

Key messages

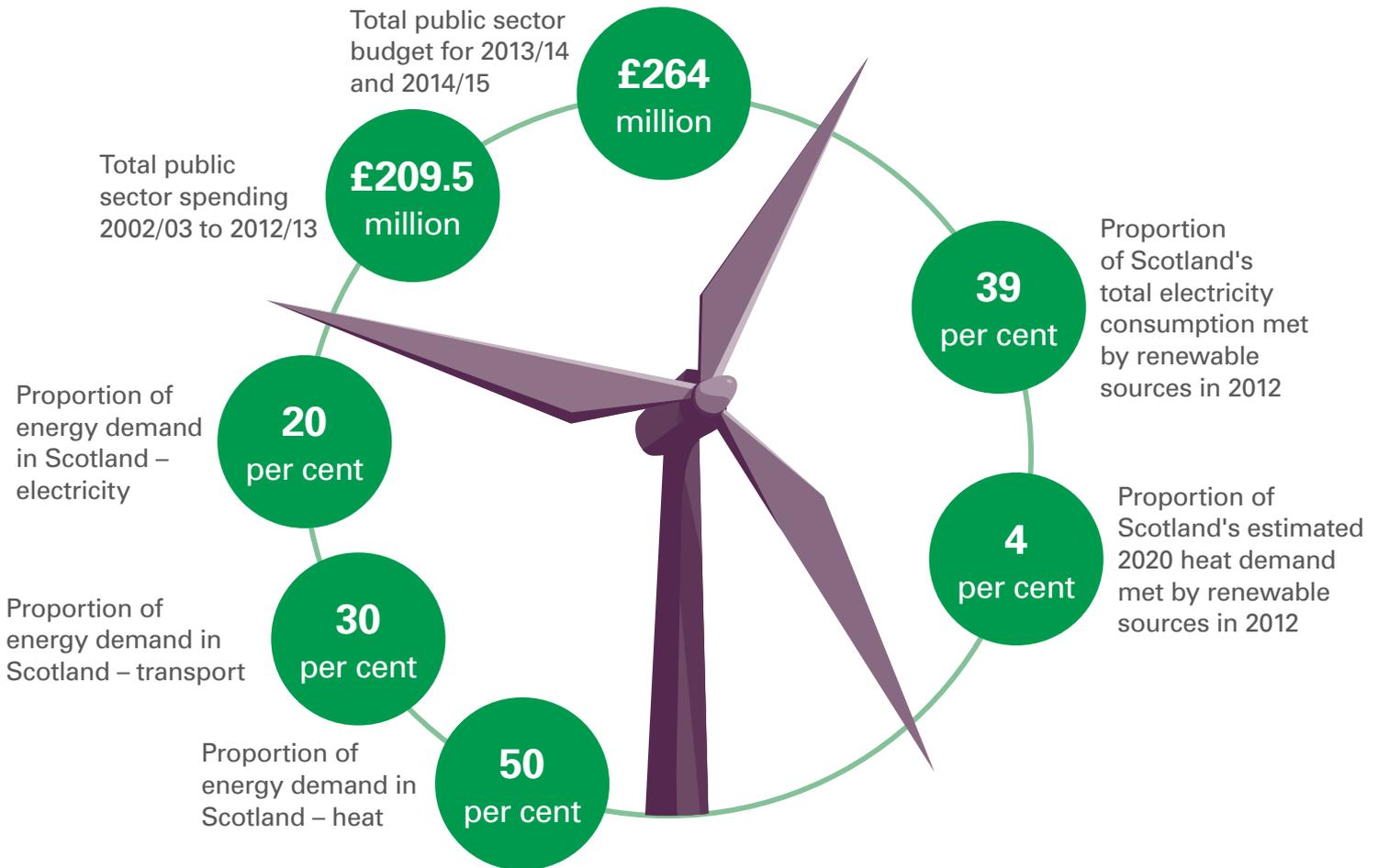
Renewable energy



 AUDITOR GENERAL

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Key facts



What's this report about?

This report examines what the Scottish Government, Scottish Enterprise, and Highlands and Islands Enterprise (HIE) have done and what investment they have made to develop renewable energy, and evaluates what has been delivered.

