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In response to item 1) 15/03/2022 Video conference with SSE, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Ministerial engagements travel and gifts

CABINET SECRETARY FOR NET ZERO, ENERGY AND TRANSPORT

MEETING WITH SSE RENEWABLES

TUESDAY 15th MARCH 2022 - 14:30 - 15:15

Key Message	<p>You are meeting to discuss a collaborative approach to maximising local content in their projects.</p> <p>You will reiterate SG's expectation SSE Renewables will work collaboratively to coordinate their use of key supply chain assets to minimise the risk of bottle necks in the pipeline, and to maximise their overall economic impact</p>
Who	<p>Paul Cooley - Director of Capital Projects - SSE Renewables Ronnie Bonnar - Chairman - Offshore Renewable Energy Catapult Tomoki Nishino - General Manager - Marubeni SSE Renewables is a renewable energy subsidiary of SSE plc, which develops and operates onshore and offshore wind farms and hydroelectric generation in the United Kingdom and Ireland</p>
What	<p>This is the first offshore wind leasing round in Scotland for a decade and is the first ever since the management of offshore wind rights were devolved to Crown Estate Scotland.</p> <p>The purpose of this meeting is for you to set the tone of Ministers' expectations for these projects, both in terms of how they will interact with our statutory net zero commitments and our supply chain ambitions.</p>
Why	<p>This is a significant milestone in the expansion of offshore wind in Scotland and, moreover, this is the largest commercial floating offshore wind leasing round to date. SSE have secured one floating site in the east of Scotland</p>
Where	<p>Microsoft Teams</p>
When	<p>Tuesday 15th March 2022 14:30 - 15:15</p>
Supporting Officials	<p>[Redacted Regulation 11(2) – (personal data of a third party)] Head of Offshore Wind Policy & Supply Chain [Redacted Regulation 11(2) – (personal data of a third party)] Head of Onshore Electricity Policy [Redacted Regulation 11(2) – (personal data of a third party)] Supply Chain Team [Redacted Regulation 11(2) – (personal data of a third party)] Supply Chain Team</p>
Briefing	<p>Annex A: Agenda and Steering Brief for meeting</p> <p>Annex B: Background for Agenda Item 2 (<i>if required</i>)</p> <p>Annex C: Biographies</p> <p>Annex D: Offshore Wind FMQ</p> <p>Annex E: Green Free Ports FMQ</p>

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	Annex F: Supply Chain Development Statement One Pager
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Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Minister for Business, Trade, Tourism & Enterprise			X		
Minister for Green Skills, Circular Economy and Biodiversity			X		

Director of Marine Scotland
 DG Net Zero
 Kersti Berge, Director of Energy and Climate Change
 Andrew Hogg, Deputy Director for Energy Industries
 Mike Palmer, Deputy Director, Marine Planning and Policy
 [Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy and Supply Chain Unit
 [Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy
 [Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy and Supply Chain Unit
 [Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy
 [Redacted Regulation 11(2) – (personal data of a third party)] Offshore Wind Policy and Supply Chain Unit
 Comms Net Zero and Rural Affairs
 John McFarlane SpAd
 Harry Huyton SpAd

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MEETING WITH SSE RENEWABLES
TUESDAY 15th MARCH 2022 - 14:30 - 15:15

ANNEX A

Agenda & Discussion Points

1. Welcome & introductions

- You will provide a **5 minute speaking note**, welcoming SSE Renewables setting out your expectations for these projects.

Note – [Redacted Regulation 10(4)(e) – (Internal communications)]

SSE Renewables – N/A

[Redacted Regulation 10(4)(e) – (Internal communications)]

2. Introduction to the project, including key project milestones and supply chain commitments and ambitions

- SSE Renewables will present their plans for the project

3. Discussion

- SSE Renewables may raise concerns with how National Grid ESO is taking forward the Holistic Network Design work in relation to ScotWind.

4. Next steps

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Steering Brief

Item 1:	Welcome & introductions
Key Message:	<p>A few speaking points have been included in a separate annex to open this meeting.</p> <p>The aim of the discussion is to learn about SSE Renewables ScotWind project in the site E1.</p>

Item 2:	Introduction to the project, including key project milestones and supply chain commitments and ambitions (Annex B)
Key Messages:	<ul style="list-style-type: none"> • Are there any barriers or challenges that Ministers can help provide further support on to help drive forward success in meeting your supply chain commitments? • Which Tier 1 Developers are you in conversation with?
Discussion:	SSE Renewables has one ScotWind option that is in site E1. The project is targeting floating platform.
	Background detail on the project is set out in Annex B

Item 3:	Discussion
Key Messages:	<p>[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]</p> <ul style="list-style-type: none"> • [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] How are you going to use [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] Are you committed to utilising the fund in a way that would benefit other ScotWind projects, as well as this one? • <i>If Raised:</i> National Grid ESO have been working to account for ScotWind within the Holistic Network Design work. My officials continue to engage with the ESO as this work moves forward.
Discussion:	<p>It would be useful to better understand any progress they have made in their discussions with [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]</p> <p>Within their Supply Chain Development Statement the mentioned a [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]. It would be beneficial if they were considering an approach to collaboration to benefit other ScotWind Projects.</p>
	Background briefing on the project is set out in Annex B

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Item 4:	Next steps (Annex D)
Key Messages:	<p>Following each of your bilateral discussions with developers, officials in Marine Scotland will seek to engage directly with the projects to outline the steps involved in consenting and licensing. SSE are set to meet Marine Scotland 15 March 2022 at 15:30 pm</p> <p>We are also keen that engagement on the supply chain with the developers continues to take place, so we will seek further discussion as the project develops and approaches various milestones.</p>
Discussion:	<ul style="list-style-type: none">• Thank you for that outline today of your project, it was helpful to get into some of the detail of the development itself as well as the supply chain opportunities you are targeting.• As I already mentioned earlier, I know Marine Scotland have been in touch you are meeting with them later today 15 March 2022 at 15:30 pm to discuss the consenting process.• My energy policy officials are also available and would be happy to continue to engage with you and your team as you approach various milestones for your development.

PROJECT OVERVIEW

Project	
Site Location	Site Location East 1
Lead Developer	Lead Developer SSE Renewables

Indicative project timeline (please indicate the year quarter you are targeting)	
Scoping	Scoping to be submitted for all phases, Q4 2022.
Planning/Consenting	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
CfD	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
FID	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Commence Construction	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Grid Connection	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Commence operations	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Supply chain	
Preferred Port (manufacturing/fabrication)	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] however we have active engagement with all Scottish ports and have recently undertaken a 4-week tour of facilities to increase engagement, understand current capabilities and potential.
Preferred Port (marshalling/installation)	As above.
Preferred Port (O&M)	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Foundation (fixed/floating - concrete or steel)	Floating – steel is currently anticipated; however, this will be confirmed following further technical studies.
Tier 1s	This will be confirmed at a later stage, but we have already engaged with [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

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Turbine supplier	This will be confirmed at a later stage, but we have active relations with all of the major wind turbine suppliers.
MOUs with suppliers to date	[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Details of any supply chain pre-investment	The Project Partners will establish a supply chain fund to support the delivery of the SCDS, to underpin local orders and investments in the Scottish supply chain.

ANNEX C – BIOGRAPHIES

Paul Cooley - Director of Capital Projects - SSE Renewables



Ronnie Bonnar - Chairman - Offshore Renewable Energy Catapult



Tomoki Nishino - President & CEO - Marubeni



Lead Applicant	Project Partners	Location	Technology	Total Capacity
SSE	<ul style="list-style-type: none"> • Marubeni Corporation • Copenhagen Infrastructure 	E1	Floating	2610MW

OFFSHORE WIND

- **In the PfG, we committed to making offshore wind central to our delivery of net zero targets through further ScotWind offshore wind leasing rounds over this Parliament.**
- The results of ScotWind, the seabed leasing process for offshore wind, managed by Crown Estate Scotland (CES) was announced on Monday 17 January 2022.
- This announcement outlined the winners of the competitive bidding process over areas of seabed where the next offshore wind projects will be located. This is the first devolved leasing round for offshore wind development in Scottish Waters and the first leasing round in Scotland in a decade.
- The new offshore wind plan for Innovation and Targeted Oil and Gas Decarbonisation (INTOG) process was announced by Crown Estate Scotland on 22 February 2022. Developers will apply for the rights to build small scale innovative offshore wind projects of less than 100MW as well as larger projects connected to oil and gas infrastructure to provide electricity and reduce the carbon emissions associated with those sites.

Top lines

OFFSHORE WIND

- Our Offshore Wind Policy Statement sets out the Scottish Government’s ambitions for offshore wind in Scotland, including an ambition to achieve 8-11 GW of offshore wind in Scotland by 2030. This recognises that deployment must increase significantly if we are to meet our climate change targets.
- Scottish Ministers have made clear, time and again, that they will use every lever at their disposal to maximise economic returns for the offshore wind sector here in Scotland.

SCOTWIND

- Scotland’s seas offer great opportunities for the sustainable development of offshore wind and are an important part of the green recovery and transition to net zero.
- The level of ambition shown by the market recognises the seriousness of Scotland’s commitment to achieving our net zero targets and economic growth. I welcome the commitment made by developers to invest at least £1bn per GW in the Scottish Supply chain via ScotWind projects.
- ScotWind is the world’s largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally. We already have the world’s largest operating commercial floating wind farm and ScotWind now breaks new ground in putting large-scale floating wind technology on the map at GW scale, offering Scotland a first-mover advantage.
- ScotWind will deliver c £700m in return for these initial awards alone which we will use to benefit the people of Scotland, particularly by helping to tackle the climate and biodiversity crises and deliver a low carbon society.

