



### Summary

The Scottish Government's forthcoming Energy Strategy and Just Transition Plan (ESJTP) will be published against a backdrop of worsening climate impacts, skyrocketing energy bills and record-breaking industry profits. **People across Scotland have experienced a summer with heatwaves and drought before a winter where many can't afford to warm their homes.** It is essential that the ESJTP charts a clear path away from our broken fossil fuel energy system to a climate-safe future with clean, affordable renewable energy for all. Crucially it should:

- Set an end date for fossil fuels and committing to phasing out oil and gas production within this decade;
- Reject new fossil fuel infrastructure and any role for CCS or fossil hydrogen in the energy system;
- Focus on demand reduction and demonstrate how the material demands of the new energy system can be met sustainably;
- Prioritise public transport and active travel investment alongside renewable heat and large scale insulation programmes, to tackle the climate crisis and reduce inequalities;
- Establish a national energy company, support councils to develop more locally-owned renewables, and make community ownership accessible for all;
- Quantify the scale and timing of investment needed, the consequent demands for skills and show how good quality jobs will be secured for Scotland;
- Ensure the involvement of workers and their trade unions and impacted communities in the development of plans to deliver on the ambitions of the ESJTP.

### Introduction

Scotland's energy system is hurting people and our climate. Greedy fossil fuel companies are being allowed to make obscene profits while households are fearful of what their next bill will bring. There is an urgent need for action to support people now, and to build a more resilient, affordable energy system to prevent climate breakdown and future social crises. The ESJTP sets the framework for Scotland's energy system over this crucial next decade for climate action.

Despite additional funding into consumer energy advice services and frozen train fares, more can be done by the Scottish Government. In other countries, governments are stepping in with policies to protect people from the worst impacts of the energy price crisis. For example, in France, state-owned EDF will cap electricity prices, Austria has brought forward a ban on fossil fuel heating systems in new homes while Spain, Germany and France have stepped in to significantly reduce public transport costs.

The Scottish Government must seize this opportunity to put in place the foundations for a just transition to meet our fair share of global efforts to avoid catastrophic warming, charting a path away from climate-destroying fossil fuels to an affordable, reliable energy system, powered by renewables and run in the public interest.

### A clean break with fossil fuels

At only 1.1°C warming we are already seeing devastating impacts of the climate crisis all around the world, with extreme weather events like the floods in Pakistan, heatwaves across Europe and drought in East Africa made much more likely by warming already locked-in.

Global emissions continue to rise, while pledges to cut emissions under the Paris Agreement put us on the path for a deadly 2.8°C heating.<sup>1</sup>

Burning fossil fuels accounts for the vast majority of global carbon dioxide emissions<sup>2</sup>, so it is an urgent priority to phase out extraction in line with the critical 1.5°C target. The International Energy Agency has said that new fossil fuel investment and expansion anywhere in the world is inconsistent with limiting temperature rises to 1.5°C.<sup>3</sup> The Beyond Oil and Gas Alliance, spearheaded by Denmark and Costa Rica, has brought together countries with clear policies to restrict fossil fuel production while also sharing lessons and best practice on the energy transition.

Experts at the Tyndall Centre for Climate Research have calculated that for only a 67% chance of keeping to 1.5°C, the UK must end oil and gas production by 2031.<sup>4</sup> This date takes into account the capacity of different producer nations to phase out extraction from an equity perspective such as providing basic needs of citizens and a just transition. For the UK, as a wealthy country with oil and gas a relatively small part of the overall economy, this date should enable sufficient time to ensure the transition is fair to workers and communities who currently rely on the industry for their livelihoods.

Despite much of energy policy being reserved to the UK Government, the Scottish Government has consistently advocated and provided support for the fossil fuel industry. The Scottish Government's 2021 commitment to end support for Maximum Economic Recovery of oil and gas,<sup>5</sup> due to its incompatibility with climate targets, is therefore a welcome and necessary shift in direction. The Scottish Government's acknowledgement that '*unlimited extraction of fossil fuels is not consistent with our climate obligations*'<sup>6</sup>, and recent opposition to UK oil and gas licensing plans is welcome.

