

# SECURING THE BENEFITS OF SCOTLAND'S NEXT ENERGY REVOLUTION



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## **Ministerial foreword**

**From Border Hills to Highland Glens, from loch to sea, our land and water are great assets. Our environment is our economy. It is the responsibility of this generation to manage our assets in a responsible way so that our children inherit a sustainable country.**

**Throughout history, we have harvested from the land wood, coal and shale to light our homes and keep us warm. We have tapped the power of our water to provide electricity to every corner of this nation. Recently, we have pioneered new technologies and faced great challenges to pump oil and gas from under the sea. Every time we have exploited our natural resources, we have grown our wealth and improved our standard of living.**

**Now we stand on the brink of a new energy revolution. Wind and wave can drive generators, waste can provide heat, and homes can be warmed from geothermal pipes. These renewable sources can power the nation for now and into the future – this is a revolution which will run for centuries. The more we develop them, the less we rely on carbon fuels, and the greater our contribution to a sustainable planet for all.**

**With this energy comes a new chance to grow our economy and improve our standard of living. Perhaps in the past the benefits of our land and water have flowed to too few, or been spent too quickly by governments in economic difficulty. This government believes the benefits should go to many, and be invested for long-term stability.**

**To ensure that the benefits of our land and water are managed wisely, and the benefits come to all, we need to address some fundamental questions; for example, should the Scottish functions and revenues of the Crown Estate Commissioners - the UK body that manages certain property, rights and interests of the Crown in Scotland - be devolved?**

**We welcome your views and ideas on the important issues discussed in this paper. We are a world leader in this field – let us ensure we also lead the world in the just distribution of the benefits.**

**Richard Lochhead  
Cabinet Secretary for Rural Affairs and the Environment**

**November 2010**



## Introduction

1. The just exploitation of the environment is a challenge for every generation; to share our resources amongst our people, while preserving the integrity of our assets for future generations. It has been a central tenet of this administration that the assets of Scotland's land and water should be available to all and should be as widely enjoyed as possible.
2. Our land and sea provide a wealth of renewable energy opportunities. Renewable energy is the next great energy revolution, set to transform economies as coal and oil did before.
3. Previous energy revolutions have provided boosts to our economy but have often done little to provide long term benefits. The benefit from the discovery of North Sea oil has been thus far largely used to sustain day-to-day government spending. In contrast, Norway used this bounty to invest in the future care of its people, creating in 1990 a Government pension fund which today is worth the equivalent of £294.09 billion. Norway understood that it is the people who own the environment, and the people should manage this natural gift for future generations.
4. During the last decade, Scotland's potential low carbon energy resources – in wind energy, wave energy, tidal energy, and carbon capture and storage (CCS) – have been shown to be of European significance. Exploiting these resources in an environmentally sustainable manner will enable Scotland to lead the world in the transition to a low carbon economy over the next four decades.
5. The development of renewables is of benefit to Scotland as a nation: it will help us meet our rigorous climate change targets and help us generate substantial new economic activity, jobs, prosperity, and a new place in emerging global markets. The people of Scotland are also entitled to benefit directly from this revolution, as it draws on collective resources and impacts on communities. The Scottish Government is therefore committed to the principle that the people see some return on the exploitation of our natural environmental assets.
6. The development of renewables occurs on land and at sea. This means that many bodies are involved – the powers of the Scottish Government, of local authorities and, as manager of the seabed, of the Crown Estate Commissioners. It is a complex landscape and it is right that we consider now – at the start of this next energy revolution – whether the right structures are in place to enable Scotland to receive a lasting legacy. Habits and practices have grown up around the exploitation of offshore oil reserves and it is important to reflect on the lessons learned from these previous energy revolutions.
7. The Crown Estate Commissioners is a unique body within the UK constitution. It administers certain property, rights and interests which historically belong to the Crown in Scotland. It manages the Crown Estate on a UK basis and is responsible to the UK Government. Surplus revenues are passed to HM Treasury. It has been a long-standing policy of the Scottish Government that the role of the Crown Estate Commissioners in Scotland be clarified and it become accountable for its activities to the Scottish people.

8. While firmly committed to the principle of community benefit, the Scottish Government is also mindful of protecting a competitive commercial environment. Our vision is that Scotland should be the best place in the world for doing business in the low carbon energy sector. This will build on Scotland's leading position as Europe's oil and gas hub and our pioneering role in harnessing hydro-electric power. This Government has set out this vision in our Renewables Action Plan, our National Renewables Infrastructure Project and our Low Carbon Economic Strategy. We are setting out plans for how our national water resource can also contribute to our economic and environmental strategies. We are committed to developing the renewables sector and low carbon technologies so that Scotland can continue to be a leader in sustainable energy production and use in the post-carbon world.

9. We now want to take the opportunity to seek views on this subject. At the same time as ensuring that we make this revolution happen, how can we be sure that it provides a significant and long-term legacy for Scotland at both a national and a local level?

10. **The principal questions on which this consultation paper seeks views are:**

- **In what ways can the legal framework within which the Crown Estate Commissioners operate be reformed to ensure greater accountability for the management of the Crown Estate in Scotland to the people and government of Scotland?**
- **How can Scotland benefit fairly from the opportunities which will be created by the development of our renewable and low carbon energy sources?**
- **How can we enable local communities to enjoy substantial, long-term and tangible returns?**

11. Without change, Scotland will not receive a revenue stream from exploiting its renewable off-shore energy resources. We should be able to use those resources, for example to develop our peripheral and remote communities. It cannot be right that the main beneficiaries are UK bodies and not the Scottish people.

12. If we can get the basics right, the benefits to Scotland and its local communities could be substantial and long-lasting:

- Local communities would be empowered to take a real stake in the low carbon energy opportunities on their doorsteps and to invest the benefits from such opportunities in their future. This could enhance the future for some of our most remote and isolated communities.
- Developers would benefit from working in an environment where local communities and businesses actively support and wish to be part of low carbon energy projects.

- Scotland could place itself at the heart of European sustainable energy production and use. With the availability of additional powers and funding, Scotland would be better placed to lever in further substantial funding from the private sector, the European Union and the European Investment Bank to provide the capital injection required to make a reality of our low carbon energy ambitions. We would ensure that innovative and early-stage technologies are put in place ensuring Scotland maintained its position as a leader in renewables deployment and technology development.