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- In addition, ScotWind will deliver several billion pounds more in public benefit via the investment of rental revenues once all the projects become operational.
- The announcement of these awards heralds a new exciting era of economic development underpinned by balanced and effective regulation at a scale seldom seen before in Scotland's history.
- The projects given the green light by CES today would, if approved, deliver far in excess of our current planning assumption of 10GW of offshore wind. The planning, consenting and funding processes that lie ahead - together with the need to fully consider the views of stakeholders about impact - means that it is not possible to know now exactly what scale of development will be permitted ultimately.
- ScotWind also promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery the length and breadth of the country.
- Each application was required to include a Supply Chain Development Statement setting out its supply chain goals and committing developers to meet those goals through the various stages of their projects. This provides us with an excellent tool to ensure that, working with the sector, Scottish communities reap the maximum possible economic benefits from ScotWind projects.

We welcome the public commitment made by the winning bidders to invest at least £1bn per gigawatt of capacity in the Scottish economy.

- This investment will be transformational in delivering the wider supply chain benefits to help power Scotland's green recovery the length and breadth of the country.
- The scale and ambition of ScotWind projects will create a large volume of sustained demand that will mark a step change in developing Scotland's supply chain and capability in manufacturing.
- We are determined to realise the significant opportunities for Scottish businesses. Collaboration will be key and we will be working closely with the successful projects and wider supply chain to maximise the benefits for the people of Scotland from the use of our significant offshore wind resources.
- We will also work closely with the Scottish Offshore Wind Energy Council to implement the recommendations in the Strategic Investment Assessment starting with a Collaborative Framework to bring together industry, the supply chain and the public sector to build Scotland's offshore wind manufacturing capabilities and get Scottish businesses ready to win offshore work.
- Recent successes in the offshore wind supply chain such as the new wind tower manufacturing facility at the Port of Nigg show the opportunity resulting from the energy transition and the substantial potential to deliver high value green jobs and generate sustainable economic growth.

We remain fully committed to using every lever within our devolved competence to support and grow the offshore wind supply chain here in Scotland.

- Applicants to the ScotWind leasing round were required to include a Supply Chain Development Statement setting out its supply chain goals and committing developers to meet those goals throughout the lifetime of their projects.

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- Failure to deliver the commitments laid out in the final SCDS can trigger remedies ranging from financial penalties to an inability to progress to seabed lease.
- The introduction of Supply Chain Development Statements demonstrates how serious the Scottish Government is about holding developers to account if they do not honour their supply chain commitments.
- We fully expect developers and Original Equipment Manufacturers (OEMs) to be engaging with the domestic supply chain from the outset to ensure that those commitments come to fruition.
- We have also been calling for, and welcome, the additional conditionality required by the UK Government for supply chain commitments in Contracts for Difference (CfD) rounds.

We are determined to maximise the economic opportunity for the Scottish supply chain from our offshore wind potential.

- Scotland has a great legacy of offshore engineering skills and ScotWind will be an opportunity to build on that legacy for a clean energy future, including the potential to diversify our existing industries and generate thousands of new jobs.
- We will drive forward offshore wind skills development – working with stakeholders to focus on the opportunities for diversification and skills transfer from our oil and gas sector, in line with our commitment to a Just Transition.
- We will also continue to make every effort to ensure that our indigenous supply chain can maximise the benefit from developing Scotland’s significant offshore wind potential and the opportunities for innovation that will unlock this.

INNOVATION AND TARGETED OIL AND GAS DECARBONISATION

- By replacing traditional energy sources with offshore wind generation these plans will support the decarbonisation of oil and gas infrastructure, facilitate decommissioning and grow our offshore wind sector.
- We will be engaging with communities, environmental interests and marine industries as we develop these plans so we can ensure they support and accelerate a rapid transition for the oil and gas industry.

We are determined to maximise the economic opportunity for the Scottish supply chain from our offshore wind potential.

- We will drive forward offshore wind skills development – working with stakeholders to focus on the opportunities for diversification and skills transfer from our oil and gas sector, in line with our commitment to a Just Transition.
- We will also continue to make every effort to ensure that our indigenous supply chain can maximise the benefit from developing Scotland’s significant offshore wind potential and the opportunities for innovation that will unlock this.

We remain fully committed to using every lever within our devolved competence to support and grow the offshore wind supply chain here in Scotland.

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- Applicants to ScotWind leasing Rounds are required to submit a Supply Chain Development Statement that sets out the level and location of supply chain impact throughout the lifetime of projects.
- We believe that these Supply Chain Development Statements signify how seriously the Scottish Government takes this issue and, more importantly, will provide certainty of a pipeline of projects to suppliers across Scotland.

We know that transmission charging remains a barrier, and a particular disadvantage, for projects located in Scotland or Scottish waters.

- Scottish generators clearly face higher transmission network costs as a result of their location and distance from main GB demand centres.
- The Scottish Government has long argued that Ofgem needs to be given an explicit remit to help achieve net zero – something that the UK Government has finally acknowledged in its recent Energy White Paper.

It is vital that National Grid ESO continues to work to take account of ScotWind and engage fully with stakeholders as the Holistic Network Design process moves forward.

- We understand that the HND will account for 17 GW of offshore wind, 10.7 of that being ScotWind projects.
- We have been clear with National Grid ESO that developers not accounted for in the first HND need to be given certainty on their position as soon as possible.

Green Freeports FMQ

20 Feb: The National reported an opinion piece stating the Scottish Greens would have '*nothing to do*' with Freeport plans. The piece criticised the plans stating it would lead to the transfer of jobs into a new area, rather than creating new ones.

16 Feb: The Herald reports Alba deputy leader, Kenny MacAskill, has told the SNP and Greens to '*stop squabbling*' over the UKG's Freeport proposals and focus on taking leadership of a strategy. He is quoted as saying SG leadership could open the door for new freight and passenger routes from Scottish ports, ending reliance on Scottish goods needing to be sent to Heathrow and Dover to be shipped overseas.

16 Feb: P&J article reports that 9 SNP trade union group activists have hit out at plans to build two freeports in Scotland after Kate Forbes confirmed the £52 million agreement. The party's TUG union has joined the Scottish Greens in speaking out against the controversial deal which they will be raising at the SNP'S National Executive Committee.

15 Feb: The Herald reports SNP activists have challenged the party's leadership over plans for two green freeports '*under Boris Johnson's levelling up agenda.*' The article states the SNP Trade Union Group said the decision to work with the UKG risked '*undermining devolution*' and '*opening a lawless*' backdoor into the Scottish economy' and passed a motion of concern over the plans at the SNP union conference. The article details how the Scottish Greens have also attacked their SNP partners over the plans and criticised them for '*working with the Tories*'.

14 Feb: BBC News reports the UK and Scottish Governments have agreed to establish two green freeports in Scotland. Article states Scottish Greens criticised the plans as '*greenwashing*' and described it as a '*corporate giveaway*', signifying the first major split from the SNP since their power-sharing deal began last year. It details how the UKG and SG were unable to agree plans to establish the freeports but Scottish Ministers have now agreed a joint approach.

Top Lines

- We have negotiated hard to ensure that establishment of two Green Freeports in Scotland will create new, well-paid jobs, deliver a just transition to net zero and support economic transformation based on fairness.
- Reflecting our net zero ambitions, we adapted the UK's Freeport model to meet the needs of the Scottish economy.
- Applicants will need to show both governments, as equal partners, how they will contribute towards reaching net-zero by 2045, through submitting robust decarbonisation plans.
- All details will be set out in a finalised joint applicant prospectus to be published next month – with winning bids announced over the summer.
- Once operational, the Scottish Government will be monitoring the performance of green freeports very carefully to ensure that the highest standards in practice are pursued and maintained.

Fair work and net zero are central tenets of Scotland's future economy.

- Green freeports will aim create internationally competitive clusters of excellence in new green technologies and industries, bring major benefits to Scottish businesses and our wider economy.

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- We have always been clear that any adapted freeports model implemented in Scotland must make a strong contribution to a green and fair recovery, including a firm commitment to creating new fair work opportunities and net-zero principles.
- The Scottish Government's Fair Work First approach which features payment of the real living wage, will be clearly referenced in the joint bidding prospectus.
- Applicants seeking to be designated as a green freeport in Scotland will of course know about the centrality of Fair Work First in the Scottish policy context and seek to reflect that in developing their bids.

PREVIOUS TALKS

After productive dialogue with HM Treasury, we were ready to launch a joint applicant prospectus for green ports in March 2021– but continued delay from Westminster has put our ports at a disadvantage.

- With clear industry support for our own green port proposal, we had hoped we could work together to find a fair and sustainable way forward.
- We were clear that it was crucial Scotland received a fair funding allocation to help establish green ports – up to £25m per green port – the same as that available to freeports in England.
- The Secretary of State for Scotland indicated in September that the UK Government would not: promise fair funding for green ports in Scotland compared to that on offer to freeports in England; give assurances about equal decision-making; nor accept our proposals for higher labour or environmental standards in their model.
- So while we wanted to work with the UK Government, we could not sign up to a UK freeport policy that didn't include fair funding; an equal say on decision making; or a strong commitment to fair work and net zero. The new agreement reached does provide fair funding; equal voice for both governments; and clarity for applicants on how their commitment to net zero and fair work will be scrutinised by the Scottish Government.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

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In response to item 2) 16/03/2022 Video conference with SSE, John McFarlane (Special Adviser), Lobbying Register

- Regulation 10(4)(a) – (Information not held)

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In response to item 3) 18/03/2022 Inveralmond House, Perth, meeting with SSE, John Swinney MSP (Cabinet Secretary for Finance and the Economy Cabinet Secretary for Covid Recovery Deputy First Minister), Lobbying Register

- Regulation 10(4)(a) – (Information not held)

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In response to item 5) 03/05/2022 Video conference with SSE, Nicola Sturgeon MSP (First Minister), Ministerial engagements travel and gifts