Recognising the need to manage the decline of oil and gas production must mean an end to new fossil fuel infrastructure and investment. Fossil fuel companies are delaying the transition to renewable energy by pushing dangerous technologies such as carbon capture and fossil hydrogen that will lock us into the continuing use of fossil fuels - allowing them to keep on polluting the climate, as well as making huge profits.

Industry-led proposals for tech-fixes like Carbon Capture and Storage ultimately require continued production and demand for fossil fuels. The recent Climate Change Plan monitoring update states that CCS will not be operational in Scotland before 2030 as had been previously projected.<sup>7</sup> This is a recurring theme for the Carbon Capture industry who have a history of over-promising and under-delivering. Experience shows that carbon capture projects have a lengthy record of failure around the world.<sup>8</sup> Research has shown that powering our heating and transport with renewable electricity is more efficient and affordable than using fossil or green hydrogen.<sup>9</sup>

The Scottish Government must set out a path towards a clean break with fossil fuels in the new ESJTP by:

- Setting an end date for a just transition away from oil and gas within this decade;
- Rejecting plans for a new gas power station at Peterhead, and any new infrastructure that would prolong the use of fossil fuels in the energy system;

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<sup>1</sup><https://www.unep.org/resources/emissions-gap-report-2022>

<sup>2</sup> [https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC\\_AR6\\_WGIII\\_SPM.pdf](https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SPM.pdf)

<sup>3</sup> [Net Zero by 2050 – Analysis - IEA](#)

<sup>4</sup> [Phaseout Pathways for Fossil Fuel Production Within Paris-Compliant Carbon Budgets](#)

<sup>5</sup> <https://www.gov.scot/news/unlimited-recovery-of-hydrocarbons-not-sustainable/>

<sup>6</sup> [A Fairer, Greener Scotland: Programme for Government 2021-22 - gov.scot](#)

<sup>7</sup> [Climate Change Plan: monitoring reports 2022 - gov.scot](#)

<sup>8</sup> [Report: Fossil Fuel Carbon Capture & Storage - Friends of the Earth Scotland](#)

<sup>9</sup> [Report exposes high cost, low efficiency of hydrogen - Friends of the Earth Scotland](#)

- Adopting a position of no support for onshore oil and gas fuel extraction, and revoke existing licences;
- Joining the Beyond Oil and Gas Alliance as a Core Member.

### **Demand management, global just transition and circular economy**

Throughout the ESJTP, existing and new policies rely on an assumption that materials will be readily available. However recent shocks to global supply chains have proven this should not be taken for granted. Demand for materials is rising exponentially as many countries increase their energy generation. One recent analysis found that there are serious shortfalls in the availability of minerals, including copper, nickel, lithium and cobalt, required to produce one generation of renewables compared to their known reserves.<sup>10</sup> Policy proposals, from heat pumps, to wind turbines and electric cars, rarely consider the supply of materials and are even less likely to assess how these can be sourced more sustainably, through reduction of demand and circular economy practices. Instead, existing practices for mining new minerals are allowed to continue unabated.

A reliance on these minerals without consideration of their extraction and availability jeopardises Scotland's environmental goals and moral responsibilities. The environmental and social impacts of mining are well documented and their aggressive practices are felt mainly in the Global South.<sup>11</sup> Many materials come from countries with poor human rights records and where there are ongoing war or conflict zones. The recent Just Transition Commission report called for the Scottish Government to establish a 'do no harm' approach by ensuring Scotland's just transition is not *"...a trigger for negative economic, climate or social outcomes in other parts of the world, particularly in the Global South where people are already bearing the disproportionate burden of a crisis they did not create."*<sup>12</sup> Without plans to minimise material demand and greener, fairer use of materials, there is a risk that the transition to renewable energy systems is unsustainable and replicates the injustices of the current system.

The best way to safeguard Scotland's future energy system from concerns about material supply and the impacts of mining is to minimise the requirement of materials for the new ESJTP. However, Scottish Government policies do not consider the full potential environmental and social benefits of reducing energy demand. They should first consider alternative proposals which aim to reduce energy demand, and then assess how to reduce, as much as possible, the material requirements of the new energy system. For example, it makes sense to improve the energy efficiency of our leaky homes before fitting renewable heating systems to ensure these systems are no bigger than required. Similarly, private car ownership (whether fossil fuel or electric) requires greater material demand than increasing usage of public transport and active travel options.