13. This consultation paper sets out proposals on how we can respond to these questions. It also invites further suggestions about how to secure community benefits from renewable energy developments and how the financial benefits realised for Scotland can best be used. **In summary, our proposals are:**

- **Bringing about a fundamental reform of the administration of the Crown Estate in Scotland so that it is more accountable to the views and wishes of the people and Government of Scotland and so that the revenues which the Crown Estate Commissioners receive from offshore low carbon energy projects benefit Scotland, in particular our coastal communities.**
- **Setting up a Future Generations Fund to give all of Scotland a real stake in the development of renewable energy.**
- **Ensuring communities benefit fairly from renewable energy developments by creating a publicly-available register of community benefit. This would ensure greater transparency for land-based renewable development.**
- **Enhancing community benefit within the planning system and maximising community benefit from renewables projects on property in Scotland owned by the public sector.**

14. Scotland must not let the opportunities created by its next energy revolution pass. The Nobel Prize-winning economist, Joseph Stiglitz, recently made a very similar point when discussing the UK's failure to maximise the benefit of North Sea oil and gas exploitation:

*“You took all that North Sea oil and you did very well, for that period, because you were living off your wealth. And you mistook the success of the Thatcher era as a success based on good economic policy when it was really a success based on living off your wealth, leaving future generations impoverished. [...] You should now realise the mistake of the past. You don't have that asset and you have to make up for lost time”. (Newsnight interview, BBC Scotland, 24 August 2010)*

15. We cannot allow the mistakes of the past to be repeated. We must ensure that, in stewarding our plentiful natural assets sustainably and for the benefit of all,



the benefit streams from those assets do not bypass Scottish people or flow out of Scotland altogether.

16. **Views and comments are invited on the issues raised in this paper by 18 February 2011 and should be submitted to [securingthebenefits@scotland.gsi.gov.uk](mailto:securingthebenefits@scotland.gsi.gov.uk).**

## Chapter 1: Scotland's low carbon energy potential

Our geographical advantages are so great that Scotland has the opportunity – if it can be grasped – to consolidate its position as a net energy exporter thus providing us with long-term energy security and long-term economic benefits.

17. Scotland has an enormous geographical competitive advantage in the field of low carbon and renewable energy:

- In a UK context, Scotland punches well above its weight. The waters around the Scottish coast contain around 40% of the UK's fixed offshore wind practical resource; 35% of the floating resource; three-quarters of the wave resource; and over a third of the combined tidal stream and tidal range resource.<sup>1</sup>
- In a European context, current estimates show that Scotland has 25% of Europe's potential offshore wind and tidal power and 10% of its wave potential.
- Scotland's offshore storage capacity for carbon emissions is the largest in the EU and greater than the capacity of the Netherlands, Denmark and Germany combined.

18. Our geographical advantages are so great that Scotland has the opportunity - if it can be grasped - to consolidate its position as a net energy exporter thus providing it with long-term energy security and long-term economic benefits. Indeed, our future economic prosperity may hinge on the successful and environmentally sustainable exploitation of our natural resources.

19. Some examples of the potential economic benefits of the next energy revolution are worth citing:

- The Scottish Low Carbon and Environmental Goods Sector was worth £8.5 billion in 2007/8 and is forecast to grow to around £12 billion by 2015/16.<sup>2</sup>
- More than 28,000 full-time equivalent jobs could be created in the offshore wind sector, if the most ambitious development scenarios can be realised, according to recent research for Scottish Renewables. Indirect and induced effects could create another 20,000 jobs by 2020.<sup>3</sup>

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<sup>1</sup> The Offshore Valuation Group, *The Offshore Valuation: A Valuation of the UK's Offshore Renewable Energy Resource*, 2010, p. 31.

[http://www.offshorevaluation.org/downloads/offshore\\_valuation\\_full.pdf](http://www.offshorevaluation.org/downloads/offshore_valuation_full.pdf)

<sup>2</sup> Scottish Government, *Low Carbon Economic Strategy for Scotland*, November 2010.

<http://www.scotland.gov.uk/lowcarboneyconomicstrategy>.

<sup>3</sup> IPA Energy and Water Economics (for Scottish Renewables), *Scottish Offshore Wind: Creating an Industry*, August 2010, p. i.

<http://www.scottishrenewables.com/MultimediaGallery/d5decf25-0664-45ce-bf95-9a2f9614b85b.pdf>

- The development of Carbon Capture and Storage (CCS) opportunities in Scotland has the potential to support 10,000 jobs in Scotland, and, in a broader sense, low carbon employment in Scotland could increase by around 60,000 to approximately 130,000.<sup>4</sup>

20. At a time of economic recession across the Western world, when ever deeper budget cuts start to take effect, the opportunity now opening up to Scotland by the next energy revolution is one that we must not miss.

21. Major challenges lie ahead of us, of course, as we try to capitalise on that opportunity:

- Maintaining and enhancing the environmental status of our seas must lie at the heart of all our actions in developing a low carbon economy. To allow our precious natural resources to be exploited unsustainably would not just destroy the environmental legacy that future generations will rightly expect us to pass on to them, it would also undermine the very energy revolution that we are seeking to bring about.
- We must provide and attract investment into the development of low carbon energy sectors. The necessary infrastructure, research and development, training, technology development and offshore supply-chain all require significant investment, sustained over a number of years, if the full potential of the next energy revolution is to be grasped.

22. Notwithstanding these major challenges, taking the right strategic decisions now on the economic, environmental and planning levels will be key to us grasping the opportunities open to us. They will be key to the successful development of a flourishing and environmentally sustainable renewables industry and low carbon economy; to achieving long-term energy security; to the overall long-term well-being of Scotland as a nation; and to the continued development of thriving local communities the length and breadth of the country.

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<sup>4</sup> Scottish Government, *Low Carbon Economic Strategy for Scotland*, November 2010. <http://www.scotland.gov.uk/lowcarboneyconomicstrategy>.

## Chapter 2: Learning from Scotland's past - the experience of the oil and gas revolution

Approximately £155 billion in direct tax revenue from oil and gas production raised since 1976-77 has flowed to the UK Government. Adjusted for inflation, this is equivalent to £269 billion at 2008 prices or approximately nine times the annual Scottish Government budget.

### Introduction

23. The last chapter outlined the scale of Scotland's potential as we stand on the verge of the low carbon energy revolution. This chapter asks two questions:

- Are there lessons that we can learn from Scotland's oil and gas revolution?
- Can those lessons be applied to how we should approach the next energy revolution?

### Past opportunities missed

24. The benefits to Scotland of the oil and gas revolution have been significant. The economic performance of many regions of Scotland has been transformed since the 1970s, not least the North-East and Shetland. The industry continues to support 196,000 jobs<sup>5</sup> even as the North Sea basin matures and there are potentially up to 24 billion boe (barrel of oil equivalent) still to recover, which will support jobs for several decades to come. However, it is clear that the benefit accrued to Scotland itself could have been even greater. Between 1964/65 and 2009/10, the UK Government has raised approximately £283 billion in direct tax revenue from oil and gas production after adjusting for inflation (2010/11 prices).

25. The lion's share of these revenues has been generated from Scottish waters: according to analysis by academics from the University of Aberdeen, 91% of North Sea revenue was generated in 'Scottish waters' during 2008/09. Between 1980/81 and 2009/10, approximately £242 billion in tax revenue is estimated to have been generated from 'Scottish fields' (in 2010/11 prices) 90% of the UK total. The latest GERS publication shows that Scotland has run a current budget surplus in each of the four years to 2008/09 when oil and gas revenues are taken into account at a time when the UK had a persistent current budget deficit.

26. On a UK level, it is noteworthy that despite the massive financial injection given by the oil and gas sector, the UK still has one of the highest budget deficits in Western Europe in 2010 and has no long-term lasting legacy to show to future generations from the exploitation of its non-renewable hydrocarbon resources.

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<sup>5</sup> Oil & Gas UK 2010 Economic Report.