Key messages

1 The Scottish Government has a clear strategic vision for developing renewable energy, which is reflected across other policy areas. It has targets and plans to deliver this vision, although it needs to do more to raise the profile of renewable heat.

- The Scottish Government's renewable energy strategy provides clear, consistent direction for the sector to 2020. Other Scottish Government strategies and policies reflect its vision, objectives and targets ([paragraphs 14-20, main report](#)) (PDF)

- The priorities in the Scottish Government's renewables strategy are clearly reflected in the strategies of relevant public bodies. The Renewable Industry Advisory Group provides a clear framework for public bodies and industry to work together ([paragraphs 21-24, main report](#)) (PDF)

2 The Scottish Government has made steady progress towards its renewable energy targets for 2020. However, achieving these targets will be challenging. We estimate that to meet the renewable electricity target alone, average annual increases in installed capacity need to double.

- The Scottish Government has set five targets for renewable energy for 2020 but achieving them will be challenging ([paragraphs 41-62, main report](#)) (PDF) . The Scottish Government is:
 - two-fifths of the way towards achieving its electricity target but meeting it relies on the continued expansion of wind technology, both on land and at sea.

- a third of the way towards achieving its renewable heat target but there are not enough projects planned to meet it.
- two-fifths of the way towards achieving its target for community and locally owned projects but financing proposed projects may be difficult.
- Progress against the Scottish targets for transport fuels and overall energy demand is difficult to assess.

3 The public sector spent over £209 million on developing the renewable energy sector in the 11 years to 2012/13, and funding is increasing. The total combined budget for 2013/14 and 2014/15 will be £264 million. However, renewable energy projects are progressing more slowly than anticipated due to factors such as the current economic climate and changes in UK energy policy. As a result, public bodies are experiencing delays in spending the money available to develop the sector.

- Of the £209.5 million that the Scottish Government, Scottish Enterprise and HIE spent between 2002/03 and 2012/13, over 90 per cent (£193 million) was in the last six years ([paragraphs 25-32, main report](#)) (PDF) .
- Delays in public sector spending are increasing the pressure on the level of investment and activity needed to deliver the Scottish Government's objectives for renewable energy by 2020 ([paragraphs 33-40, main report](#)) (PDF) .

4 The Scottish Government estimates that renewable energy could deliver up to £30 billion investment and 40,000 jobs by 2020. The total amount of private sector investment resulting from public funding is not collated at a national level. It is difficult to identify the number of jobs in the renewable energy sector and projections of future employment are optimistic.

- Investment in the Scottish economy from the renewable energy sector may not be realised as quickly as anticipated, as the industry is waiting for clarity on a number of issues before it invests ([paragraphs 63-68, main report](#)) (PDF) .

- Estimates of 40,000 jobs in the renewable energy sector by 2020 are optimistic. Less optimistic scenarios suggest that potential employment opportunities could be a third of this (13,000). The actual number of jobs in the sector is not monitored or reported ([paragraphs 72-76, main report](#)) (PDF) .

Recommendations

The Scottish Government should:

- set out how it aims to develop renewable energy beyond 2020 and develop targets to reflect this
- clarify the role of renewable heat within its wider vision for Scotland's future energy mix in its heat generation policy statement, due to be published by the end of 2013
- use its revised methodology for measuring progress towards the renewable heat target to set a realistic interim milestone for 2017
- agree a methodology to monitor its target for overall energy demand and start reporting progress against it by the end of 2014
- estimate the range of public sector funding that may be needed beyond 2014/15 to attract private sector investment and meet its objectives for renewable energy by 2020
- work with Scottish Enterprise and Highlands and Islands Enterprise to collate and report at a national level the total amount of private sector investment in renewable energy projects that have received public funding.

The Scottish Government, Scottish Enterprise and Highlands and Islands Enterprise should:

- identify what additional steps they can take to accelerate the development of infrastructure to support the offshore wind industry
- work with Skills Development Scotland and the Scottish Energy Advisory Board's industry leadership groups to ensure employment projections in the revised energy skills investment plan, due by the end of 2013, are realistic.

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