BRIEFING FOR THE FIRST MINISTER

MEETING WITH ALISTAIR PHILLIPS-DAVIES, CEO, SSE

3 May 2022

Key message	<ul style="list-style-type: none">• The ScotWind announcement is a tremendous vote of confidence in Scotland. The level of ambition shown by the market recognises the seriousness of Scotland's commitment to achieving net zero targets along with economic growth.• We welcome the commitment made by developers to invest £1bn per GW in the Scottish Supply chain via ScotWind projects. ScotWind is the springboard for realising these goals but anchor projects such as Berwick are also critical to pre-ScotWind supply chain development.• We're keen to continue to build on our previous engagement and take forward actions to realise this significant supply chain opportunity.
What	A meeting with Alistair Phillips-Davies, CEO of SSE. SSE's 4.1GW Berwick Bank site, will act as a catalyst for investment in Scotland of potentially a blade facility in [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
Why	We are actively seeking opportunities to both capture 'first mover' advantage from ScotWind and set out our attractiveness to supply chain companies which in turn will add significant economic value to the Scottish supply chain.
Who	Alistair Phillips-Davies, CEO, SSE Stephen Wheeler, Managing Director, SSE Alexandra Malone, Director of Corporate Affairs Office
Where	Teams meeting:
When	12.15-12.45
Supporting official	Andy Hogg , Deputy Director, Energy Industries, ☎ [Redacted Regulation 11(2) – (personal data of a third party)] [Redacted Regulation 11(2) – (personal data of a third party)] Head of Offshore Renewable Energy & Supply Chain ☎ [

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	[Redacted Regulation 11(2) – (personal data of a third party)]
Attached documents	Annex A: Agenda, Summary Annex B: Background Note - Offshore Wind & CfD AR4 Annex C: Background Note - Berwick Bank Annex D: Biographies Annex E: Letter from Alistair Phillips-Davies dated 29 th March 2022

Agenda

- Introductions
- Current Status Update from SSE on Berwick Bank, including:
 - Timescales
 - Issues

Discussions with [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- Update on the proposed Offshore Wind Tower Facility at Nigg
- Next steps / Actions

Aims for the Discussion

- Establish if it is still SSE's intention to submit Berwick Bank's planning application in July 2022 or due to proposed changes possibly September 2022. Establish when SSE will [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- Are SSE willing to give an indication of who is currently favoured. Encourage both [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- and [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- to continue to work with Scottish Government officials and our enterprise agencies to provide the detailed information we need to enable us to construct a support offer package.
- Encourage SSE to continue to have an active dialogue with Marine Scotland in advance of submitting their planning application.

Summary

Following publication of SSE Renewables' Requests for Information on economic benefits to support their 4.1 GW Berwick Bank offshore wind farm [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- At this stage, they are still developing their technical options and thinking but have given an indication that such a facility may bring 750-1000 direct jobs and a further 1,500 indirect jobs for the wider supply chain.

Following your recent meetings with [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- Scottish Government and enterprise agency officials continues on their proposals with on what public sector support may be available.

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- SSE have indicated that they will submit their planning application to Marine Scotland in July 2022 but this may slip to September. SSE have indicated they hope to receive a determination 9 months thereafter.

Berwick Bank Consent

- MS-LOT have stated that the potential risks identified through “scoping” will probably have implications for the determination timeline. Further information is can be found at **Annex C**
- UKG will announce on the Energy Security paper in April, including reportedly increased ambitions for renewables deployment. Currently Marine Scotland are reviewing how this might improve our ability to accelerate our consenting processes.

Offshore Wind Tower Facility, Nigg

- Nigg Offshore Wind (NOW) has been brought forward by Global Energy Group (GEG), a Scottish headquartered energy services company, along with Bilbao based, offshore wind tower manufacturing specialist, [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)], to build a state-of-the-art offshore wind tubular rolling facility at Port of Nigg. NOW will be a 450-meter-long, 38,000 m² factory, capable of rolling steel plate to supply towers which will weight in excess of 1,000 tonnes each and other products, to the UK offshore fixed and floating wind industry in the UK and abroad.
- This facility will be the first to be built in the UK to this specification and is inclusive of rolling machinery robotics and a new blast and paint shop at a cost of [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] The new factory is an enabler to firmly establish the Port of Nigg as a strategic offshore wind hub which includes the consolidation of the Port’s existing marshalling and staging work for turbine components and foundations (the marshalling and staging work already employs over 120+ people).
- The expectation for the factory at Nigg was that their initial output once operational would be to provide 81 towers for the Dogger Bank Offshore Wind Farm. The developer for the project is SSE with GE Renewables appointed as Tier 1 tower supplier. In turn, HWG have a contract to provide towers with the agreement that 81 of these come from Nigg instead of the [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Green Freeports

Lines to take:

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- The Green Freeport prospectus was published on Friday (25th March), so I hope the information contained with that document along with your meeting of officials leading on the topic last week (also on Friday 25th March) addressed your questions. I can arrange for them to meet with you again if you would like to discuss the matter further. In addition I will ensure the Minister for Business, Trade, Tourism & Enterprise who is leading on this work is aware of the opportunity.

Background

- Joint SG/UKG applicant prospectus was published on 25 March 2022
- Window for questions/clarifications for bidders up to 29 April 2022
- Bids to be invited by 20 June 2022,
- Applications will be assessed jointly by SG and UKG against four key objectives
 - Regeneration and job creation
 - Net zero/decarbonisation
 - Increasing trade and investment
 - Promoting innovation
- Bids must score a High on regeneration and job creation and at least a Medium on net zero to be shortlisted
- SG and UK Ministers will decide jointly on two winners, scheduled for late July 2022
- All bidders will be asked to set out strategies to embed fair work practices, referencing Fair Work First. SG has made clear that it will only support bids which show a clear commitment to Fair Work, including payment of the Real Living Wage

Officials were due to brief [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] on 25 March 2022

How the Offshore Wind Market Operates

The project **developer** will typically procure the design, supply and installation of turbines from the turbine OEM and one or more Tier 1 equipment and installation contractors. In other cases, some developers choose to multi-contract, using in-house or contracted-in expertise to manage up to 100 direct contracts.

Contracts for manufacture and construction are often signed two years before construction although in some cases, large supply contracts are sourced earlier via strategic framework agreements sometimes making it difficult for new entrants to get an opportunity.

Tier 1 – Prime contractors - This top level of the supply chain typically supply Turbines, blades, towers, gearboxes, wind turbine generators (WTGs), control systems, transformers, foundations, substations (offshore and onshore) and Export and Array Cables.

Tier 2 – Principal suppliers - Typically supply the components for projects such as machine parts, flanges, fixings, bearings, castings, forgings and rolled steel.

Tier 3 – Specialist suppliers - Typically provides smaller components, technologies and products to Tier 1 suppliers.

Operations and maintenance

The operations and maintenance of offshore wind farms offers an opportunity for both high-value employment, and the domestic supply chain. This includes offshore installation and maintenance vessels, equipment and facilities.

To secure the long-term strategic benefits to Scotland – that is, a high volume of highly skilled jobs – a focus on not just growing but also supporting the development of a sustainable local supply chain is required.

The scale of offshore wind project deployment expected in Scotland (and RUK) is sufficiently large that it could attract specialist facilities from Tier 1 contractors, like those being sought by Vestas in Scotland, and these are more likely than not to be taken up by existing players in markets for towers, cabling etc.

As we have seen recently with offshore wind related projects in Scotland, the underlying viability and commerciality of projects is heavily impacted by onward contract options. This is in part a result of the Contract for Difference (CfD) process – operated by UKG. The bidding rounds for a CfD is expected to be announced in June 2022.

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It is not known which bids will succeed which in turns means that those developers who are bidding, cannot commit to contracts with Tier One of the supply and they then too cannot commit to those in the lower tiers. All of this means that without firm line of sight on a project pipeline, the supply chain are reluctant to take on the significant financial and legal risks of committing to development of say a manufacturing facility for offshore wind components.

Annex C

Berwick Bank Offshore Wind Farm

Berwick Bank is currently scoped at 4.1GW and we are pleased to see the ambition to build what could be largest offshore wind farm in the world, here in Scottish waters.

Consenting Timelines

The table below provides anticipated timelines for an application from the Company which fully follows the scoping opinion, and compares this with potential timelines taking into account the risks identified below.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Potential risks to determination timeline

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]


Mitigation of Risk

Officials continue to engage with the Company following the issue of the scoping opinion to provide further clarity and guidance. Officials met with senior management from the Company on 02 March 2022 to highlight potential consenting risk and encourage the Company to consider their consenting strategy in light of the scoping opinion as well as concerns raised by stakeholders. The recent announcement by UKG that Contracts for Difference rounds will now take place on an annual basis may help the Company to manage its timelines for securing a consent in a way which aligns with the requirements of the scoping opinion.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Officials continue to encourage and facilitate engagement between the fishing sector and the Company.