## **The example of Norway**

27. Other countries acted more wisely with respect to the revenues generated from their exploitation of hydrocarbon resources. The examples of Norway, Alberta in Canada and Alaska in the USA have already been highlighted in this Government's *Oil Fund For Scotland* paper. To take one example, Norway's Government Pension Fund, created in 1990, stood at a value of 2,792 billion Norwegian Kroner (or £294.09 billion) in the first quarter of 2010.<sup>6</sup> In other words, a country of a similar size to Scotland has created a fund within 20 years whose value equates to £57,400 per inhabitant and which has largely insulated Norway from the financial shocks which have rocked the world economy in the last two years.

28. It is notable that Norway ensured that its environmental capital was managed for inter-generational benefit, and the full benefit of that capital will be felt by future generations. Norway used its bounty to invest in the future care of its people and understood that it is the people who own the environment, and the people should manage this natural gift for future generations. In contrast, the benefit from the discovery of North Sea gas and oil in the UK was largely used to sustain day-to-day government spending. As a result, the UK is left without a substantial, lasting legacy, despite the massive potential offered by its continuing North Sea reserves.

## **The example of Shetland**

29. Closer to home, we have an example of the way in which one local community – Shetland – was able to accrue a legacy for its future on the back of oil and gas exploration. Shetland Islands Council showed foresight in securing via, primarily, the Zetland County Council Act 1974 a lasting revenue stream for the benefit of the islands from the development of the Sullom Voe terminal. The result of this Act and subsequent contractual negotiations is that Shetland today has a lasting legacy of around £216m.<sup>7</sup> This figure is over and above the funds contained in the Shetland Reserve Fund, administered by Shetland Islands Council.

30. The Shetland Charitable Trust, established in 1974 to manage the income stream accrued to Shetland, today provides funding to a number of charitable organisations and projects where there is a clear benefit to the Shetland community. Over the years, the Trust has made a contribution to creating a modern, positive and healthy community in Shetland. Shetland Charitable Trust's financial strength has also given it the power to establish joint venture projects to move into the renewable energy generation market.

## **What are the lessons to be learned?**

31. The example of the Zetland County Council Act 1974 provides a role-model for the rest of Scotland to follow. It offers a model of local people benefiting from the abundant natural resources which surround them; and a model of how a lasting

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<sup>6</sup> [http://www.nbim.no/Global/Reports/2010/Q2\\_2010%20eng.pdf](http://www.nbim.no/Global/Reports/2010/Q2_2010%20eng.pdf).

<sup>7</sup> Shetland Charitable Trust website latest news, 12 May 2010.

legacy can be created for the benefit of all. Orkney Islands Council also established an oil fund through similar legislation.

32. The examples of Shetland, Norway and other nations who have created natural resource investment funds, contrast vividly with the example of the UK. A key lesson to be learned from the exploitation of North Sea hydrocarbons is that if the UK had had the foresight to act along Norwegian lines, the financial benefits which we and future generations could be enjoying today and tomorrow could be considerable.

33. Even though there are good arguments that Scotland missed out on its share of North Sea oil and gas revenues, the opportunity for Scotland to claim its fair share has not yet passed.

34. Estimates published by Oil and Gas UK in their 2010 Economic Report suggests that between 15 and 24 billion barrels of oil equivalent remain to be recovered. This is a resource with a potential wholesale value of between £800 billion and £1.25 trillion based on forecasts of future oil and gas prices. Oil and Gas UK forecast that about 17% of the UK's remaining oil and gas reserves lie under the waters to the west of Shetland.

35. Recently, there have been a number of oil and gas discoveries in the North Sea. Oil and Gas UK anticipate that 16 new fields will come on-stream in 2010 and 2011, with at least nine expected to start in 2010. They forecast that these will together lead to the production of 100-150 million boe over time. In 2011, another seven fields are already scheduled to start and, with some possible others, which could bring 150-300 million boe of reserves into production during that year. Additionally, brown-field investments are expected to bring a further 200 million boe or more on-stream during the course of this year and next.

36. When we contrast the approach taken in Norway and Shetland with that taken in the UK, it seems clear that there was a failure to seize the full extent of the opportunities which opened up for Scotland with the discovery of North Sea oil and gas. The Scottish Government has already made that case and argued for the creation of an Oil Fund for Scotland to remedy this and secure a lasting legacy from our hydrocarbon resources<sup>8</sup>. It is equally clear that, second time around, Scotland must not let the opportunities created by its next low carbon energy revolution pass.

37. If there is one lesson to be gained from Scotland's experience of the oil and gas revolution, it is surely that we must ensure that, in stewarding our plentiful natural assets sustainably and for the benefit of all, the benefit streams from those assets do not bypass Scottish people or flow out of Scotland altogether.

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<sup>8</sup> Scottish Government (2009), *An Oil Fund for Scotland: Taking Forward Our National Conversation*. <http://www.scotland.gov.uk/Publications/2009/07/28112701/0>

## **Chapter 3:**

### **Who will benefit from Scotland's low carbon energy potential?**

The Scottish Government receives no income from offshore energy projects. The Crown Estate Commissioners expect to receive a long-term income stream from the expansion of low carbon energy projects in Scottish waters. That income stream stands to bring little direct benefit to Scotland and to Scottish communities.

#### **Introduction**

38. It is important to be clear on who will enjoy the benefits from our low carbon energy potential. We saw in the last chapter that the benefits of the oil and gas revolution have not been felt in Scotland as strongly as they should have been nor as strongly as in Norway or Shetland. If nothing changes and as things stand currently, what will happen this time round with the low carbon energy revolution? Who will receive the lion's share of the benefits? What level of benefits will local communities receive? This chapter also looks at the crucial role played by the Crown Estate Commissioners in the development of offshore renewable energy projects.

#### **Onshore**

39. In the onshore renewables sector, there are a number of recipients of benefits. There are hugely positive examples right across the country -- such as Fintry, Drumderg or Shetland -- of communities gaining tangible benefits from the development of the renewables sector in their locality. The types of benefits local communities have been able to enjoy include:

- Receiving direct revenue streams from developers. Analysis of benefits payments relating to onshore wind power and hydro-electric projects<sup>9</sup> carried out in the past three years, suggests an average community benefit payment of around £1,700 per MW.
- Receiving direct revenue streams from the energy generated by projects through local ownership. Direct revenue streams from both these sources can be put towards a range of projects supporting local priorities such as increasing energy efficiency, regenerating village halls, promoting local post offices and community halls, or alleviating fuel poverty.
- Developing locally-produced, sustainable energy sources which enable a community to reduce their dependence on fossil fuels and to reduce the costs associated with that dependency.

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<sup>9</sup> Consented under section 36 of the Electricity Act 1989

### **Case study – Whitelee Wind Farm**

Whitelee wind farm is Europe's largest wind farm and is located on Eaglesham Moor, 20 minutes from central Glasgow. It is owned and operated by Scottish Power Renewables and has 140 turbines which can generate 322MW of electricity, enough to power 180,000 homes. Different levels of community benefit have been agreed for the various phases, as follows:

#### Phase 1 – 322MW

The developer agreed to distribute £1,000 per MW per annum divided between the three local authorities the site covers – East Ayrshire, East Renfrewshire and South Lanarkshire. For example, East Renfrewshire's share is around £130k per annum which is paid into the Whitelee Wind Farm Fund to support worthy projects.

