Energy UK

The voice of the energy industry

A bold vision for the future of energy in Scotland

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Foreword

Scotland has always powered change. From the coal and shipbuilding of the industrial age to the offshore energy revolution in the North Sea, Scotland has led the way in transforming how Britain is powered.

Today, as the UK faces a defining challenge of delivering clean, secure, and affordable energy, Scotland once again stands at the forefront, ready to lead the next great transformation.

Energy will be a defining issue at the Scottish elections in 2026 – for households, businesses and communities across the country. With an abundance of natural resources, a proud industrial heritage, and a highly skilled workforce, Scotland has all the ingredients it needs to deliver a successful energy transition that benefits the whole country.

Yet, at the moment, subsequent policy decisions mean that Scotland is not realising the full benefits of this potential. Too many households face some of the highest energy bills in the UK, even as renewables are being built around them. Jobs are being created in the thousands, but traditional industries feel as though they are being left behind.

A successful energy transition is more than a reliable system, it must deliver for people. Communities that have powered past generations are at the heart of what comes next, and that means investing in skills, supporting a just transition for oil and gas workers, and ensuring that the economic value of clean growth is realised and felt directly in Scotland.

In the Highlands and Islands alone, **renewable energy projects could account for around £75 billion out of the £100 billion in potential total investment value by 2040**,[1] creating high-quality local jobs, bolstered community funds, and an enhanced quality of life in these local areas.

With clear leadership, joined-up delivery, and partnership between governments, regulators, and industry, Scotland can remain the powerhouse of the UK's energy system – driving growth, strengthening security, and delivering a cleaner, fairer energy future.

Source: [1] Scottish Renewables (2025) Future of Scottish offshore wind facing "watershed moment", industry chief tells delegates at All-Energy

Ensuring energy delivers for Scottish people

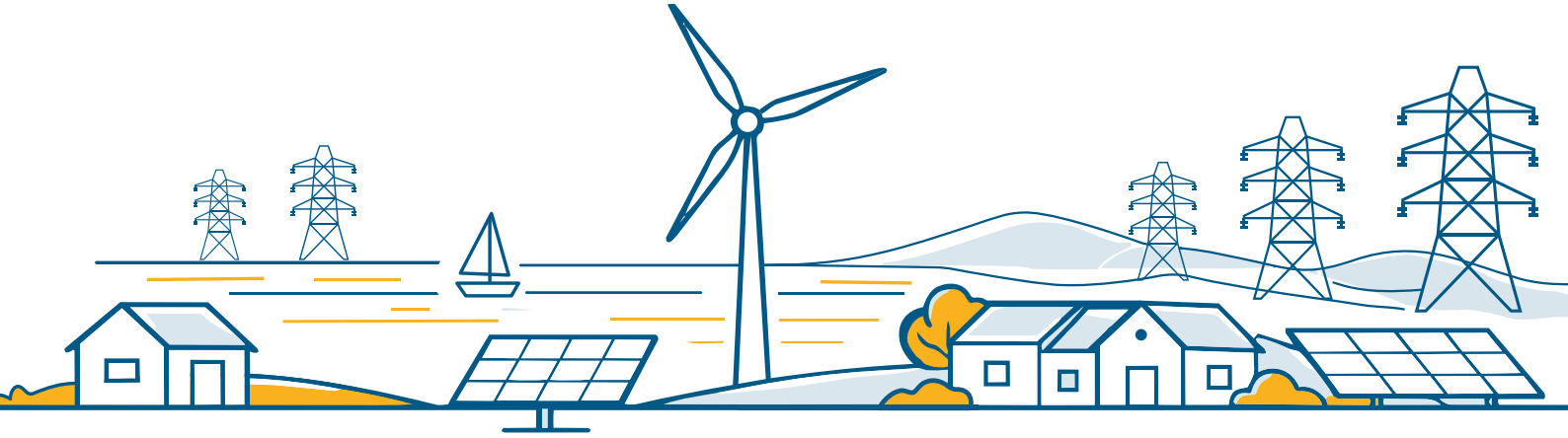
1. Affordable and warm buildings, fit for the future

Energy bills in the UK are too high, with Scotland having some of the highest bills in the country due to facing colder weather and higher fixed costs. While the solution is clear, building more home-grown clean energy will deliver long-term, sustainably lower bills, but there are far too many who struggle to pay their bills today. Immediate action is needed to address the current affordability crisis, which is having a profound effect on households and businesses in Scotland.