Biographies

	<p><u>Alistair Phillips-Davies, Chief Executive, SSE</u></p> <p>Alistair joined SSE in 1997, and possesses a detailed knowledge of the operations of each business area having held a number of senior roles throughout the Company.</p> <p>Prior to joining the Board in 2002 as Energy Supply Director, Alistair was Director of Corporate Finance and Business Development. In 2010, he became Generation and Supply Director, before Deputy Chief Executive in 2012, then Chief Executive in 2013.</p>
	<p><u>Stephen Wheeler, Managing Director, SSE</u></p> <p>He was previously Managing Director of SSE Ireland, and prior to this, General Manager (Ireland) of SSE Renewables. He was part of the successful management team that grew the Airtricity renewable energy platform before SSE acquired it in 2008. Before joining Airtricity, he spent over 10 years working with ABB and Siemens internationally, specialising in the development and construction of generation assets. Stephen is a graduate of Electrical Engineering at University College Dublin, with an MBA from the UCD Michael Smurfit Graduate Business School, and a past Chairman of Wind Energy Ireland (WEI).</p>
	<p><u>Alexandra Malone, Director of Corporate Affairs</u></p> <p>Alexandra Malone is Director of Corporate Affairs for SSE Renewables. She has responsibility for policy development, stakeholder engagement, community and government relations, communications and brand across all the jurisdictions in which the business operates. Previously she held several senior positions in Corporate Affairs and worked in SSE's Energy Portfolio Management business. Prior to joining SSE in 2012, Alexandra worked for the Government of Canada focussing on energy and climate policy. She holds a BSc from McGill University and a Master's in Resource Management from Dalhousie University.</p>

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In response to item 9) 09/06/2022 Meeting with SSE at SSE Perth HQ, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Lobbying Register

What	The Cabinet Secretary for Net Zero Energy and Transport has been invited to visit SSE Perth HQ
Where	SSE HQ, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ
When	Thursday - 9 June 2022 09:00 -10:15
Key Message(s)	<ul style="list-style-type: none"> • We continue to believe that the significant growth in renewables, storage, hydrogen and carbon capture provides the best pathway to net zero by 2045, and will deliver the decarbonisation we need to see across industry, heat and transport. • The Scottish Government has led the way in supporting world-leading hydrogen demonstration projects and has committed to investing £100 million in the hydrogen sector in Scotland from 2021 - 2026 to achieve our hydrogen production ambition of 5GW of renewable and low-carbon hydrogen by 2030 and 25GW by 2045. • This year's Programme for Government references the opportunity from ScotWind – it will raise just under £700 million in revenue for Scotland and will bring billions of pounds of investment into the Scottish supply chain and economy. • Our focus for ScotWind now switches to supply chain opportunities, and to the consenting regime - ensuring that this works as effectively as possible as we process applications from developers and determine what can be consented in light of environmental and other impacts.
Why	Following Mr Matheson's recent visit to Sloy Hydro Power Station, there were discussions regarding a potential visit in early June. The Cabinet Secretary has been invited to visit SSE HQ in Perth where he will be given a brief presentation on SSE investment plans and updated on key projects including Berwick Bank. This will be followed by an office tour, including the new office space, Renewable Operations Centres (Hydro and Wind), and Network Control Room.
Speech details	N/A
Greeting Party	Jamie Maxton, Head of External Relations, SSE will meet Mr Matheson, on arrival [Redacted Regulation 11(2) – (personal data of a third party)]
Supporting official	[Redacted Regulation 11(2) – (personal data of a third party)] Whole Systems and Technical Policy Unit [Redacted Regulation 11(2) – (personal data of a third party)]

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<i>Briefing contents</i>	Briefing is included as follows: Annex A: Bios and Programme Annex B: Offshore Wind Top Lines Annex C: Onshore Wind Top Lines Annex D: Hydrogen Top Lines Annex E: Energy Top Lines Annex F: Background Berwick Bank and Nigg Annex G: Sensitivities relating to Russia	Page Numbers 2-3 4 5 6 7-9 10-11 12
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Bios and Programme

Gregor Alexander, Finance Director



Gregor is a Chartered Accountant. He joined SSE in 1990 and since this time has worked in various finance roles within the Company, including Treasury and Tax, prior to joining the Board as Finance Director in 2002.

During his career Gregor has been instrumental in a number of the major transactions and investments which define the Group. His extensive and long-standing knowledge of financial markets and experience of shareholder views, has supported the development of SSE's financial strategy, and purpose to create value for

shareholders and society.

Stephen Wheeler, Managing Director, SSE Renewables



Stephen Wheeler is Managing Director of SSE Renewables, part of the FTSE-listed SSE plc, leading the transition to a net zero future in the UK, Ire and internationally through the world-class development, construction, financing and operation of renewable energy assets. Stephen is also Country Lead for SSE plc in Ireland, which includes the country's second largest energy supplier, SSE Airtricity.

Previously Managing Director of SSE Thermal where he was focused on decarbonising SSE's flexible generation, energy-from-waste and energy storage portfolio. Prior to this, Stephen was Managing Director of SSE Ireland, responsible for SSE plc's overall strategy, commercial performance, operations and business development in Ireland and Northern Ireland across renewables, thermal and retail. Before joining SSE, he played a central role in the development and growth of Airtricity (2004 to 2008) and was part of the team that completed the sale of its European business to SSE in 2008 for c€1.1bn.

Prior to Airtricity, he spent over 10 years working with ABB and Siemens internationally, specialising in the development and construction of thermal generation assets. A graduate of Electrical Engineering at University College Dublin, with an MBA from the UCD Michael Smurfit Graduate Business School, and a past Chairman of the Irish Wind Energy Association (IWEA).

Clair Dunk, Facilities Manager

Clair has worked for SSE now for 15 years. Her current post is Perth Campus Facilities Manager as part of the wider Property & FM Team looking after the main non-operational sites throughout the UK & Ireland. She has a team of 7, and principally we look after the safety, statutory compliance and maintenance and upgrade of the property and site.

Her team also provides day to day support and service to the Executive and Group Services Teams, as well as the main SSE Business Units based here, including Networks (Distribution and Transmission), Renewables (Wind & Hydro), Thermal Development and

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Energy Portfolio Management. The main operational control rooms are located on the site, and these run 24/7, 365 days of the year, and are critical to the key businesses operations.

Programme

Time:

09.00am – 10.15am

Location:

SSE HQ, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ

Itinerary:

- **09.00am** – Arrive at reception Jamie Maxton will meet Mr Matheson on arrival
- **09.05am – 09.30am** – Brief presentation in Link Building Boardroom to discuss SSE investment plans and update on key projects, including Berwick Bank
- **09.30am – 10.10am** – Office tour led by Clair Dunk, Facilities Manager, covering new office space, Renewable Operations Centres (hydro & wind) and Network Control Room.
- **10.15am** – Depart.

Further visit information:

- Please reverse park on arrival.
- Tea and coffee will be served during the meeting in the boardroom.
- No PPE is required for this visit.
- Due to its operational status, and in common with all our staff, we ask that guests take a Lateral Flow Test before visiting the Renewables Control Centre. Face coverings, however, are not required.

Offshore Wind/Supply Chain

- Each ScotWind application was required to include a Supply Chain Development Statement (SCDS) setting out its supply chain goals and committing developers to meet those goals through the various stages of their projects.
- ScotWind promises to be transformational in delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland. We welcome the commitment of developers to invest an average projection of £1.5 bn in Scotland per project, which equates to over £25bn across the 17 ScotWind projects.
- **The Scottish Offshore Wind Energy Council (SOWEC) is working to implement the five key recommendations in the Strategic Infrastructure Assessment (SIA), starting with the creation of a Scottish Floating Offshore Wind Port Cluster.**
- SOWEC has been identified by both industry and government as the key vehicle for taking forward the strategic supply chain opportunities from ScotWind.
- SOWEC published its Offshore Wind Collaborative Framework Charter on 11 May. 24 developers have signed up to the Charter, which includes all active developers in Scotland and encompasses all 17 ScotWind projects.
- The Charter builds on the SIA recommendations, with developers agreeing to work together to build a pipeline of supply chain work greater than the sum of its individual parts, and to deliver on the potential that offshore wind presents in the coming years.
- Mr Mckee is linking in with all the working groups to establish and overview of ongoing work, and SG is also recruiting for three PMO roles to support SOWEC and the working groups.
- **We are working with SOWEC, ETZ and enterprise agencies to deliver the Offshore Wind Supply Chain Summit**, scheduled to take place in Aberdeen on 22 August, hosted by ETZ.
- 70% of ScotWind developments are taking place within a 100 nautical mile radius of Aberdeen and the region is home to the biggest concentration of energy supply chain companies in the UK, and to 75% of the world's subsea engineering capability.
- The focus will be on supply chain opportunities from all offshore wind projects – not just ScotWind.
- Key themes will likely focus around:
 - coordination between developers to even out supply chain requirements, growing our indigenous supply chain and attracting new inward investment where there are gaps, and
 - ensuring our port infrastructure is utilised in an optimal and collaborative manner.
- Questions will be issued to developers and Supply Chain companies in advance of the Summit to ask what they would like to cover.

Onshore Wind

- We do not believe that Scotland can achieve our 2030 decarbonisation targets without a substantial increase in onshore wind deployment.
- Onshore wind is a cheap and reliable source of electricity generation; with Scotland's resource and commitment seeing us lead the way in onshore wind deployment and support across the UK.
- Support for maximising onshore wind deployment does not come at any cost, and the planning system exists to ensure that development sites are optimised and offer net benefit wherever possible.
- The Scottish Government support the extension and replacement of existing sites with new and taller turbines, based on an appropriate, case by case assessment.

Draft OnWPS Consultation

- The Onshore Wind Policy Statement consultation was launched on 28 October 2021, which includes our ambition that an **additional 8-12 GW** of onshore wind be installed **by 2030**.
- The consultation considered other key themes such as barriers to deployment, positive environmental impacts, community benefits and shared ownership, circular economy and supply chain opportunities.
- The consultation closed on 31 January 2022, and a full policy statement is expected to be published later this year with consultation analysis also to be published in due course.

Hydrogen

- Scotland has many of the key natural resources and components necessary to grow a strong **hydrogen economy**, supporting jobs and GVA growth, and developing new industrial opportunities on a significant scale.
- The development of a hydrogen economy with a **strong export focus** is a substantial economic opportunity for Scotland.
- The Scottish Government has led the way in supporting **world-leading hydrogen demonstration projects** and is now committing to invest **£100 million** in the hydrogen sector in Scotland over the next five years.
- Scotland's vast offshore wind resources, skilled technicians and engineers, highly specialised technical companies, and an experienced offshore workforce will be able to assist in bringing forward large scale green hydrogen production.
- The development of a hydrogen economy with a strong export focus is a substantial economic opportunity for Scotland. With our pipeline of 40GWs of renewables going forward, our close proximity to Germany and existing strong relationships we are very well positioned to act as a partner nation for the large scale production and export and we are actively seeking opportunities to collaborate internationally.
- Our draft Hydrogen Action Plan – published Nov 2021 – sets out a strategic approach to support development of the hydrogen economy in Scotland. Following its publication, a 10 week consultation was conducted and feedback gathered during this will inform our final Hydrogen Action Plan, which will be published later in this year.