#### First extension – up to an additional 130MW

The first extension promises to deliver community benefit at £2,500 per MW per annum to East Ayrshire Council to be directed exclusively at local projects.

#### Second extension – up to an additional 141MW

The developer has indicated that £225,000 to £350,000 will be paid annually into a Renewable Energy Fund for the lifespan of the wind farm.

40. However, these benefits are not enjoyed by all schemes and not to the same degree. Communities experience a number of significant barriers to maximising the potential benefits available to them. For example:

- The complexity of the range of ownership and financing models available to communities can be confusing and off-putting.
- There is a perception of a lack of consistency and equity across the country with respect to the benefits accrued by local communities. Some communities are perceived to have benefited handsomely. Others are perceived to have accrued lower levels of benefit. Yet it is often very difficult for an individual group to gain a clear understanding of what benefits others may have secured.
- Where a community body is about to enter into discussions with a renewable energy developer, it may feel it is in a 'David-taking-on-Goliath' situation when faced with negotiating with a large organisation with an extensive experience of dealing with community groups. Even though this is not necessarily through any fault of the developer, community groups can feel disempowered and unable to secure the level of community benefit they believe they deserve.

41. Local authorities too gain benefit from the business rates that are levied on onshore renewables developments, although some developers currently receive some relief from those business rates. Other beneficiaries include the UK Government, who receive corporation tax receipts from many of the companies involved in renewable energy developments.



## **Offshore**

42. Once renewable energy sources start producing energy, corporation tax will be payable to the UK Government. Developers will also be liable to pay a fee to the Crown Estate Commissioners (CEC) – the body which administers certain rights, interests and property belonging to the Crown, and which issues leases to developers to permit them to make use of the sea-bed for their projects. The Crown Estate Commissioners will therefore receive an income stream from offshore renewable energy projects. The CEC do provide on a piece-meal basis some spin-off benefits to local communities in relation to their marine estate but without change such benefits will fall far short of community aspirations and expectations.

43. The CEC also have the power to charge for leasing of the seabed for carbon dioxide storage associated with carbon capture and storage. At the moment, charges are based on an administrative fee but in the longer term the CEC could secure higher revenues from charging, if the North Sea reaches its potential to store millions of tonnes of CO<sub>2</sub> from across the EU. That would be income that would flow to the CEC and ultimately to the Treasury and not to the people of Scotland.

44. The Scottish Government receives no income from offshore energy projects other than a nominal payment for the issuing of a marine licence for activities within Scottish territorial waters. That payment merely covers the administrative cost of issuing the licence.

45. The benefits which might be enjoyed in the future by local communities from offshore projects are similar to those currently being enjoyed by onshore communities with many benefiting from increased employment opportunities, in particular in the initial construction stages.

46. However, local communities in proximity to an offshore development are likely to encounter the same problems as communities hosting onshore developments when it comes to maximising the levels of community benefit available to them. In addition, they encounter the problem of working out how to define the term “local community” with respect to a project which may be many miles from the coastline. However, it’s clear that a significant development off the coast of, for example, Tiree or Islay ought to bring some benefits to those islands. After all, a local community is likely to be more reluctant to be in close proximity to a development if it cannot see tangible benefits coming back in return. This will be all the more the case if it feels that a development will have a negative impact on existing successful industries.

## **What is the “Crown Estate”?**

47. Earlier in this chapter, we saw that the one public body which stands to gain direct financial benefits from Scotland’s next energy revolution is the Crown Estate Commissioners. Their role and the nature of the Crown Estate is perhaps not as widely understood as they should be and, as such, deserve some explanation.

48. The property, rights and interests belonging to the Crown and, ultimately, to the people, that are managed by the Crown Estate Commissioners are known as the Crown Estate. In Scotland, the Crown Estate includes rights to the seabed within Scotland's territorial seas out to the 12 nautical mile limit, and rights over the continental shelf (from Scotland's territorial seas to the 200 nautical mile limit). Other Crown property rights are also included, as well as a small number of rural and urban properties such as estates at Glenlivet in Moray and Applegirth in Dumfriesshire, part of Princes Street Gardens in Edinburgh and the King's Park in Stirling. The capital value attributed by the Crown Estate Commissioners to the property interests that currently make up the Crown Estate in Scotland was £183.5 million at 31 March 2010. This was 3% of the £5,989 million value of the UK wide Crown Estate, most of which results from commercial property in London.<sup>10</sup>

49. The Crown Estate Commissioners is a statutory corporation constituted and governed by the Crown Estate Act 1961. Their duty is to maintain and enhance the value of, and the return from, the Crown Estate but with due regard to the requirements of good management. Surplus revenues generated by CEC are given to HM Treasury: in 2009/10, for example, £210.7 million was given to the UK Government. The Crown Estate Commissioners no longer publish separate accounts for their operations in Scotland but estimate their **Scottish revenue was £13 million in 2009/10**. This would mean that the Crown Estate in Scotland provided about 4-5% of the UK wide surplus revenue. Extrapolating the annual Scottish revenue figure, it could be estimated over £100 million has flowed from the Crown Estate in Scotland to Westminster since devolution.

50. The role of the CEC is to maintain and enhance the value and revenues from administering the assets under their management. There has been debate about how far the CEC should take account of wider public policy<sup>11</sup>. The CEC manage the Crown Estate on a UK basis and there is no longer a separate operating division in Scotland and no formal accountability to the Scottish Government or the Scottish Parliament. Although both the management and the revenues of the Crown Estate in Scotland are reserved, there is no express reservation of the land and property rights.

### **What is the relevance of the Crown Estate Commissioners to renewable and other low carbon energy?**

51. In the context of offshore low carbon energy developments, the role of the Crown Estate Commissioners is crucial. Although the Crown Estate Commissioners do not "own the sea-bed", as some assume, they exercise substantial rights over the uses to which the sea-bed may be put. For example, they issue and charge for leases and enter into exclusivity agreements with developers to allow them to take forward their projects (for example offshore wind farms, wave and tidal schemes and storage of CO<sub>2</sub>). The Crown Estate Commissioners charge "rent" on these leases or agreements which brings them a revenue stream. However, transparency levels with regard to prospective levels of rent from off-shore developments are very

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<sup>10</sup> The Crown Estate, Scotland Report 2010, p. 7.

<sup>11</sup> Treasury Committee report on Management of the Crown Estate, March 2010

limited. What is certain, however, is that the Crown Estate Commissioners expect to receive a long-term income stream from the expansion of low carbon energy projects in Scottish waters. That income stream stands to bring little direct benefit to Scotland and to Scottish communities.

52. The Scottish Government works in close partnership with the Crown Estate Commissioners in taking forward the practical, day-to-day work necessary to make sure that the offshore low carbon sector can develop in both renewables and CCS. Indeed, we welcome and value that close working, not least in the context of the Saltire Prize.