Persistently high energy bills through the 2020s will have lasting consequences for households and the well-being of communities which could also weaken public trust in the long-term transformation of our energy system. Yet it is that investment in clean power and modernised energy infrastructure that will ultimately deliver what people need most – secure, affordable energy and warmer homes.

Real, lasting reduction will depend on long-term structural reform to how energy is priced and paid for.

The UK Government has set **an ambition of achieving a £300 reduction in the average dual-fuel energy bill.** It took an important step towards this in the Autumn Budget 2025 by ending the Energy Company Obligation scheme, and shifting **75% of the cost of the Renewables Obligation from bills onto general taxation**, which lowers the policy-cost component of the energy bill. Whilst this initial step is welcome, to reach further reductions, it will require addressing the underlying causes of high energy costs. Real, lasting reduction will depend on long-term structural reform to how energy is priced and paid for. That is why the Scottish Government must continue to play an active role in pressing for the delivery of these commitments to ensure that households across Scotland can benefit from lower, fairer energy bills.



Working with the UK Government, the Scottish Government should rapidly address areas with significant grid constraints, accelerating network build through improved planning. This would improve system costs and could save **£50 per household in 2030**.[2]

However, the biggest savings are likely to be found in more targeted approaches that make the most of low-carbon technologies such as heat pumps, heat networks, solar panels and electric vehicle charging. Accelerating the uptake of these technologies will enable households and businesses to use electricity more efficiently and shift consumption to cheaper, low-carbon periods. Crucially, growing electrified demand also spreads fixed network and system costs across a larger customer base, helping to reduce per-unit costs for everyone. Ensuring this infrastructure is designed for the long term will be critical to meet rising demand, support private investment, and accommodate the large-scale rollout of electric heating, transport and other low-carbon technologies.

Energy UK's updated modelling indicates that, following the Autumn Budget intervention, policy cost rebalancing could **deliver a further £240 in savings for households using electric heating**, making a meaningful contribution to affordability and the decarbonisation of home heating. Tackling the spark gap – the cost of electricity compared to gas – through fairer allocation of policy costs, so electricity is no longer artificially more expensive than the alternative.

Policy cost rebalancing could deliver a further £240 in savings for households using electric heating.

While many of the most significant policy levers remain reserved, **the Scottish Government will still have important tools at its disposal to help lower bills for Scottish households, including:**

Publishing the Heat in Buildings Bill without further delay and commit to developing more enduring heat decarbonisation policies that can deliver at the required pace.

Committing to ambitious Scottish targets to establish Scotland as a UK leader in tackling fuel poverty.

Maximising the impact of existing UK schemes (such as the Warm Homes Discount) through improved data sharing and coordination.

Expanding Scottish energy efficiency and retrofitting programmes to deliver sustained reductions in bills, in particular the Home Energy Scotland Grant and Loan, with a priority focus on clean heat technologies, including heat networks, to help households move off volatile fossil fuel heating systems.

Source: [2] Energy UK (2025) How to cut bills: A crisis we can't afford to ignore

Scaling up the Home Energy Scotland and Landlord Loan offers in line with Scotland's wider ambition on heat and buildings, including for heat network connections. As part of this, invest in training and local employment to build the workforce needed to deliver insulation, retrofitting, and low-carbon heating across all regions of Scotland.

Enacting the Heat Networks Act 2021 by bringing into force key aspects essential to the Act's functioning, such as the licensing regime, consent and the permitting system.

Updating permitted development rights to reduce planning barriers for air source heat pumps and heat network development, improving the consumer journey and easing pressure on local authority resources.