Energy

Renewable Energy

- Renewable generation capacity continues to grow at pace as other forms of generation such as nuclear and gas power plants are expected to close.
- We continue to believe that the significant growth in renewables, storage, hydrogen and carbon capture provides the best pathway to net zero by 2045, and will deliver the decarbonisation we need to see across industry, heat and transport.
- Scotland has some of the most extensive renewable generation capabilities in Europe but investments in these areas are being held back by unfair network charges, which are focussed on the location of generation
- Ofgem's own analysis suggests that by 2040 Scottish renewable & low carbon generators will be the only ones to pay a wider TNUoS charge, with all others including gas generators elsewhere in GB being paid credits.
- A new approach is needed here, rather than small modifications to methodologies. This approach should reward developers who are investing in renewable generation, rather than penalise them for taking forward projects in the best locations.
- **Onshore Wind** – the draft onshore wind policy statement consultation is now closed and officials are considering the responses received and the drafting of a final policy statement. This final statement will be published before the end of 2022 and will reinforce the support SG has for onshore, and the crucial role it will play in our 2030 net zero ambitions.

Carbon Capture Utilisation and Storage (CCUS)

- The Scottish Government is supportive of CCUS, an industrial scale decarbonisation system with the potential to make a very positive impact on achieving Scotland's emissions targets. The advice from the Climate Change Committee describes CCUS as a "necessity, not an option" to achieve net zero emissions.
- Scottish Government economic scenario analysis shows CCUS would have a positive impact on the Scottish economy. In 2045, Scottish GDP could be 1.3-2.3% (£3.8Bn-£6.7Bn) higher in scenarios with CCUS, than without.
- It is clear that CCUS will play an important role in helping us to reach net-zero emissions. Advice from the Climate Change Committee describes CCUS as a "necessity, not an option" to achieve net-zero emissions.
- Scotland remains the best placed and most cost-effective nation in Europe to deploy CCUS due to our unrivalled access to vast CO₂ storage potential in the North Sea and opportunities to repurpose existing oil and gas infrastructure for CO₂ transport and storage. This presents us with an economic opportunity in future to be at the centre of a European hub for the importation and storage of CO₂ from Europe.
- CCUS with the highest possible capture rates could be a crucial technology for industrial decarbonisation and our energy transition, creating options and providing industry with the flexibility to transition their products and services to net-zero.

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- We believe that the Scottish Cluster's Acorn CCS project is uniquely placed to be the least cost and most deliverable opportunity to deploy a full chain CCS project in the UK. By deploying CCUS, hydrogen and direct air capture technologies in Scotland, the Scottish Cluster could support an average of 15,100 jobs between 2022-2050, with a peak of 20,600 jobs in 2031.
- The UK Government's decision not to give the Scottish Cluster clear and definitive Track 1 status in its CCUS cluster sequencing process is illogical and could endanger both Scottish and UK-wide net-zero targets, and a just transition.
- We are working constructively with the UK Government to ensure the Scottish Cluster has the certainty it needs to continue its development. To this end, we have continued to advocate for the cluster in our engagement, and have offered £80 million from our Emerging Energy Technologies Fund to accelerate its deployment.
- We remain committed to supporting the continued growth and development of the Scottish Cluster and the development of CCUS in Scotland to ensure that Scotland reaches its net zero goals by 2045.

Heat Pumps

- In order to meet our statutory emissions reduction targets, installation rates of zero emission heating systems need to grow quickly.
- Installation rates for low and zero emission heating systems, such as heat pumps, will need to peak at over 200,000 homes per year in the late 2020's.
- This compares to current installation rates of around 3000 low and zero emission heating systems per year and an estimated 120,000 annual fossil fuel boiler replacements in Scotland.
- We have been working with the heat pump industry to explore the potential for Heat Pump Sector Deal for Scotland and the group published its final report last December. We will respond to the group's recommendations alongside our Supply Chain Delivery Plan later this year

Skills and Supply Chain

- The pace of the Heat in Buildings transition requires a substantial growth in supply chains, particularly in the availability of skilled heating and energy efficiency installers.
- It is vital that the supply chain is equipped with the necessary skills and qualifications to provide a high quality service to consumers. We estimate that an additional 16,400 jobs will be supported across the economy in 2030 as a result of investment in the deployment of zero emissions heat.
- We have a strong foundation on which to build, with the heat and energy efficiency sectors in Scotland generating an annual turnover of £2 billion and supporting around 12,500 full-time equivalent jobs
- Unlocking investment in the supply chain must start with clear demand for its products and services. Our investment of at least £1.8 billion, as outlined in the Strategy, will strengthen demand and support an increase in jobs and skilled workers.
- We will work with industry to co-produce a new 'Heat in Buildings Supply Chain Delivery Plan' later in 2022, specifically focussed on strengthening the broad supply chains needed to deliver at the pace and scale we need.

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Energy Strategy/Just Transition Plan

- Our commitment to refreshing the 2017 energy strategy and our commitment to publishing a just transition plan for the sector, represent two sides of the same challenge.
- We cannot underestimate how big the challenge of energy transition is. Making sure that no one is left behind and that the costs and benefits are shared fairly for all of Scotland is something we have not done before, but will be crucial to our success.
- The Energy Strategy & Just Transition Plan will explore the difficult choices that we, as a country, will have to make. We want people to engage widely with the ESJTP, so that we can hear from all voices, as we come together towards consensus. This goes beyond that of the usual consultation process and will allow Scottish Government to make decisions that reflect the best outcome for all of Scotland

Whole System Approach

- It is critical that we take a whole system approach to the development of our energy system.
- Decisions taken in one part of the energy system interact with other parts. As we transition to Scotland's future energy system, these interactions will grow both in number and scale.
- It is crucial that we look at the bigger picture and ensure that all sectors of our energy system work together. Taking a whole systems approach allows us to find joint opportunities to enable our energy system as a whole to support Scotland, and everyone who lives and works here.
- Decisions on important parts of the energy system, such as our electricity and gas networks, are reserved. To ensure that we get the right outcomes in these reserved areas we must clearly lay out what we expect of the UK government.

Background to Berwick Bank and Nigg

Berwick Bank

- Berwick bank is an SSE owned offshore wind farm project, currently scoped at 4.1GW to build what could be largest offshore wind farm in the world in Scottish waters.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

SSE's 4.1GW Berwick Bank site, which will act as a catalyst for investment in Scotland of potentially [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

SSE will make their decision in May 2022 on whether to [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

We are actively seeking opportunities to both capture 'first mover' advantage from ScotWind and set out our attractiveness to supply chain companies which in turn will add significant economic value to the Scottish supply chain. [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- The size offers the possibility of clustering and spin outs e.g. resin manufacturing/components etc.
 - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
 - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
 - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
 - [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Nigg

- Nigg Offshore Wind (NOW) has been brought forward by Global Energy Group (GEG), a Scottish headquartered energy services company, along with Bilbao based, offshore wind tower manufacturing specialist, [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] to build a state-of-the-art offshore wind tubular rolling facility at Port of Nigg. NOW will be a 450-meter-long, 38,000 m² factory, capable of rolling steel plate to supply towers which will weight in excess of 1,000 tonnes each and other products, to the UK offshore fixed and floating wind industry in the UK and abroad.
- This facility was to be the first to be built in the UK to this specification with inclusive rolling machinery robotics and a new blast and paint shop at a cost of [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)] The new factory is an enabler to firmly establish the Port of Nigg as a strategic offshore wind hub which includes the consolidation of the Port's existing marshalling and staging work for turbine components and foundations (the marshalling and staging work already employs over 120+ people).

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

[Redacted Regulation 10(4)(e) – (Internal communications)]

[Redacted Regulation 10(4)(e) – (Internal communications)]

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In response to item 10) 14/06/2022 Video conference with SSE, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Ministerial engagements travel and gifts

- Regulation 10(4)(a) – (Information not held)

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In response to item 13) 15/08/2022 Phone call with SSE, Richard Lochhead MSP
(Minister for Just Transition Employment and Fair Work), Ministerial diaries

- Regulation 10(4)(a) – (Information not held)

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In response to 14) 07/09/2022 Video conference with SSE, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Lobbying Register, Ministerial engagements travel and gifts

MEETING WITH THE MANAGING DIRECTOR OF SSEN 7th September 2022 , 11:15 – 12:00

Key Message	<ul style="list-style-type: none"> • The energy landscape has changed significantly since ED2 plans were submitted, with high electricity prices continuing to force more and more customers into fuel poverty. • It is essential that any investment that is funded by the customer is well justified and leads to better outcomes for those bill payers. • Ofgem’s approach has been taken to ensure consumers do not speculatively fund work that may not be required, implementing uncertainty mechanisms to unlock necessary additional funds. • It is important to reach the right balance between baseline allowances and uncertainty mechanisms for the best outcome for both consumers and DNOs.
Who	Chris Burchell, Managing Director of SSEN
What	A meeting to discuss Ofgem’s Draft Determinations on SSEN’s business plan
Why	SSEN wrote to you to ask for a meeting to discuss their concerns with Ofgem’s proposals
Where	Microsoft Teams meeting
When	<i>7 September 2022 11:15-12:00</i>
Supporting Officials	[Redacted Regulation 11(2) – (personal data of a third party)] [Redacted Regulation 11(2) – (personal data of a third party)]
Alternative contact	
Briefing	<p>Annex A: Agenda and Steering Brief for meeting</p> <p>Annex B: Background for Agenda item 2 – Ofgem’s Draft Determinations on ED2 Business Plans</p> <p>Annex C: Background for Agenda item 2 – Reduction in Baseline Funding</p> <p>Annex D: Background for Agenda Item 2 – Impact of Draft Determination on Scottish Islands</p> <p>Annex E: Background for Agenda item 3 – Support for Vulnerable Consumers</p> <p>Annex F: Biography for Chris Burchell</p>