### **Conclusion: are those benefit levels enough?**

53. What conclusions can be drawn from this analysis of the likely beneficiaries from Scotland's low carbon energy potential? Firstly, the level of benefits available to local communities is patchy. The lack of transparency surrounding the process when coupled with the sense of disempowerment felt by many can mean that local communities don't manage to secure as many benefits as they would like from the renewable energy potential on their doorstep.

54. Secondly, much of the revenue likely to be generated by Scotland's huge offshore energy potential will go to the Crown Estate Commissioners, a body managing public assets which gives its surplus revenues to the Treasury. These revenues therefore flow out of Scotland and away from the Scottish communities directly impacted by offshore developments. The way in which the Crown Estate in Scotland is administered also seems deeply anomalous in a post-devolution Scotland given that the CEC appears to act with less transparency and accountability than would be expected of any other body and given that they remain unaccountable to the Scottish Parliament and the Scottish people.

55. Thirdly the corporation tax revenues generated by offshore and onshore developments will, much like those from oil and gas exploration, be enjoyed by the UK Government rather than the Scottish Government.

56. **Overall, it is clear to the Scottish Government that unless action is taken now the mistakes of the past look like they are about to be repeated.** The mistakes made with respect to the oil and gas revolution served Scotland badly and prevented our country from reaching its full long-term economic potential. We must make sure that action is taken to prevent the same scenario being played out with respect to Scotland's low carbon energy revolution.

## Chapter 4: Proposals for change

The Scottish Government works from the over-arching principle that low carbon energy projects in Scotland and in Scottish waters should bring direct benefits to Scotland nationally and to local communities.

57. We have seen so far in this consultation paper the importance of ensuring that we do not make the same mistakes with respect to Scotland's next energy revolution as were made with respect to oil and gas. This chapter sets out measures which could be taken to generate greater benefit for Scotland and for local communities from the low carbon revolution. In taking forward these measures, the Scottish Government works from the over-arching principle that low carbon energy projects in Scotland and in Scottish waters should bring direct benefits to Scotland nationally and to local communities.

### Action 1: Reform of the administration of the Crown Estate in Scotland

58. This consultation paper has already suggested that there are significant anomalies regarding the way in which the Crown Estate in Scotland – assets belonging to the Scottish people - is administered. The Scottish Government believes that the legislative framework in which the Crown Estate Commissioners operates should be modernised to take account of devolution.

59. Particularly significant is the fact that the revenues from administering these assets of the Crown in Scotland, flow out of Scotland. This includes the revenue stream generated by renewable energy projects and carbon capture and storage projects in Scottish waters. **Revenues linked to the exploitation of Scotland's natural resources should not disappear to a general fund at HM Treasury. They should be clearly identified and invested to support the development of Scotland's new renewable energy industry and for future generations.**

60. Benefits should be realised by Scotland at both a national and a local level. If the Scottish Government were successful in securing the revenues from the Crown Estate in Scotland, part of those revenues would be invested in a fund for the nation's future generations as outlined in action 2. The remainder would be used to benefit local communities, for example through skills development; purchase of community land; and support for other local projects.

61. However, it should not be assumed that the reform that is needed is all linked to revenue streams. There are a number of other areas where fundamental change is urgently required to reflect the post-devolution landscape and the importance of accountability and transparency in the management of public assets in Scotland.

62. Firstly, the Crown Estate Commissioners manage Scottish Crown property rights over the seabed within Scotland's territorial waters. It seems particularly anachronistic that management of the seabed should not sit with the Scottish Government in a post-devolution context. This is all the more the case in view of the fact that the recent flow of powers in the marine environment has been away from

London and towards Scotland. Those rights and all the Crown property rights forming part of the Crown Estate in Scotland are also legally distinct from the Crown rights managed by CEC in the rest of the UK, as they are constituted in Scots law. These Scottish rights also include Crown rights that have no equivalents in the rest of the UK, such as those to salmon, native oysters and native mussels in Scotland. It is unclear to the Scottish Government why the CEC should continue to manage these Scottish rights.

63. Secondly, the current framework means that two separate public bodies have administrative responsibilities in granting the required permissions for an offshore development. The Crown Estate Commissioners have a role in granting a lease to developers for use of the seabed and the Scottish Government - under the Marine (Scotland) Act 2010 - issues licenses for development. This duplication adds to the administration required to get an offshore project up and running; it is potentially confusing for developers (who may be more used to the arrangements in other European countries where one body performs both roles); and is a duplication of public effort and expense.

64. Thirdly, the Crown Estate Commissioners do not need to report to the Scottish Parliament on their activities in Scotland while they do report to the UK Parliament. This means that the CEC are unaccountable to Scottish Ministers and no transparent mechanism exists for the broader policy objectives of Scotland's elected government to be taken into account by them in their business and operations. The CEC are able to sell parts of Scotland's Crown property with no oversight from Scottish Ministers. In addition to the seabed, their holdings include sensitive and historic sites such as the King's Park in Stirling. Existing reporting and accountability mechanisms are insufficient and are an area which requires reform.

65. Fourthly, the Crown Estate in Scotland – the property, rights and interests belonging to the Crown in Scotland and therefore to Scotland's people – should be managed in a way that takes account of and is responsive to the needs of local communities. The CEC operates under the Crown Estate Act 1961 with the commercial management of the Crown Estate as their principal driver. However, this Government believes Scotland's publicly owned assets can and should be managed more in support of other public policy objectives in Scotland, including promoting community stability, resilience and empowerment. The CECs' current approach is not serving Scotland's local communities well and requires change.

66. Furthermore, it is vital that the CEC engage much better with local communities across Scotland, particularly those in rural or fragile areas likely to be directly impacted by offshore low carbon energy developments. These communities must feel that their interests are being taken into account and that they are enjoying tangible levels of community benefit from the development of low carbon energy. The CEC must play a much more substantial role in making that happen.

67. The Scottish Government works in close partnership with the Crown Estate Commissioners on the day-to-day practicalities of ensuring that offshore renewable projects can get off the ground and on other matters. That positive and improving relationship is of great value to this Government. However, it is clear that the legislative framework in which the Crown Estate Commissioners operate is out-dated

given the day-to-day realities of devolution. That framework requires urgent review by the UK Government in partnership with the Scottish Government.

#### Consultation questions

1a: In what ways can the legal framework within which the Crown Estate Commissioners operate be reformed to ensure greater accountability for the management of the Crown Estate in Scotland to the people and government of Scotland?

1b: How could the administration of the Crown Estate in Scotland be made more accountable to Scotland's people, the Scottish Government and the Scottish Parliament?

1c: Should the revenue stream enjoyed by the Crown Estate Commissioners as a result of offshore renewable energy and future Carbon Capture and Storage projects in Scottish waters be retained within Scotland?

1d: Do you agree that the revenues from the Crown Estate in Scotland should be used to benefit Scotland at both a national and local level? How should the revenue be used to support local communities?

## **Action 2: Creating a Future Generations Fund**

68. The Scottish Government believes that Scotland missed out on too many opportunities in the past with respect to Scotland's oil and gas exploitation. Chapter two of this paper highlighted examples from Norway and Shetland of what can be achieved if the right strategic decisions are taken. In that context, the Scottish Government is of the view that an appropriate way forward for Scotland, in ideal circumstances, would be to follow the example set out chapter two in establishing a Future Generations Fund for Scotland.

