



**JUST TRANSITION
PARTNERSHIP**

Energy Strategy & Just Transition Plan

**Just Transition
Partnership review**



April 2023



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Overview

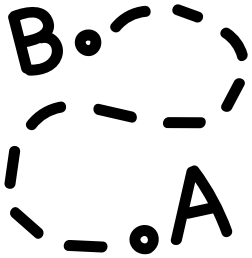
While the Just Transition Partnership endorses the vision for 'a just transition to a net zero energy system', we are very concerned that the draft Energy Strategy and Just Transition Plan^[1] (ESJTP) does not set out a plan which can deliver this.

There are many statements which the Partnership is glad to see made by the Scottish Government in this document but they are almost all at the level of re-statements of vision and intent.

OUR COMMENTS FOCUS ON THE GAPS AND OMISSIONS WITHIN FIVE HEADINGS:

- 1-** This is not a strategy – it does not say how the proposed outcomes will be achieved nor address the risks and obstacles to achieving them
- 2-** This is not a Just Transition Plan
- 3-** There are important omissions from the document
- 4-** Relying on markets for achieving change is flawed - without priority to public action and ownership, the objectives can't be met
- 5-** Engagement with drafting the strategy has been poor

01 This is not a strategy



As well as setting out a vision of its endpoint, a strategy should say what will be done, by what time and how it will be done. This is not done in the document even in terms of the matters which are basic for an energy strategy - the anticipated levels of demands for and supplies of energy in their various forms are not set out.

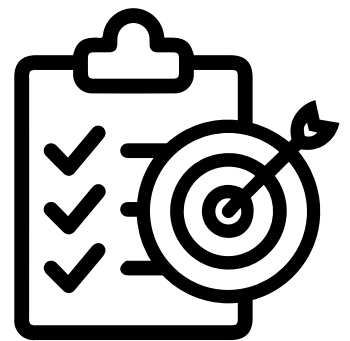
We would expect to see, within a range of probabilities, proposals and targets regarding electrification and decarbonisation in each sector; the sources of the required growth of renewable energy, in particular electricity; and the trajectory for oil and gas production.

It is imperative that we have a strategy that meets our climate demands and ends fuel poverty. Instead we have a re-statement of existing policies. On the most important matters it asks questions rather than takes positions.

Furthermore, in this draft ESJTP there is no assessment of the obstacles to achieving the strategy's objectives. In reality, Scotland has regularly missed its climate change targets and has conspicuously failed to create significant new jobs supplying the development of renewable energy generation.

In contrast the document appears to reside in a problem-free world in which the statement of government objectives will translate into their achievement - the privately-owned energy system will become committed to public objectives which it has until now ignored.

The relatively small amounts of public spending detailed in the document will, it appears to assume, be enough of a carrot not to need any sticks - let alone any shift towards public ownership to drive forwards to outcomes which are too important to be left to decisions of profit-seeking investors in a free market.



The future targets are ambitious.
But we have a track record of
policies being delivered late or
being underwhelming.

Craig Dalzell, Common Weal*

02 This is not a Just Transition Plan

According to the Scottish Government's own guidance[2], a Just Transition Plan for the energy sector should outline how it will reduce its greenhouse gas emissions in line with Scotland's climate change targets and deliver the Just Transition Outcomes which include more jobs, better jobs, supporting communities most at risk and 'affordable energy that reduces poverty and furthers equity'.

By these standards, the ESJTP fails. It does talk about 'green jobs' in its section on 'Preparing Scotland for a just energy transition', but there is no assessment of how many there will be or in what sectors.

The actions which the Scottish Government and others will have to take to ensure that energy transformation does in fact lead to the creation of new jobs in Scotland are not set out; nor is there any statement about how they will ensure that they will be secure and well-paid.

The challenge before us is to transform our energy system in a way which addresses the climate crisis, the cost-of-living crisis, and the green jobs crisis, all together, at the same time.

Roz Foyer, STUC

The considerable attention to skills in the document implies that this kind of action will be sufficient – that the task is to supply skills for the jobs which it assumes will materialise. However we know that we face a dearth of green jobs, despite the growth in renewable companies extracting wealth from our natural resources, because our renewable energy industry is dominated by multinational companies which offshore jobs (and related emissions) overseas.