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MEETING WITH THE MANAGING DIRECTOR OF SSEN

ANNEX A

Agenda & Discussion Points

1. Introductions
2. Ofgem’s Draft Determinations on ED2 Business Plans
3. Support for Vulnerable Consumers

Item 1:	Introductions
Key Message:	<p><i>In the midst of the current cost of living crisis, ongoing price increases continue to push increasing number of households into fuel poverty.</i></p> <p><i>It is imperative that costs to consumers are minimised while still delivering net zero targets.</i></p> <p><i>The DNOs and Ofgem will need to find the right balance between baseline allowances and uncertainty mechanisms to ensure consumers are protected both in the short term and throughout the transition to net-zero.</i></p>

Item 3:	Ofgem’s Draft Determinations on ED2 Business Plans (Annexes B,C and D)
Key Messages:	<ul style="list-style-type: none"> • The Scottish Government has welcomed SSEN’s approach to align its baseline allowance proposals with delivery of Scotland’s statutory climate change targets. • However, the energy landscape has changed dramatically since the DNOs submitted their business plans. • The DNOs must work with Ofgem to reach a balance, minimising cost to consumers while delivering on important projects to meet net-zero targets. • Given the higher risk of fuel poverty on Scottish Islands, it is essential that SSEN are able to deliver vital connections and invest in island resilience.
Discussion:	<ul style="list-style-type: none"> • What does SSEN consider to be a fair outcome for ED2 that will minimise consumer costs while delivering on net zero ambitions? • Ofgem has noted some challenges with investment proposals not meeting required evidence thresholds. Are you now

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	<p>providing this evidence, to reach a better outcome in final determinations?</p> <ul style="list-style-type: none"> • If it is not possible to change baseline funding, are there improvements to the Uncertainty Mechanisms that could help mitigate your concerns?
	<p>Background briefing for this item is set out in Annexes B, C and D</p>

Item 2:	Support for Vulnerable Consumers (Annex E)
Key Messages:	<ul style="list-style-type: none"> • Protection for vulnerable consumers is critical to ensure they are supported as much as possible, especially during power outages. • Ofgem has approved SSEN’s proposal to provide vouchers for battery packs for all newly registered priority services customers and most medically vulnerable customers without access to alternative backup generation.
Discussion:	<ul style="list-style-type: none"> • What will provision of battery packs mean for the protection of vulnerable consumers? • How has Ofgem’s proposal for resilience impacted plans for improving performance for worst served customers?
	<p>Background briefing for this item is set out in Annex E</p>

Ofgem's Draft Determinations on ED2 Business Plans

- Ofgem published its Draft Determinations for GB's electricity distribution networks on 29 June 2022. This is followed by an 8-week consultation period.
- Final determinations will be made by December 2022.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- SSEN has seen the most significant reduction to its baseline allowances and has raised a number of concerns with officials particularly in relation to
 - Reduction in baseline funding (Annex C)
 - Island communities (Annex D)

Reduction in Baseline Funding

- Ofgem has made a change to the accounting methodology for ED2 which will see the cost of distribution network assets recovered over a longer period of 40 years. This combined with several other efficiencies translates to a reduction in annual consumer bills.
- The RIIO framework provides DNOs with allowed revenues, or baseline allowances, which is the minimum that the DNOs can recover from customers in two separate license areas covering North of Scotland (SSEN) and South of Scotland (SPEN).
- The DNOs are required to use these allowances to deliver their business activities, or agreed outputs, which include operations and maintenance, providing new connections and new network investments where there are high levels of certainty.
- A package of in-period 'uncertainty mechanisms' will also enable the DNOs to dial investment up or down to reflect changing requirements on the grid. For example, by providing additional funds to allow the DNOs to respond to higher-than-expected demand for heat pump or EV connections.
- Ofgem has used National Grid's System Transformation scenario to inform its estimates of electricity demand and baseline funding for the RIIO ED2 period. This is a relatively conservative Future Energy Scenario with much lower uptake of Heat Pumps and EV's than DNOs have included in their draft business plans.
- Ofgem has taken this approach to ensure that consumers do not speculatively fund work that may not be required, relying on uncertainty mechanisms to unlock additional funds where necessary.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Impact of cuts

- The DNOs worked very closely with the Scottish Government on the development of the business plans for RIIO-ED2. This was done in order to ensure the business plans supported Scottish Government net-zero ambitions and, indeed, the projected growth of additional demand in areas such as electric vehicles and zero emissions domestic heating.
- Both DNOs have, for example, reflected the Scottish Governments target for more than 1 million homes and 50,000 non-domestic buildings to be running on low or zero carbon heating systems by 2030 in their own scenarios. The plans therefore reflected cost efficiencies that could be achieved through anticipatory investment to ensure the networks can meet the expected demand increase.

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- [Redacted Regulation 10(4)(e) – (Internal communications)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Impact of Draft Determination on Scottish Islands.

- Ofgem has made two key decision that will impact SSEN’s plans to support customers on Scottish Islands.
 - Reducing its baseline allowance for subsea cable investment by 26%
 - Rejection of a specific island specific ‘fix on fail’ uncertainty mechanism which would allow SSEN to respond to unexpected outages on subsea cables.

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Concerns with the Network Asset Risk Methodology (NARM)

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- NARM is an agreed methodology used by all DNOs to calculate the risk and likelihood of failure of assets on the distribution network. These scores are calculated for each asset and Ofgem will increase baseline allowances where the NARM score signals a high enough level of risk.

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Investing in Islands Resilience

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Impact of subsea cable failure

- The significant impact of sub-sea cable outages on local communities was recently highlighted with the failure of the Skye – Harris circuit which took 318 days to repair.

- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Support for vulnerable customers

Impact of ED2 cuts on customer bills

- Ofgem's cuts to baseline allowances will lead to higher than expected bill reductions for households in North and South Scotland.
- SSEN expects consumer bills to be reduced by £26.10 per annum for households in North Scotland.
- SPEN expects consumer bills to be reduced by £19 per annum for households in South Scotland.
- Both SPEN and SSEN have indicated that that this level of bill reduction will be short-lived as some of the cuts can be recovered through uncertainty mechanisms.

Improving Resilience

- The DNOs experienced some of the most challenging conditions for their networks in a generation over winter 2021/2022. Widespread devastation caused by Storm Arwen led to disruption to almost 1 million customers including a small but significant proportion experiencing a disruption of up to 11 days. Storms Malik and Corrie subsequently resulted in over 450 High Voltage network faults, disconnecting 120,000 homes in the North of Scotland alone.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- An addition Ofgem has approved a Consumer Value Proposition that will enable SSEN to provide Personal Resilience Plans (PRPs) for all new registrations on the priority services register – a system designed by Ofgem to help vulnerable energy customers.
- PRP's will also be proactively offered to their most vulnerable customers (more than 44,000), tailored in each case with clear actionable support and, in certain situations, provision of personal battery storage.

Consistency across Scottish DNOs

- It is important to note that Ofgem has rejected similar proposals made by SPEN to protect vulnerable consumers.

[Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

- [Redacted Regulation 11(2) – (personal data of a third party)]

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In response to item 15) 14/09/2022 Video conference with SSE, John McFarlane (Special Adviser) and Harry Huyton (Special Adviser), Lobbying Register

- Regulation 10(4)(a) – (Information not held)

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In response to item 15) 28/09/2022 Video conference with SSE, Michael Matheson MSP (Cabinet Secretary for Net Zero Energy and Transport), Ministerial engagements travel and gifts

Cabinet Secretary for Net Zero, Energy and Transport

**MEETING WITH STEPHEN WHEELER, MANAGING DIRECTOR OF SSE
RENEWABLES
28 SEPTEMBER, 10.15 – 11.00**

Key Message	We recognise the importance of Berwick Bank as an anchor opportunity to a tier one developer to secure first mover advantage for supply chain development in advance of ScotWind.
Who	Stephen Wheeler - Managing Director, SSE Renewables Jamie Maxton – Head of External Relations (Scotland), SSE Renewables
What	Meeting to receive update on Berwick Bank, Coire Glas, cost of living and REMA, and discuss allegations against SSE Renewables regarding stipulation of no employment of British crew on Seagreen O&M vessel Edda Brint.
Why	You were scheduled to meet with Stephen Wheeler on 13 September to visit Seagreen offshore wind farm, however, the visit was cancelled following the sad news about Her Majesty. SSE Renewables requested a short meeting with you to discuss matters they had intended to raise on the visit.
Where	MS Teams
When	Wednesday 28 September 10.15 – 11.00
Supporting Officials	[Redacted Regulation 11(2) – (personal data of a third party)] : <i>Offshore Wind Policy Adviser</i> Mobile: [Redacted Regulation 11(2) – (personal data of a third party)]
Alternative contact	[Redacted Regulation 11(2) – (personal data of a third party)] <i>Offshore Wind Policy Manager</i> Mobile: [Redacted Regulation 11(2) – (personal data of a third party)]
Briefing	Annex A: Agenda and Steering Brief for meeting Annex B: Berwick Bank / SSE Offshore Wind Projects Annex C: Coire Glas Annex D: Cost of Living and REMA Annex E: Edda Brint and Fair Work

Agenda & Discussion Points

1. Welcome & introductions
2. Update on Berwick Bank
3. Coire Glas
4. Cost of Living update & wider market reform
5. Edda Brint
6. Summary

Sensitivities:

The Innovation and Targeted Oil and Gas (INTOG) offshore wind leasing process is now open, avoid discussions on bids.

Line to take if raised:

Crown Estate Scotland has now opened the INTOG seabed lease application process, and the round is expected to conclude by autumn 2023. It is not appropriate for Scottish Ministers to discuss bids until the leasing round has concluded.