69. **A Future Generations Fund will:**

- **Provide the kind of long-term legacy fund which Scotland should have created but failed to create – unlike others such as Norway – in order to capitalise on its first energy revolution with the discovery of North Sea oil and gas.**
- **Provide a source of investment in key areas such as skills to foster a successful renewables and low carbon revolution in Scotland.**
- **Overcome remaining barriers to early-stage development to transform the scale of opportunity for Scottish involvement in renewable energy developments in Scotland.**

- **Invest in Scotland’s future generations once the renewables and low carbon revolution has started to bring material benefit to Scotland and its communities.**

70. Initially, the Future Generations Fund could be used for a range of purposes to help expand Scotland’s low carbon energy sector, such as:

- Investment in skills development in the onshore and offshore renewables sector, working closely with local authorities and the relevant skills bodies.
- Providing capital loans for investing in community renewable projects.
- Investing in the supply-chain base: helping build the supply-chain expertise inside Scotland rather than elsewhere.
- Encouraging innovation activity focused on the demonstration and deployment of new technologies offshore to commercialise technology in Scotland that can then be deployed at home and across global markets.

71. This Future Generations Fund would complement the ongoing work of the Scottish Government in seeking to promote and secure investment in the wider infrastructure needs of the offshore renewables sector. As set out in the National Renewables Infrastructure Plan (N-RIP), there are a series of potential sites across Scotland, which with the right level of investment, could support the development of offshore renewables projects in Scotland.

72. For example, the First Minister announced a £70m investment<sup>12</sup> in early November to strengthen port and manufacturing facilities and supply chain provision for manufacturing offshore wind turbines and related components. Scottish Enterprise and Highlands and Islands Enterprise are currently welcoming applications for the initial offshore wind phase from ports, manufacturers and wind farm developers.

73. Much more could be achieved if Scottish Ministers had immediate and unrestricted access to the Fossil Fuel Levy (FFL) monies which currently sits at nearly £200m. Under the terms of the Energy Act 2004, these funds must be devoted to “promoting the use of energy from renewable sources” and could be used to leverage in crucial private sector investment into Scotland’s offshore infrastructure.

74. The UK Government’s recent request to Scottish Ministers to agree to effectively relinquish the FFL monies into the, as yet undefined, concept of a future Green Investment Bank in return for a ‘ring-fenced’ sum for Scottish projects falls well short of Scottish Government’s long argued case to have the funds made immediately available, for much needed support to accelerate key renewable developments in Scotland. Scottish Ministers continue to make the case for release of the FFL in a way that allows for immediate investment in infrastructure for offshore

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<sup>12</sup> See Scottish Government news release “Building an Offshore Green Economy” 2 November 2010: <http://www.scotland.gov.uk/News/Releases/2010/11/02131033>

renewables in Scotland which will have the potential to service offshore projects in Scotland, the rest of the UK and Europe.

**What would the Future Generations Fund contain and how could it be maintained in future?**

75. Some Government resource could be invested in the Future Generations Fund initially to support its proposed activities aimed at supporting the emergence of Scotland's offshore energy sector. While we recognise that the investment needs of the renewables and low carbon sector would not be met by such a Future Generations Fund alone, the investment made would demonstrate this Government's commitment to creating a long-term legacy for Scotland.

76. As the low carbon sector expands and moves towards greater profitability over the course of the next decades, it would only be fair that some of those benefits should return to the Future Generations Fund for the benefit of all in Scotland.

77. As proposed earlier in this chapter, if the Scottish Government were to gain control over the Crown Estate Commissioners' revenues generated in the offshore renewables sector, some of that money could make up the lion's share of resources in the Future Generations Fund thus ensuring long-term funding streams that could be recycled into further investments.

78. The Future Generations Fund's revenues would then be invested to directly benefit Scotland's communities in a number of ways, as well as providing much-needed investment in continuing skills development opportunities, as the low carbon sector evolves over time. A portion of the Future Generations Fund would also be invested in order to secure a lasting revenue stream in the same way as oil funds have operated across the world.

79. These mechanisms are, of course, in addition to the Scottish Government's long-standing call for the return of North Sea oil and gas revenues. The latest forecast from the Office for Budget Responsibility (OBR) suggests that the North Sea will now generate £50.8 billion between 2010/11 and 2014/15. This compares with receipts of approximately £45.5 billion in the previous 5 years (as a comparison, between 1964/65 and 2009/10, the UK Government has raised approximately £283 billion in direct tax revenue from oil and gas production after adjusting for inflation at 2010/11 prices). If only a fraction of these receipts were returned to Scotland, the Future Generations Fund could quickly become a formidable funding reserve fit to help Scotland's low carbon and renewable revolution lead the world. This would be the true legacy of our oil and gas revolution: a funding stream that kick-started the next revolution in low carbon. We therefore reiterate our call for those North Sea oil and gas revenues to be returned to Scotland.

80. Scottish Ministers recognise that the size of the proposed Future Generations Fund from offshore energy projects will likely never reach the scale of a fund that could have been created from the oil and gas revenues lost from Scotland; however it is crucial that Scotland does not yet again lose out on this next energy revolution.



81. There are important principles at stake on ensuring fairness in benefits arising from the exploitation of natural resources. The evidence from the Independent Expert Group to the Commission on Scottish Devolution<sup>13</sup> found that there was much international experience of revenues from natural resource exploitation being shared by different levels of government. Prior to Scottish devolution, Northern Ireland and the Isle of Man benefitted from formal arrangements for sharing North Sea Oil revenues. Ensuring Scotland receives a direct revenue stream from the new energy revolution is simply a matter of fairness and is entirely in line with international practice. It is a proper means of providing an input into the cost of supporting the infrastructure necessary to underpin the sector.

### **How could such a Future Generations Fund be set up under the current devolution settlement?**

82. Legislating in the Scottish Parliament to create a Future Generations Fund as a separate, free-standing entity with its own legal identity would theoretically be possible. However, the Scottish Government would not have the powers to invest revenues contained in the Future Generations Fund for the future, because such revenues would have to be spent in the following financial year as part of the annual Budget proposals; nor do we have powers over the substantial oil and gas or renewable revenues. This would undermine the ability of the Future Generations Fund to act as a potentially long-term repository of revenues from energy sources which could be used for the benefit of future generations.

83. While a Future Generations Fund would clearly be the most appropriate vehicle on which to take forward our aspirations, it is equally clear that the Scottish Parliament gaining increased powers over revenues, borrowing rights and investment powers are crucial if a Future Generations Fund is to be able to maximise the extent of the value that it can bring to Scotland.

#### Consultation questions:

2a Do you believe that the time is right to create a Future Generations Fund?

2b: On what basis could the Future Generations Fund best be established?

2c: Should part of the revenues from the Crown Estate in Scotland be invested in the Future Generations Fund?

