-giving and equitable: in all these respects the best outcomes are not measured by GDP. Alternative and complementary measures of economic progress and well-being are essential.

- ***The Minister could be asked what alternative measures of economic and social progress will be used to inform spending choices***

2. Energy Efficiency

Unfortunately the consultation paper, despite good rhetoric about energy efficiency, still gives much more emphasis to energy generation options. This leads to risky consequences as outlined in the next section on carbon capture and storage. Improving the energy efficiency of our homes is far better for employment than building new fossil fuel fuelled power stations. It is suggested that the proposed new coal plant at Hunterston would employ 160 people in the long term. This means that including construction jobs it might create 25 jobs per terawatt hour (TWh) of electricity generated. Energy conservation would generate 370 jobs per TWh, including indirect effectsⁱ. Implementing the Scottish Energy Efficiency Action Plan has been estimated to generate over 10,000 direct jobs for ten yearsⁱⁱ.

- ***The Minister could be asked if the Energy Efficiency action Plan will have ambitious targets for demand reduction***

3. Carbon Capture and Storage

In the area of carbon capture and storage, there are multiple erroneous assumptions in the consultation paper: first that thermal capacity is needed for energy security, when better interconnection, storage and deferrable demand could equally practically 'back-up' high levels of renewables. Second the paper appears to assume that one or more new power stations will be necessary for Scotland to play its role in demonstrating CCS, when in all likelihood, Scotland's niche will be in transport and storage, which can be as well demonstrated with CCS on existing power stations, or indeed on non-power sources such as refineries or cement works.

- ***The Minister could be asked if he believes new thermal capacity is required to meet Scotland's energy needs***

4. Public Transport

Opportunities in public transport are typically much more job-rich than in road and aviation development. At the same time there are serious health and community impacts from traffic growth stimulated by increased infrastructure capacity. A £140 million bus scrappage scheme could safeguard up to 4500 jobs within the bus industry, at plants such as Alexander Dennis' Bus Body Group in Falkirk. As well as reduced greenhouse gas emissions, modern buses have significantly lower particulate pollution. Buses are a significant contributor to particulate pollution in our major cities, which is estimated to cause some 2000 deaths a year in Scotland. Lower polluting, more reliable buses would be a particular benefit for poorer inhabitants of Scotland's cities, the vast majority of whom do not own cars.

As well as public transport, increasing the share of journeys undertaken by walking, cycling and public transport to 50% (the same as in the Netherlands) could cut obesity rates in Scotland in half, with massive savings to the National Health Service in Scotland, which already spends around £170million a year tackling obesity or health problems – such as heart disease - caused as a direct result. Improving cycling rates alone to Dutch levels could save up to 1,600 lives a year as a result of the net health benefits of greater physical activityⁱⁱⁱ.

- ***The Minister could be asked if he will commit to a sustained shift in the transport budget towards public transport and active travel***

5. Finance

Finance is critical, and while acknowledged in the consultation paper, receives too little attention. We would urge the Scottish Government to engage much more vigorously with the UK administration to seek key policy shifts that could redirect existing finance flows from unsustainable to sustainable options. In particular, the Treasury should be pressed to undertake a substantial green tax shift (albeit with necessary compensatory protections for the poorest and most vulnerable groups) in line with the recommendations of the Green Fiscal Commission. Secondly the Treasury should be pushed to maximise value from the large public stake in the bailed out banks, to direct their lending towards low carbon options, whether with, or complementary to a Green Investment Bank.

The Scottish Government should also put more effort into developing solutions at Scottish and local scales, examining, for example, the scope for low-carbon bonds, and in particular the mechanisms whereby local authorities might be able to – in effect – securitise the income flows generated by feed-in tariffs to fund area based energy efficiency improvements.

- ***The Minister could be asked what measures he is planning to take to increase green investment***

6. Joined up Government

The Scottish Government should also provide more coordinated support for a low carbon economy by properly aligning the policies and priorities of the national planning framework with the low-carbon strategy; by broadening the focus of low-carbon public procurement beyond buildings to encompass appliances, vehicles and food (amongst other things); and by directing Scottish Enterprise and HIE to redouble efforts to establish low carbon economic clusters with strong links between the public, private and academic sectors. Sustainable procurement policies have been found to generate substantial benefits to the local economy as well as significant social and environmental benefits.^{iv}

- ***With public sector emissions increasing over the past year, the Minister could be asked whether any strides have been made towards sustainable procurement***

7. Offshore Oil

At the same time as fully exploiting the opportunities available in the move to a low carbon economy, we must also move away from or completely stop some of our high carbon activities. This includes deepwater oil drilling.

- ***The Minister could be asked what he intends to do to reduce Scotland's dependence on oil***

Conclusion

We wish the Scottish Government well in its efforts to promote a low carbon economy, and note the strides made in certain areas. However, we believe a more holistic view looking at the economic, social and environmental impacts of all policy will be needed to deliver a genuinely low carbon economy. At a time of budget constraints, action on climate change that creates jobs and delivers multiple benefits must be a priority for support.

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i Wuppertal Institute, Germany. http://www.kas.de/wf/doc/kas_13931-544-1-30.pdf

ii Association for the Conservation of Energy (2009), Warm Homes, Green Jobs. <http://www.ukace.org/publications/ACE%20Research%20%282009-10%29%20-%20Warm%20Homes,%20Green%20Jobs%20%5Bbriefing%5D.pdf>

iii Transform Scotland Trust, Towards a Healthier Economy, <http://www.transformscotland.org.uk/GetFile.aspx?ItemId=108>

iv Some studies have suggested that for every £1 spent, £6 is created in social, economic and environmental outcomes. See for example:

<http://www.docstoc.com/docs/54413182/Roberta-Sonnino-C-Creative-Public-Procurement-Lessons-from-Italy--green-food>