Item 1:	Welcome and Introductions
Key Message:	<ul style="list-style-type: none"> • I regret that I was not able to join you on a site visit to Seagreen, I am looking forward to a rescheduled visit. • Keen to hear from you today on the topics you had intended to cover at the site visit, and hear your perspective on the alleged stipulation that only two British crew should be employed on the Edda Brint vessel to save on costs.
Item 2:	Berwick Bank Update
Key Messages:	<ul style="list-style-type: none"> • We recognise the importance of Berwick Bank as an anchor opportunity to a tier one developer to secure first mover advantage for supply chain development in advance of ScotWind. <p>It is my understanding you have now received initial offers from [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]</p> <ul style="list-style-type: none"> • How is that evaluation going and do you a firm date to select your preferred turbine supplier?
Discussion:	<u>Iterative Plan Review</u>

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	<ul style="list-style-type: none"> • Through our iterative plan review (IPR) process we will consider the impacts of the new potential generation figure of 27.6GW for ScotWind. As the Berwick Bank development was part of the earlier Round 3 leasing award from 2008, it will be included as part of the baseline in our assessments of effects for the IPR. • The next steps for the IPR process will be to complete a compatibility assessment to identify which aspects of the environmental and socio-economic assessments are impacted by the new information, followed by re-assessment of these impacts. • Marine Scotland will also assess the combined cumulative impacts from ScotWind and the Innovation and Targeted Oil and Gas (INTOG) leasing round. We have the opportunity to combine the two work streams and create one plan for offshore wind energy in Scotland, in this way ScotWind assessments will account of INTOG and vice -versa and Scottish Ministers will have a better understanding of the overall strategic picture for offshore wind. • The combined draft plan for offshore wind energy and associated supporting assessments will go out for a public consultation, planned for Spring/Summer 2023. • There are recognised barriers to the future consenting and construction of offshore wind in Scotland and the UK. These are identified in the Sectoral Marine Plan for Offshore Wind Energy 2020 and the Scottish Government is committed to addressing these through marine planning and dedicated research.
	<p>Background briefing for this item is set out in Annex B</p>

Item 4:	Coire Glas
Key Messages:	<ul style="list-style-type: none"> • It is critical that the appropriate market and regulatory arrangements are put in place by National Grid Electricity System Operator, Ofgem and UK Government to support pumped storage hydro.
Discussion:	<ul style="list-style-type: none"> • We believe that the case for reviewing incentives for Pumped storage Hydro (PSH), which has always been strong, is now greater than ever. As we continue to decarbonise our energy system, as well as our demand for energy linked to transport and heat, greater storage – PSH, as well as other forms – across the network will be essential to help balance fluctuations in demand and ensure system stability. • At present, there is no market mechanism available to secure investment in PSH, with some large projects in Scotland

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	<p>awaiting that signal. It is critical that UK Government considers mechanisms to enable the development of PSH.</p> <ul style="list-style-type: none"> • Finding the means to unlock these huge investments would be absolutely key in keeping up with our respective commitments to deliver a green economic recovery from the Covid-19 crisis- a point that we have raised with BEIS in our response to their call for evidence on barriers to the deployment of large-scale and long-duration electricity storage.
	Background briefing for this item is set out in Annex C

Item 4:	Cost of living & market reform
Key Messages:	<ul style="list-style-type: none"> • We await further detail of the UK Prime Minister’s announcement that “Renewable and nuclear generators will move onto Contracts for Difference to end the situation where electricity prices are set by the marginal price of gas.” as part of a package of reform to address the cost of energy crisis.
Discussion:	<p>Review of Electricity Market Arrangements in the UK (REMA)</p> <ul style="list-style-type: none"> • In the longer term, the UK Government’s Review of Electricity Market Arrangements presents an opportunity to reflect on the structure of the market and consider what we can do to ensure it serves the best interests of consumers and deliver net zero. • I am deeply concerned about the suggestion of moving towards the Locational Marginal Pricing (LMP) model - It is vital that we deliver net zero at lowest cost to the consumer but it is not clear how penalising developers for taking forward projects in the best locations will achieve that.
	Background briefing for this item is set out in Annex D

Item 3:	Edda Brint employment stipulation
Key Messages:	<ul style="list-style-type: none"> • I understand that Fiona Hyslop MSP contacted you directly regarding the alleged stipulation that no British crew should be employed on Edda Brint, and you have responded, denying these allegations. • I would be keen to understand more about this situation from your perspective and about your relationship with Edda Wind. Are you taking any further actions to investigate these allegations?

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Discussion:	<ul style="list-style-type: none"> • While employment law remains reserved to the UK Government, we will use our Fair Work policy to promote fairer work practices across the labour market in Scotland. • We are committed to using all the levers that are available, for example, through our public spend, as well as promotion through every relevant policy agenda to make Fair Work the norm. • The new national Living Hours Accreditation Scheme recognises that the number and frequency of work hours are critical to tackling in-work poverty. We welcome SSE’s accreditation under this scheme in 2021. • Fair Work is a key driver for achieving sustainable and inclusive economic growth and a wellbeing economy and is at the heart of our economic recovery and renewal. The Scottish Government’s ambition – shared by the Fair Work Convention – is for Scotland to be a Fair Work Nation by 2025. • Fair Work is central to the 10-year National Strategy for Economic Transformation, which builds on the COVID Recovery Strategy and will support progress towards net zero, help restore the natural environment, stimulate innovation and create jobs. • We have concluded a public consultation on the action needed for Scotland to become a leading Fair Work nation by 2025. • We will publish a refreshed Fair Work Action Plan this year, incorporating the views from our public consultation, and focusing on minority ethnic and disabled people’s employment and the gender pay gap.
	Background briefing for this item is set out in Annex E

Item 5:	Summary
Discussion:	Thanks for the updates today, please do stay in touch with my officials as projects progress.

SSE Offshore Wind Projects Background**Berwick Bank**

- Berwick Bank is part of Firth of Forth lease area, awarded by The Crown Estate in Round 3 in 2008.
- Berwick Bank is an SSE owned offshore wind farm project, currently scoped at 4.1GW to build what could be the largest offshore wind farm in the world in Scottish waters. Applications for section 36 consent and marine licences are expected in December 2022.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- Berwick Bank is likely to be the first offshore wind farm in Scottish waters to submit a derogations case (for consideration under the Habitats Regulations) with their application, due to predicted impacts on European protected sites in relation to certain seabird species.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- SSE have made clear their expectation that the preferred supplier locate a blade manufacturing facility in Scotland but as indicated above, Berwick Bank is uniquely placed with its scale to offer this opportunity over ScotWind sites. Currently, there are no competing projects from the rest of the UK south of the border. Were a similar scaled project to emerge in the rest of the UK, Scotland would lose the first mover advantage it currently has the opportunity to exploit.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- First Minister has met with [Redacted – (Not in scope)]
- She has been clear in previous discussions that Scottish Ministers are not able to discuss active projects.
- Officials have been continuing to meet with SSE in regards to their supply chain plans around Berwick Bank in particular their preferred OEM bidder.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

Seagreen

- The Seagreen offshore wind farm is a joint project between SSE Renewables (49%) and Total Energies (51%). Consents for the Seagreen Alpha and Bravo wind farms were granted in 2014.
- Located off the Angus coast, it will be the largest offshore wind farm in Scotland once completed. It is also the deepest fixed foundation offshore wind farm in the world.
- Seagreen generated first power in August 2022. It will have 114 turbines and will add 1.1 gigawatts of offshore wind capacity when fully operational (expected Q2 2023), with a connection to the grid via new substation at Tealing near Dundee.

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- The wind turbine jackets were assembled at Nigg. SSE estimates that Seagreen has supported 141 peak construction jobs at Nigg, and will support 80 direct full-time role at its O&M base on Montrose.
- Seagreen Wind Energy Limited has been consented permission to install 150 offshore wind turbines. The remaining 36 turbines have not yet been constructed – these will require connection to Cockenzie in East Lothian, for which a separate marine licence has been granted (known as Seagreen 1A). A variation to the s.36 consents is currently under determination, to allow the remaining 36 turbines to be larger.
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]
- [Redacted Regulation 10(5)(e) – (confidentiality of commercial information)]

ScotWind – E1 (Ossian)

- The lease option agreement for the site, which is approximately 100km off the Angus coast, was awarded in January 2022. The partnership comprises SSER, Marubeni Corporation and Copenhagen Infrastructure Partners.
- The lease area has average water depths of 72m, making the site suitable for the deployment of approximately 145 floating offshore wind turbines to deliver up to 2.6GW of installed capacity – enough to be capable of powering almost 4.3 million Scottish homes and offsetting around 5 million tonnes of harmful carbon emissions each year.
- An application for the project is expected towards the end of 2023. If consent is granted, construction is expected to commence in 2027.
- All the ScotWind Projects are fully aware that the final projects' size and generating capacity will be shaped by our planning assumptions and the consenting process, or by any adjustment to them made in light of new evidence and technology.
- Projects from ScotWind would be expected to submit consent applications, to Marine Scotland, in 2023/24 and we would expect to see construction from 2027 onwards.
- SSE Renewables announced in August that the project would take its name from the Poems of Ossian, a historic series of books which depict the epic quests and adventures of a third-century Scottish leader across rolling seas.

Beatrice

- The Beatrice Offshore wind farm was consented in 2014. Construction commenced in 2017 and the project was fully operational in 2019.
- The Beatrice offshore wind farm comprises 84 wind turbine generators with a capacity of 588MW, and is located in the Moray Firth. The operation and maintenance base is located in Wick.
- Post consent monitoring at the wind farm site is ongoing, providing valuable information on the impacts of offshore wind on the environment.

INTOG

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- Through the INTOG leasing round we are providing opportunities for innovation in wind energy to power the new growth sectors of hydrogen production, carbon capture and storage and floating wind and facilitating decarbonisation of our oil and gas production.
- We welcomed the launch of the INTOG leasing round by Crown Estate Scotland, for applications on the 10th August. This will close in mid-November. It is not appropriate for Scottish Ministers to discuss bids until the leasing round has concluded
- At present, we are working with stakeholders on the INTOG steering group to develop the scoping and methodologies for the assessments to consider the potential impacts of INTOG on the marine environment and other marine sectors. Once the leasing application window has closed, we will progress the plan-level assessments and required consultation with an aim to have a final plan adopted by end 2023.
- Only INTOG projects which form part of the adopted final plan will progress through to option agreement, the next phase in the leasing process.