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<sup>13</sup> The Independent Expert Group to the Commission on Scottish Devolution (2009) – *Natural Resource Taxation and Scottish Devolution*  
<http://www.commissiononscottishdevolution.org.uk/uploads/2009-06-06-ieg-natural-resource-taxation-1.pdf>.

### **Action 3: Creating a “register of community benefit”**

84. Earlier in this consultation paper, we saw evidence that communities can encounter difficulties when it comes to understanding the levels of benefit that they might expect to derive from a development in their locality. It is important then to ensure greater transparency in these processes which would help local communities better understand the levels and types of community benefits that they could realistically be able to achieve from a renewable energy development.

85. The Scottish Government sees merit in the creation of an open and transparent, publicly accessible register where there would be the publication of the community benefit levels that renewable energy developers offer, have offered or will offer, and other opportunities for communities to get involved in their developments. This would promote best practice commercially among developers of all renewables technologies and provide significant leverage to help communities negotiate on an equal footing. The Scottish Government proposes to legislate to require the creation of such a register, within devolved powers.

#### Consultation questions:

3a: Should a community benefit register, covering all renewables technologies, be placed on a statutory footing?

3b: Which specific aspects of a development should it make reference to?

3c: Should information on existing community benefits flowing from operational onshore wind-farms be covered by these proposals for a register?

### **Action 4: Enhancing community benefit within the terrestrial and emerging marine planning systems**

86. It is a well-established principle that the determination of development proposals under town and country planning legislation should not be swayed by incentives. The models of community benefit and the barriers to accessing those benefits set out elsewhere in this consultation paper are common factors that flow from the consenting of many wind farms across Scotland. Benefits to date have been entirely voluntary, maintaining (by separation) the objectivity of decision-making on wind-farm proposals by either the Scottish Ministers or planning authorities. Developer contributions, on the other hand, allow planning authorities to approve proposals where off-site works are required by means of legal planning agreements or under local government or other legislation. For wind-farms, this may, for example, be related to local road improvements.

87. Work is underway under the banner of Community Renewables Scotland to provide access to finance at the high risk pre-planning stage where applications may still be turned down. An initial business case was developed by Scottish Agricultural College and Community Energy Scotland and has now been published. It confirms

the potential demand for a pre-planning loan fund to encompass the needs of both the wider community and land manager/farming businesses. The report identifies potential to transform the scale of community and local ownership of renewables in Scotland – with 900 MW of wind and hydro and up to 80MW of heat – within the next 5 years, unlocked by pre-planning finance. There would also be the opportunity for coastal communities interested in developing offshore renewables to access the fund.

88. Scottish Ministers would be interested in stakeholders' views on these matters. In relation to good governance, transparency and maximising community benefit could the terrestrial and the emerging marine planning system – within their legal remits - operate more creatively? For example, could a Statement of Community Benefit could be introduced to accompany applications for wind-farm developments?

Consultation questions:

4a: Can the present arrangements within the planning system be developed to secure the benefits of Scotland's next energy revolution in a more creative way whilst maintaining the impartial and legal requirement for sound planning decision-making?

4b: Is there merit in seeking to introduce a Statement of Community Benefit to accompany applications for wind-farm developments?

**Action 5: Maximising community benefit opportunities from renewables projects on property owned by the public sector.**

89. The public sector must lead by example in providing community benefits from any renewables developments on the public estate.

Case study: Community benefits from renewable energy developments on the national forest estate

The national forest estate, which is managed by Forestry Commission Scotland and covers nearly 10% of Scotland, has considerable potential for both wind and hydro power. We want to use this opportunity to lead by example to maximise community benefits from these developments for the people of Scotland. Early success may come from Green Highland Renewables Limited, who will be identifying sites for small scale hydro schemes in the northwest Highlands, and will offer leading edge community benefits of £5,000/MW per year. Local communities will also be given the chance to invest in schemes.

90. Forestry Commission Scotland is looking to act as a flagship for providing community benefit through emphasising the importance of securing leading-edge

community benefit in negotiations with potential development partners. This could be in the form of, for example, equity participation. The Scottish Government will give priority to adopting similar approaches on other government-owned property and we would also expect the Crown Estate Commissioners to adopt a similar approach with respect to their holdings, particularly on land. When developments are commercially viable, a similar approach should apply for marine, taking into account the fundamental differences and overall economics.

Consultation question:

5: How can the public estate better be exploited to ensure greater community benefit from renewables? How best can this process be taken forward?

### **Encouraging debate**

91. Views are sought on the five principal actions set out in this chapter but we also want to encourage discussion and receive suggestions about other possible ways of securing benefits for Scotland's communities from the exploitation of our natural resources. This includes views on to whom the revenues secured should accrue and how they should best be utilised.

Consultation question:

6: What other options are there for securing community benefit from renewables and other low carbon energy developments? Where should the revenue generated be directed and how should it be used?

### **Further action by the Scottish Government to realise the full benefits of our low carbon energy resources**

92. This paper has clearly set out the case for Scotland's communities to secure the full benefits of Scotland's low carbon energy revolution. The actions suggested in this paper will go a long way to realising those benefits, but in parallel the Scottish Government is also clear that maximum benefit for the people of Scotland can only come when Scotland has full control over its energy resources.

93. We have already set out a clear and unambiguous case in our National Conversation that Scotland needs many of the legislative powers over energy policy which are currently held by the Westminster Government. The current complex and arbitrary split in powers between the Scottish and UK governments is a real impediment to the development of low carbon energy in Scotland – whether in the artificial 12 mile limit for CO2 storage offshore or in Ofgem's lack of accountability and discredited transmission charging regime. At present the UK's arrangements do not properly incentivise the development of the greater low carbon energy potential

of Scotland; nor do they allow Scotland to secure the full benefits from developing those resources.

94. The Scottish Government has always maintained that the current system of transmission charging for electricity acts as disincentive to low carbon generation in the best places for this generation. The current Ofgem charging system results in Scottish electricity generators paying the highest grid charges in the UK because it levies higher charges on generators furthest from the main centres of demand for connection and use of the grid. This favours generation in the Southern part of the UK and presents an inbuilt bias in the UK transmission regulatory system against Scottish-based generation.

95. Generators in the North of Scotland face the highest charges in the UK of around £21.58 per Kilowatt Hour, compared to a *subsidy* of £6.9 per Kilowatt Hour in London. As a result, Scottish generators produce 12% of UK generation, but account for 40% of the transmission costs, or about £100 million per year more than their fair share.

96. Moreover, the way in which the new offshore transmission charging regime is being developed by Ofgem is likely to compound the mistakes of the approach to onshore charging. The Scottish Government believes that instead of the discredited, discriminatory Ofgem approach, we should be moving towards a transmission system where low carbon is incentivised rather than disincentivised, whilst protecting the needs of consumers. The current system of transmission charging is being reviewed by Ofgem in its TRANSMIT review<sup>14</sup>, and the Scottish Government – supported by the Scottish renewables industry – will again make the unanswerable case for an alternative transmission methodology based on a flat rate charge for all generators, irrespective of where on the grid network they connect.

97. Full legislative competence and control of revenues from energy would provide a lasting benefit, building on the points made in this paper – and it is on this basis that the Scottish Government continue to make the case to the UK Government to use the forthcoming Scotland Bill to transfer full powers to the Scottish Parliament.