### **The ESJTP must focus on demand reduction and demonstrate how the material demands of the future energy system can be met sustainably by;**

- Assessing the material demands of proposals in the Energy Strategy and demonstrate how they can be met sustainably while aligning with circular economy ambitions, carbon impacts and the fair supply of materials globally;
- Setting total energy demand reduction targets, in line with climate change targets, which will ensure material demand is minimised;
- Planning for sustainable material supply of Scotland's Energy Strategy which should prioritise the following areas: material supply for energy infrastructure; encouraging domestic scrap steel recycling; consider how to minimise the material impacts of consumer electricity and heating policies; and managing end of life of wind turbines;

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<sup>10</sup> Michaux (2022) "What would it take to replace the existing fossil fuel system?" Geological Survey of Finland [Is There Enough Metal To Replace Oil?| Countercurrents](#)

<sup>11</sup> ['Green mining' is a myth - Friends of the Earth Europe](#)

<sup>12</sup> [Making the Future - second Just Transition Commission: initial report - gov.scot](#)

- Providing a nationally coordinated assessment of how to optimise the siting, managing and connecting infrastructure for the energy transformation, for example consideration of the scale and location of the supply chain of scrap steel processing in Scotland.

### **Prioritise public transport and active transport, energy efficiency and renewable heat**

Volatile fossil fuels are driving the cost of living crisis with 88% of homes in Scotland reliant on costly mains gas, oil or LPG to heat their homes, while our housing stock is poorly insulated and hard to keep warm. Before the current price rises, 25% of households in Scotland already lived in fuel poverty<sup>13</sup>, with the University of York predicting this would rise to 72% across the UK from January 2023.<sup>14</sup> Alternative renewable solutions for heating already exist and are far more common in other countries in Europe, from heat pumps in Sweden to geothermal in Italy. Reducing reliance on fossil fuels in heating, as well as improving the energy efficiency of buildings, is vital to tackle the climate crisis and deliver affordable bills to people across Scotland.

In terms of transport, fossil-fuel cars, largely owned by higher-income households, continue to dominate and pollute our streets, while people on the lowest incomes largely use public transport and walk. Energy companies, both fossil fuel and renewable, are prioritising the growth of electric vehicles, however this will not improve transport options for those who are on the lowest incomes or fully address issues with air pollution and traffic in our neighbourhoods. Reducing the need and demand for private-use vehicles is an essential component of tackling the climate and cost of living crisis. Public transport and active travel are not receiving sufficient funding and require longer term planning to transform the way people move around their communities, towns and cities.

The heating and transport sectors represent the largest areas of demand for fossil fuels in Scotland: they are also central to people's lives and wellbeing. At present the Scottish Government is giving a mixed picture of the future which includes the possibility of hydrogen in both heating of buildings and light transport. In both cases, direct electrification represents the most affordable and climate secure approach. So-called 'green' hydrogen is inefficient, as it relies on significantly more electricity than direct electrification; 'blue' hydrogen which relies on fossil gas, is of course harmful to the climate. The current approach of the Scottish Government is creating confusion and slowing progress towards electrification in these sectors. Greater clarity is urgently needed, particularly for public bodies and the private sector to build the skills, supply chain and plans necessary to progress with a wide scale and far-reaching electrification programme.

There are also massive benefits of shifting our energy demand from fossil fuels to renewables for people's bills, for better connected communities, energy security and emissions reductions.

### **The ESJTP must prioritise public transport and active travel alongside renewable heat and large scale insulation programmes, to tackle the climate crisis and reduce inequalities by;**

- Setting out a policy framework with clear prioritisation of public transport and active travel investment alongside renewable heat and large-scale insulation programmes;
- Ensuring the main focus for renewables is on meeting demand across homes, buildings, transport and heating through direct electrification where energy efficient options exist such as district heat systems, heat pumps and electric buses;
- Restricting the potential use for green hydrogen to hard-to-abate sectors such as heavy industry with no role in heating or light transport and end support for fossil hydrogen which risks locking us into a high-carbon, fossil fuel future, and missed climate targets.