Coire Glas

- The Coire Glas project is a proposed large-scale hydro pumped storage scheme at Loch Lochy in the Great Glen. It will have a potential capacity of up to 1500MW and would more than double Great Britain's existing electricity storage capacity.
- It would be the first pumped storage hydro built in 30 years.
- In October 2020 the Scottish government gave revised consent for the project, with a clause to start construction no later than 7 years from the date of consent. (revised consent was to increase the capacity from 600MW to 1500MW).

Barriers to investment in Pumped Storage Hydro

- At present, there is no market mechanism available to secure investment in PSH, with some large projects in Scotland awaiting that signal. It is critical that UK Government considers mechanisms to enable the development of PSH.
- In 2021 Paul Wheelhouse wrote to the Secretary of State for Business, Energy and Industrial Strategy, Kwasi Kwarteng on this matter in the hope that the UKG can commit to a fresh and meaningful review of options for securing new PSH investments and capacity.
- Moreover, finding the means to unlock these huge investments would be absolutely key in keeping up with our respective commitments to deliver a green economic recovery from the Covid-19 crisis.
- Not only will their development spur great investment and employment, but it can be expected that, with sufficient care and maintenance, they would be able to endure for over a century, providing a huge boost to the rural economies of both the Highlands and Southern Scotland.
- In September 2021 BEIS sought evidence on barriers to the deployment of large-scale and long-duration electricity storage, and on different approaches for supporting the deployment of these technologies. In our response we reiterated all of the above points.

Cost of living

Review of Electricity Market Arrangements in the UK (REMA)

- GB electricity market arrangements govern the way that electricity is traded, setting incentives to encourage innovation and minimise overall system costs
- The existing market framework was designed for a different time and UK Government is increasingly concerned that this could act as a barrier to Net Zero and lead to higher overall costs for GB consumers,
- BEIS's Review of Electricity Market Arrangements (REMA) was announced as part of the British Energy Security Strategy on the 4 July.
- REMA will consider a broad suite of reforms to tackle a range of structural issues in the electricity markets. This looks beyond high prices and includes issues with dispatch arrangements and incentives for low carbon flexibility
- Overall REMA represents a significant and far reaching programme of work that will review the structure of the GB wholesale market, the role of subsidy mechanisms (e.g CfD and Capacity Market), incentives for flexibility and demand side response and certain aspects of electricity security (capacity and operabilit

Locational Marginal Pricing (LMP)

- Some stakeholders including National Grid ESO and Ofgem have published strong statements of support for Locational Marginal Pricing (LMP) model for the GB Wholesale electricity market, as a preferred outcome from REMA
- The price signals received through an LMP model would be analogous to those provided through TNUoS charges and will be designed to incentivise generators to locate close to demand and for demand to locate in areas of high generation.
- We expect that this will create a significant disadvantage for generators located in Scotland and that it would not align with Scottish Governments net zero targets
- The LMP model would also create a significant risk for ScotWind developers, particularly those that have not yet been included in National Grid's Holistic Network Design as part of the Offshore Transmission Network Review for Offshore Wind
- While we are concerned with the risks created for generation, it is important to acknowledge that the same model may have corresponding benefits for consumers

Wholesale market intervention to address cost of energy

- The most recent package of support announced by UK Prime Minister Liz Truss on 8 September was focussed on retail market intervention.
- However, the PM also announced that "Renewable and nuclear generators will move onto Contracts for Difference to end the situation where electricity prices are set by the marginal price of gas." This would effectively set an agreed price at which those generators could sell their electricity.

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- No further detail has been published in respect to these measures.
- Both the contract price and contract length will have a significant bearing on whether this proposal represents good value for money for GB consumers.

Consumer Support Plan Details

1. BEIS have announced an **Energy Bill Relief Scheme** in addition to the Energy Price Guarantee, which will provide support for non-domestic consumers across the UK in the form of a supported wholesale price. BEIS have advised that the scheme will apply to fixed contracts agreed on or after 1 April 2022, as well as to variable and flexible tariffs and contracts. The scheme will initially run for six months from 1 October 2022 to 31 March 2023, with the first reduced bills being those received in November 2023. The UKG will publish a review into the operation of the scheme in three months to inform decisions on future support after March 2023. The discount will be automatically applied to bills. BEIS do not appear to have provided an overall cost for the non-domestic scheme, and we understand this is owing to the cost being determined by the wholesale market price between October and April, when the support expires.

Support for Businesses

2. Key points to note in relation to support for business within the announcement are:
 - Non-domestic customers on existing fixed price contracts will be eligible for support as long as the contract was agreed on or after 1 April 2022. This is provided that the wholesale element of the price the customer is paying is above the Government Supported Price, their per unit energy costs will automatically be reduced by the relevant p/kWh for the duration of the Scheme.
 - Customers entering new fixed price contracts after 1 October will receive support on the same basis.
 - The UK Government will set a Supported Wholesale Price – expected to be £211 per MWh for electricity and £75 per MWh for gas, which is less than half the wholesale prices anticipated this winter.
 - Those on default, deemed or variable tariffs will receive a per-unit discount on energy costs, up to a maximum of the difference between the Supported Wholesale Price and the average expected wholesale price over the period of the Scheme.
 - The amount of this Maximum Discount is likely to be around £405/MWh for electricity and £115/MWh for gas, subject to wholesale market developments.
 - Non-domestic customers on default or variable tariffs will therefore pay reduced bills, but these can still change over time and may still be subject to price increases.
 - BEIS has advised it is working with suppliers to ensure all their customers in England, Scotland and Wales are given the opportunity to switch to a fixed contract/tariff for the duration of the scheme if they wish, underpinned by the Government's Energy Bill Relief Scheme support.

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- For businesses on flexible purchase contracts, typically some of the largest energy-using businesses, the level of reduction offered will be calculated by suppliers according to the specifics of that company's contract and will also be subject to the Maximum Discount.
- Equivalent support will also be provided for non-domestic consumers who use heating oil or alternative fuels instead of gas and further detail on this will be announced shortly.
- BEIS will publish a review of the scheme in three months to inform decisions on future support after March 2023. The review will focus in particular on identifying the most vulnerable non-domestic customers and how the Government will continue assisting them with energy costs.

ANNEX E

Edda Brint employment stipulation background

- Edda Brint is a service operation vessel (SOV) purpose-built for Vestas wind turbine technicians for the Seagreen project, with capacity for up to 60 people. It has been chartered for Seagreen O&M until 2037.
- You previously responded to correspondence from Fiona Hyslop MSP (22 June 2022) in relation to claims that SSE Renewables have deliberately chosen not to use British crew members on their vessel Edda Brint with the exception of the Captain and Chief Engineer in order to save on employment costs. Ms Hyslop has responded asking that you raise this in your discussions with SSE Renewables.
- Two letters were also sent to other Ministers in May 2022 by two employees of Edda Wind / Seagreen – one to the First Minister and one to Jenny Gilruth MSP - outlining the same concerns. Both employees have asked to remain anonymous.
- Ms Hyslop followed up with a letter to you (19 August 2022), expressing further concerns about this issue and reputational risk if this issue were to be made public, asking for information in relation to the employment of British crew members on SSE vessels, and the outcome of discussions with SSE Renewables.
- Ms Hyslop also wrote about this issue to SSE directly. SSE have responded with a letter to Ms Hyslop (07 September 22) to categorically deny that they have stipulated that they do not want British crew on the vessel, and that they have stipulated in supply contracts that suppliers must maximise the use of UK skills, services and content.

Fair Work First

- Fair Work First criteria have been applied to some £4bn worth of public sector funding since 2019.
- We have expanded Fair Work First criteria to support flexible working and oppose fire and rehire practice.
- In line with the Bute House Agreement, we will introduce a requirement on public sector grants recipients to pay at least the real Living Wage to all employees and to provide appropriate channels for effective workers' voice, such as trade union recognition.
- Through our Fair Work First policy we are leveraging employers' commitment to fair work by applying Fair Work criteria to public sector grants, other funding and contracts where it's relevant and proportionate to do so. Employers are being asked to commit to:
 - appropriate channels for effective voice, such as trade union recognition.
 - Investment in workforce development.
 - no inappropriate use of zero hours contracts.
 - action to tackle the gender pay gap and create a more diverse and inclusive workplace.
 - payment of the real Living Wage.
 - Offer flexible and family friendly working to all workers from day one of employment.

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- Oppose the use of fire and rehire practices
- To support the adoption of the Fair Work First criteria, on 24 September 2021, we published updated Fair Work First guidance, which provides good practice examples to guide employers' approaches and, importantly, explains the benefits of Fair Work for workers and organisations.
- On 10 September, the Cabinet Secretary for Finance and Economy wrote jointly with portfolio Cabinet Secretaries to public sector leaders, including in the police, NHS, local government and public bodies, to advise of these new criteria and reaffirm our commitment that the public sector should show leadership in adopting Fair Work practices.

Living Wage

- The number of accredited Living Wage employers is up from 14 in 2014 to 2700 in 2022 with 55,000 workers getting a pay uplift to at least the real Living Wage.
- The Scottish Government welcomes the new Real Living Wage rate of £10.90 per hour and £11.95 for London, announced by the Minister for Just Transition, Employment and Fair work, on 22 September 2022 which applies to all employees aged 18 and above.
- It applies to newly accredited employers from 22 September 2022, and all existing accredited employers from 15 May 2023.
- Scotland remains the best performing of all four UK countries with the highest proportion of employees paid the real Living Wage or more (85.6%). Ahead of England 82.8%, Wales 82.1% and NI 78.7% and the UK 82.9%.