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<sup>14</sup> <http://www.ofgem.gov.uk/Networks/Trans/PT/Pages/ProjectTransmiT.aspx>

## How to respond

This paper is out for public consultation until 18 February 2011. It is available electronically on the Scottish Government's website at <http://www.scotland.gov.uk/Consultations/Current> and in hard copy from:

Securing the Benefits Consultation  
Marine Scotland  
Area 1-A South  
Victoria Quay  
Edinburgh  
EH6 6QQ

Comments on the paper are invited from the public and all interested stakeholder organisations. Responses in writing should be sent to the above address or emailed to [securingthebenefits@scotland.gsi.gov.uk](mailto:securingthebenefits@scotland.gsi.gov.uk) by 18 February 2011.

Readers are invited to focus their responses on the specific questions raised in the paper and summarised below.

### Handling your response

We need to know how you wish your response to be handled and whether you are happy for your response to be made public. Please complete and return the Respondent Information Form included with this consultation paper as this will ensure that we treat your response appropriately. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

### Publishing responses

Where respondents have given permission for their response to be made public, these will be made available to the public in the Scottish Government Library and on the SEConsult web pages within 6 weeks of the close of the consultation time period.

Where agreement has been given, we will check all responses for any potentially defamatory material before logging them in the library or placing on the website. You can make arrangements to view responses by contacting the Scottish Government Library on 0131 244 4556. Responses can be copied and sent to you, but a charge may be made for this service.

If you have any comments about how this consultation has been conducted, please send them to us at the address above.

## Summary of consultation questions

### General questions

- How can Scotland benefit fairly from the opportunities which will be created by the development of our renewable and low carbon energy sources?
- How can we enable local communities to enjoy substantial, long-term and tangible returns?
- To what extent can these issues be addressed within the range of legislative powers currently held by the Scottish Parliament? Which changes to those powers are desirable if Scotland is to grasp the opportunity to the fullest extent possible?

### Action 1: Reform of the administration of the Crown Estate in Scotland

1a: In what ways can the legal framework within which the Crown Estate Commissioners operate be reformed to ensure greater accountability for the management of the Crown Estate in Scotland to the people and government of Scotland?

1b: How could the administration of the Crown Estate in Scotland be made more accountable to Scotland's people, the Scottish Government and the Scottish Parliament?

1c: Should the revenue stream enjoyed by the Crown Estate Commissioners as a result of offshore renewable energy and future Carbon Capture and Storage projects in Scottish waters be retained within Scotland?

1d: Do you agree that the revenues from the Crown Estate in Scotland should be used to benefit Scotland at both a national and local level? How should the revenue be used to support local communities?

### Action 2: Creating a Future Generations Fund

2a: Do you believe that the time is now right to create a Future Generations Fund?

2b: On what basis could the Future Generations Fund best be established?

2c: Should part of the revenues from the Crown Estate in Scotland be invested in the Future Generations Fund?

### Action 3: Creating a “register of community benefit”

3a: Should a community benefit register, covering all renewables technologies, be placed on a statutory footing?

3b: Which specific aspects of a development should it make reference to?

3c: Should information on existing community benefits flowing from operational onshore wind-farms be covered by these proposals for a register?

### Action 4: Enhancing community benefit within the planning system

4a: Can the present arrangements within the planning system be developed to secure the benefits of Scotland’s next energy revolution in a more creative way whilst maintaining the impartial and legal requirement for sound planning decision-making?

4b: Is there merit in seeking to introduce a Statement of Community Benefit to accompany planning applications for wind-farm developments?

### Action 5: Maximising community benefit opportunities from renewables project on Scottish property owned by the public sector.

5: How can the public estate better be exploited to ensure greater community benefit from renewables? How best can this process be taken forward?

### Encouraging debate

6: What other options are there for securing community benefit from renewables and other low carbon energy developments? Where should the revenue generated be directed and how should it be used?

### Equality assessment

7: The Scottish Government must ensure that any policies that it implements do not unduly discriminate against persons defined by age, gender, disability, sexual orientation, race and religion and belief. We would welcome your views on whether you believe that any of the propositions set out in this consultation paper will unduly impact on any of these groups mentioned.



# Securing the benefits of Scotland's next energy revolution



## RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

### 1. Name/Organisation

Organisation Name

Title Mr  Ms  Mrs  Miss  Dr  *Please tick as appropriate*

Surname

Forename

### 2. Postal Address

  
  
  

Postcode

Phone

Email

### 3. Permissions - I am responding as...

Individual

/

Group/Organisation

*Please tick as appropriate*

- (a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

*Please tick as appropriate*  Yes  No

- (b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

*Please tick ONE of the following boxes*

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

- (c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

*Please tick as appropriate*  Yes  No

- (d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

*Please tick as appropriate*  Yes  No

## CONSULTATION QUESTIONS

### General questions

How can Scotland benefit fairly from the opportunities which will be created by the development of our renewable and low carbon energy sources?

Comments

How can we enable local communities to enjoy substantial, long-term and tangible returns?

Comments

To what extent can these issues be addressed within the range of legislative powers currently held by the Scottish Parliament? Which changes to those powers are desirable if Scotland is to grasp the opportunity to the fullest extent possible?

Comments

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Comments

1b: How could the administration of the Crown Estate in Scotland be made more accountable to Scotland's people, the Scottish Government and the Scottish Parliament?

Comments

1c: Should the revenue stream enjoyed by the Crown Estate Commissioners as a result of offshore renewable energy and future Carbon Capture and Storage projects in Scottish waters be retained within Scotland?

Comments

1d: Do you agree that the revenues from the Crown Estate in Scotland should be used to benefit Scotland at both a national and local level? How should the revenue be used to support local communities?

Comments

## Action 2: Creating a Future Generations Fund

2a: Do you believe that the time is right to create a Future Generations Fund?

Comments

2b: On what basis could the Fund best be established?

Comments

2c: Should part of the revenues from the Crown Estate in Scotland be invested in the Future Generations Fund?

Comments

## Action 3: Creating a “register of community benefit”

3a: Should a community benefit register, covering all renewables technologies, be placed on a statutory footing?

Comments

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Comments

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Comments

4b: Is there merit in seeking to introduce a Statement of Community Benefit to accompany planning applications for wind-farm developments?

Comments

Action 5: Maximising community benefit opportunities from renewables project on Scottish land owned by the public sector.

5: How can the public estate better be exploited to ensure greater community benefit from onshore renewables? How best can this process be taken forward?

Comments

6. Encouraging debate

6: What other options are there for securing community benefit from renewables and other low carbon energy developments? Where should the revenue generated be directed and how should it be used?

Comments

7. Equality assessment

The Scottish Government must ensure that any policies that it implements do not unduly discriminate against persons defined by age, gender, disability, sexual orientation, race and religion and belief. We would welcome your views on whether you believe that any of the propositions set out in this consultation paper will unduly impact on any of these groups mentioned.

Comments



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APS Scotland Group  
DPPAS10614 (11/10)

**w w w . s c o t l a n d . g o v . u k**