Maintaining and expanding funding for Business Energy Scotland, which has proven cost-effective: in 2022/23, the scheme identified over **£10 million** in business cost savings against administration costs of just **£600,000**.

Working with the UK Government to implement a fairer approach to policy costs that does not penalise households reliant on gas, while incentivising electrification.

Supporting the smart meter rollout, including upgrading metering in social housing and government buildings, and using supportive, proactive and reactive communications. The Government must present a consistent, positive message which underlines the importance of the rollout and its role in delivering a lower-carbon and secure electricity system.

Setting clear direction on electric vehicle (EV) charging, network capacity and planning to unlock private investment and ensure infrastructure keeps pace with future transport and energy demand.

If the Scottish Government does this, industry can:

Invest with confidence in skills, supply chains and innovation to scale low-carbon heat and whole-home retrofit solutions.

Co-ordinate rollout activity of smart and low-carbon technologies with networks, installers and manufacturers so homes are ready for heat pumps, heat networks and flexibility services.

Accelerate delivery at volume, bringing down costs, improving customer experience and supporting households out of fuel poverty faster.

2. Building the workforce of the future

Scotland's role in the energy transition must be about more than generating clean energy; it must deliver lasting economic and social value through well-paid, highly skilled jobs and giving back to communities through tangible benefits.

A successful transition means ensuring that workers and communities who have powered Scotland for decades are not left behind, and this requires forward-planning and investment in reskilling and education.

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Over the coming years, there will be increasingly less demand and production of oil and gas in Scotland, but also globally. As a result, the incoming Scottish Government will need to work closely with industry to develop a clear and sustainable plan for supporting communities that have a long history of working within the oil and gas industry. **Over 90% of the UK's oil and gas workforce** possess skills that have medium to high skill transferability to work in wider clean energy industries, though there will remain an ongoing need for targeted retraining or upskilling to bridge any gaps.[3]

Source: [3] RGU Energy Transition Unit (2025) Striking the balance: Building a sustainable UK offshore energy workforce

The Scottish Government has long supported workers in the energy sector through initiatives such as the Just Transition Fund (JTF), established in 2022. To date, the **JTF has delivered £75 million in projects**, including skills development, digital innovation, and community-focused activities. More recently, the Government backed the launch of the Oil and Gas Transition Training Fund (TTF), funded via the UK Government's Office for Clean Energy Jobs (OCEJ). These programmes provide vital support to Scotland's offshore oil and gas workforce, offering tailored career advice and funding for the training needed to move into clean energy roles. Partnerships between governments, trade unions, and industry are a crucial first step in ensuring Scotland's workforce remains central to the success of the country's energy transition.

While Scotland leads the UK in creating clean energy jobs, it faces significant funding pressures in training colleges and for apprenticeships. With more than half of the new roles needed in the energy sector requiring qualifications at RQF level 3 or below,[4] apprenticeships will be essential to closing the skills gap.[5] Therefore, these funding challenges must be addressed.

While Scotland leads the UK in creating clean energy jobs, it faces significant funding pressures in training colleges and for apprenticeships.

The incumbent government introduced a range of initiatives to support skills, ensuring that this support was woven into climate strategies.

However, it is critical that the ambition in this area is carried through by future governments, and goes further by:

- **Prioritising clear transition pathways for oil and gas workers**, including retraining and redeployment into renewables, carbon capture, usage and storage (CCUS), heat networks, and grid roles.
- **Working with the UK Government to coordinate and increase apprenticeship funding across the UK**, ensuring Scottish businesses receive equitable support for the training and upskilling of their workforce.
- **Expanding investment in colleges, apprenticeships, and training centres focused on energy industries.**

Sources: [4] RQF level 3 or below refers to qualifications at GCSE, A-level, BTEC, apprenticeship or equivalent vocational level. These roles do not require a university degree (degrees begin at RQF level 4).

[5] Energy & Utility Skills (2024) Workforce demand estimates – 2024 to 2030

Funding and implementing commitments in the UK's Modern Industrial Strategy, including a new bidding round for the North East and Moray Just Transition Fund.