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<sup>13</sup> [Eradicating fuel poverty - gov.scot](#)

<sup>14</sup> [Fuel poverty set to hit 11m households as protesters gather in Westminster](#)

## A Just Energy Transition

Our energy system is dominated by corporations who have continued to extract phenomenal profits at a time of crisis, as the planet burns and ordinary people choose between heating and eating. As other countries step in, we have not seen the Scottish Government fully exercise its powers to help alleviate immediate impacts, nor put in place measures to avoid similar crises in the future. People across Scotland are left vulnerable because of the volatility of fossil fuels and the lack of democratic control in our energy system. Market-based approaches are clearly not working; public ownership and control are key to transforming our energy system into one which prioritises people and planet.

A National Energy Company, able to drive new renewable generation projects, must be established alongside greater support for local authorities to develop their own locally owned projects. Communities across Scotland are building their own renewable capacity but are faced with regulatory and financial barriers which should be removed as a priority. The ESJTP should aim for greater democratic control across our energy system, by supporting national, local and community owned energy and heating projects. **The ESJTP must prioritise the needs of people and planet, not private profit, by committing to establish a national energy company, support councils to develop more locally-owned renewables, and make community ownership accessible for all.**

A Just Transition for the energy sector will require significant investment but as yet there is little clear analysis about how this will be delivered and where investment is most needed to achieve climate and social objectives. The ESJTP should set out and quantify how it will contribute to the emissions reductions needed to meet the SG's statutory targets, through demand reduction, decarbonisation and increasing supply of renewable energy; and on that basis quantify the scale and timing of investment needed in the public and private sectors and the expected impacts on employment by sector and geography and the consequent demands for skills. **Specifically it should show how good quality jobs in the supply chains will be secured for Scotland and how private corporations will be required to contribute to and comply with the implementation of the plan.**

Workers and communities dependent on the current energy system for their livelihoods will be significantly affected by the transition to a renewable energy system. They also have the skills and knowledge crucial to helping shaping the future. Despite this, offshore oil and gas workers are held back from transferring their skills and experience to the renewables industry due to a lack of cross-sector recognition of training.<sup>15</sup> Many workers are expected to pay thousands from their own pocket to get basic safety qualifications in oil and gas, and would be expected to duplicate much of this cost and training to enter the renewables sector. **The Scottish Government must ensure the involvement of workers and their trade unions and impacted communities in the development of plans to deliver on the ambitions of the ESJTP.**

### For a Just Energy Transition the ESJTP must:

- Establish a National Energy Company, with a remit to create new renewable generation projects and support local authority ownership by providing regulatory and financial support;
- Set clear targets for Local Authority ownership of renewable energy projects, separating these from other existing targets to ensure clarity and focus.
- Make community ownership more accessible and ensure access to financial and regulatory support;

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<sup>15</sup> [Tickets & Training: The Hidden Costs For Offshore Oil & Gas Workers](#)

- Quantify the scale and timing of investment needed in the public and private sectors and the expected impacts on employment by sector and geography and the consequent demands for skills;
- Show how good quality jobs in the supply chains will be secured for Scotland and how private corporations will be required to contribute to and comply with the implementation of the plan;
- Assess existing ports and fabrication yards capable of renewable manufacturing, provide funding in return for an equity stake or bring them into public control to align with the new National Energy Company and provide guarantees of jobs in the manufacturing;
- Support the creation of a comprehensive Offshore Training Passport aligning training standards across the energy sector to ensure high-carbon workers can readily access new roles created in renewable energy industries;
- Guarantee the involvement of workers and their trade unions and impacted communities in the development of plans to deliver on the ambitions of the ESJTP.

### **Call on the UK Government to deliver transformative change of the energy system**

There is much the Scottish Government can do to transform our energy system away from fossil fuels. Clearly however some key powers remain reserved to Westminster, including over offshore oil and gas licensing, energy pricing and Contracts for Difference. The Scottish Government should use all available powers to progress a just energy transition while being clear on its vision for areas currently outwith its control, and put pressure on the UK Government for action on these fronts.

The Scottish Government should therefore identify the following policies as priorities in the ESJTP and put pressure on the UK Government to:

- Cancel all future licensing rounds for offshore oil and gas, reject new oil and gas developments, and revoke licences for undeveloped fields;
- Redirect all subsidies for oil and gas extraction, including tax breaks, to fund a just transition;
- Reform the energy market including removing regressive standing charges, nationalisation of natural monopolies within the transmission and distribution networks and updating energy pricing models to ensure proximity to generation doesn't affect your energy bills.

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