While accepting that the transition will involve major changes in employment patterns and skills demand, alongside this there is an almost total silence on workforce transformation – how to help workers through this transition in which the job roles of many workers will be reduced or perhaps end entirely.

The absence of significant attention to public ownership, conditionality, fair work and collective bargaining in a document which is meant to describe a just transition calls into question whether the idea of a just transition is properly understood.



03 There are important omissions in the document

The document is weak or silent on many elements which the Partnership considers to be necessary for an energy strategy and just transition plan.

Among the gaps in the document which have been noted are:-

Delivery Plans

Against each stated ambition there should be a set of actions with dates and milestones to hit specified targets which can add up to achieving that ambition. Where government action alone will not be sufficient the necessary role of other sectors has to be spelled out. The ESJTP does not do this.

This absence is illustrated by the Just Transition Outcomes in Annex F. All of these 16 outcomes are highly desirable but there is no accompanying action plan for any of them.

The importance of energy demand reduction

Home Energy Efficiency appears peripheral rather than central to this strategy. Having a table on 'Reducing demand and decarbonising energy use across heat and transport sectors' does not on its own translate into a plan to retrofit and insulate millions of homes which is described as 'an ambition'.

Supply chain development

The development of high quality jobs in the supply chain for renewable energy production is essential for achieving a just transition for workers in the industrial sectors currently reliant on fossil fuels. The document frequently mentions "boosting our domestic supply chain" – but the opportunities which it talks about have not materialised yet and will not on their own. There is reference to 'expansion of our Supply Chain Development Programme' but this is not explained except in Annex J, which is a list of existing initiatives which clearly have not delivered to date.

Workforce planning

'Boosting skills', equipping workers with 'the skills and opportunities to access good, green jobs' and 'using our existing skills base' don't add up to workforce planning. While the Climate Emergency Skills Plan is being revised currently and its content may be improved, we can say that a clear offer to the workers most affected by energy transition has been missing and will be essential. The workforce should not be left to navigate the transition on its own.

Through their unions, workers should be involved in the design of the training and career development processes needed and setting out how no worker will be left behind. The contributions of employers to paying towards the upskilling of their workforces will need to be spelled out and tied down.

03 Omissions continued...

Financing strategies

While the document does express the importance of investment for achieving the changes needed, the only sections which attempt to address the questions of how much is needed and when are clearly inadequate. The Scottish Government's investment plan over this parliament, it says, amounts to almost £5 billion; Annex I is a list of energy sector funding and finance. There is no suggestion that these will be sufficient – but a search for an assessment of the total sums needed across the economy, or individual sectors, will be in vain – let alone timescales.

Much larger flows of investment from both public and private sectors will be needed. To increase them one would expect to see some fiscal projections on the one hand; and plans to both incentivise and require private investment in the enterprise-level investments needed to transform every sector so that they can hit our emissions reductions targets.

Local development and community ownership

In this draft Energy Strategy, communities are seen as potential beneficiaries but not as partners or leaders in the processes of change and development. Community ownership of energy production can drive forward local energy transitions in an inclusive way if existing barriers are addressed and greater support provided, particularly for low income communities. At present, these projects are too often muddled together with local (private) ownership and community benefits received passively. Community Wealth Building does not get a mention, even though the reason for locally rooted finance is to ensure returns on investments recycled back into the local economy, rather than returns heading offshore.

Equity and distributional impacts

The consequence of the energy transition for equalities is almost ignored – featuring primarily in the Just Transition Outcomes in Annex F, which as stated are only aspirational rather than having the benefit of delivery plans. For example, disability and race are mentioned once alongside a few scattered references of women. Important questions about the impact of changes in the cost of energy on poor and vulnerable households are likewise neglected.

Circular Economy, environment and nature impacts

It has been recognised in the Climate Change Plan that the changes needed to achieve the reductions in emissions set out in our climate change targets will require a more circular economy, using fewer resource inputs. This form of energy demand reduction is not properly reflected in the document; but it must feature in the forthcoming sectoral Just Transition Plans.

Selection of locations for new energy infrastructure must take into account their impact on biodiversity to achieve the optimum outcomes for nature and the local environment overall.

04 Relying on markets for achieving change is flawed

The most effective, most efficient, least expensive and most just way of delivering investment for transformational change is through a public-driven effort. Yet, as ScotWind shows, the Scottish Government is married to market-based mechanisms and private ownership. It is committed to Foreign Direct Investment in the hope that it will finance energy transition - which means that profits will flow out of Scotland to the tune of tens of billions of pounds every year.

Voluntary, private-led decarbonisation hasn't happened yet and the idea that it is spontaneously going to start is unfounded, never mind that it would be delivered in any just way. It will cost more and it won't happen in time.

**Katie Gallogly-Swan,
Member of the Just Transition Commission***



The Scottish Government's plans to launch a public energy company were put on hold. However, this remains imperative to deliver a just transition and should be revived and extended to cover a remit across the whole energy system. This could be jointly owned by the Scottish Government and Scottish local authorities. Our Councils should be encouraged to pursue creation of their own energy companies which might be involved in generation as well as roll-out of insulation retrofit and renewable heat.

Public ownership of energy is key to:

- achieving a just transition
- rebuilding our manufacturing sectors
- sharing the social benefits from decarbonising
- hitting science-based climate targets

The solutions to the cost of living crisis, the climate crisis, and the green jobs crisis, are all underpinned by direct intervention and democratic public ownership, from UK, Scottish and Local Government.

Only through grabbing the reins of our energy systems, can we solve these crises; to protect peoples bills, to kickstart a street-by-street retrofit programme, to end profiteering from energy monopolies, and to ensure investment in infrastructure brings Fair Work, and benefits to communities, across Scotland, and beyond.

Roz Foyer, STUC

05 Engagement with drafting the strategy has been poor

The National Just Transition Planning Framework^[3] says that Just Transition Plans will be co-designed and co-delivered - "This means placing those most likely to be negatively impacted by the transition at the heart of our process".

This does not describe the process through which the Energy Strategy was prepared. A series of events was held, unfortunately hampered by Covid lockdowns, but it is not clear how the messages taken from them, in some cases summarised in the document, have influenced its proposals. While we note the aspiration of the Scottish Government for co-design, what happened in practice did not equate to co-design; nor were marginalised groups whose future will be affected adequately engaged in the process.

06 A true Energy Strategy and Just Transition Plan would:

01

Include clear targets, milestones and metrics

02

Show how a Just Transition will be achieved, with clear guidelines of what it would mean for workers in various sectors

03

Include an assessment of risks and obstacles, as well as contingency planning to overcome them.

04

State how outcomes would be measured and achieved as well as how far policy proposals go towards meeting those outcomes - or if they fall short and more is required.

05

Include an assessment of the additional risks and costs of relying on market mechanisms to deliver outcomes compared to public ownership and retention of revenue surpluses.

06

Explore various models of public ownership such as local- or community-led public-public partnerships as well as a national public energy company.

07

Start with a comprehensive, worker-led co-design process in which actual objectives are identified and pathways to achieving them mapped out.

07

The Just Transition Partnership is encouraging organisations to make a submission to the consultation which incorporates the positions in this paper – by using them as a guide to the questions asked in the consultation document and/or by submitting a free-standing statement.

THE PARTNERSHIP ENCOURAGES SUBMISSIONS TO THE CONSULTATION ON THE DRAFT ENERGY STRATEGY USING THESE POINTS

Here is the link to respond:-

<https://consult.gov.scot/energy-and-climate-change-directorate/energy-strategy-and-just-transition-plan/>

Just Transition Partnership

email: info@jtp.scot

website: www.jtp.scot

References

1. <https://www.gov.scot/publications/draft-energy-strategy-transition-plan/>
2. See the National Just Transition Framework in 'Just Transition: a fairer greener Scotland', Scottish Government 2021
3. In 'Just Transition: a fairer greener Scotland', Scottish Government 2021

*The quotations used in this document come from the Reclaiming Our Energy conference held by the Partnership on 21 February. All of the speeches are available at <https://www.jtp.scot/reclaiming-our-energy/>

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