Working with the energy industry and the UK Government to implement the Clean Energy Jobs Plan, maximising opportunities for public and private collaboration.

Streamlining requirements on energy project developers so they are more consistent regardless of location, levelling up commitments to funding across all energy technologies and coordinating skills funding better.

If the Scottish Government does this, the energy industry can:

Invest in long-term skills pipelines, apprenticeships, and training partnerships with colleges and universities.

Provide secure, well-paid, clean energy jobs that anchor economic opportunity in traditional energy communities and deliver a just transition in practice.

Image source: © EDF Energy

Scotland's leadership in delivering the clean energy transition

3. Scaling up renewable energy and supply chains

Scotland is uniquely positioned to lead the UK's transition to a cleaner energy system. **The UK Government's current ambitions require an additional 28-35GW of offshore wind capacity** in addition to what was in operation at the end of 2024, five to six times more capacity than completed in the previous five years, and a doubling and tripling of onshore wind and solar capacity, respectively.[6] Of this, Energy UK analysis expects 14GW to be procured in Scotland.

Scotland has a strong foundation for accelerating renewable energy deployment.

With abundant natural resources and a highly skilled workforce, Scotland has a strong foundation for accelerating renewable energy deployment. To fully realise this potential, both public and private investment must be expanded across key technologies such as offshore and onshore wind, solar, hydroelectric, tidal, and wave power.

Attracting private capital will be critical. Investors have global choices, so Scotland must offer a compelling, stable, and growth-oriented environment that delivers strong returns. This requires the creation of a clear and predictable energy strategy underpinned by long-term policy certainty and strategic support.

Source: [6] Energy UK Explains: Allocation Round 7 - Energy UK

To achieve this, the Scottish Government must:

Be a clear and strategic partner, working with the UK Government and industry to best deliver a reformed national pricing model which delivers for homes and industries in Scotland, whilst ensuring that the UK remains an attractive place to invest.

Strengthen collaboration with Scottish Enterprise, the Scottish National Investment Bank, the National Wealth Fund (NWF) and Great British Energy (GBE) to support both repowering and new energy projects, infrastructure and supply chains, avoiding duplication where the private sector is already investing.

Work closely with the Department for Energy Security and Net Zero (DESNZ), the UK Government, Ofgem, National Energy System Operator (NESO), network operators and the energy sector to ensure grid connection reforms are implemented effectively, with a strategic approach to linking new demand and local low-carbon generation capacity.

Ensure alignment with the UK Government on both the approach to, and scale of, community benefits, keeping Scotland competitive for investment and avoiding confusion from diverging frameworks.

Continue to fund the Community and Renewable Energy Scheme (CARES), which supports community organisations to install renewable energy generation, decarbonise community buildings, community shared ownership and the delivery of community benefit funds.

Work with existing renewable generators to develop a repowering strategy that maximises current and future installed capacity whilst lowering costs for consumers.

Build strong supply chains by streamlining and aligning energy supply chain investment support with schemes in England.

Continue to support clean industrial growth by tackling barriers to electrification, providing access to capture and hydrogen infrastructure and providing support under the Scottish Industrial Energy Transformation Fund (SIETF) beyond 2026, while creating a supportive environment for alternatives such as high-temperature heat networks to accelerate the decarbonisation of industry while reducing grid reinforcement costs.

Call on the UK Government to implement the British Industrial Competitiveness Scheme (BICS) as quickly as possible and remove electricity policy costs from a wider set of businesses to enable them to remain competitive and electrify.

Ensure measures to support a greater uptake of Corporate Power Purchase Agreements (CPPAs) are put in place following the Government's call for evidence to support faster low-carbon deployment and enable industry to benefit from stable long-term electricity prices.

Ensure there is a robust planning policy framework for new data centres in Scotland to ensure they are sustainable and help reduce energy system costs by locating near renewables, investing in new low-carbon generation, providing flexibility and utilising waste heat where possible.

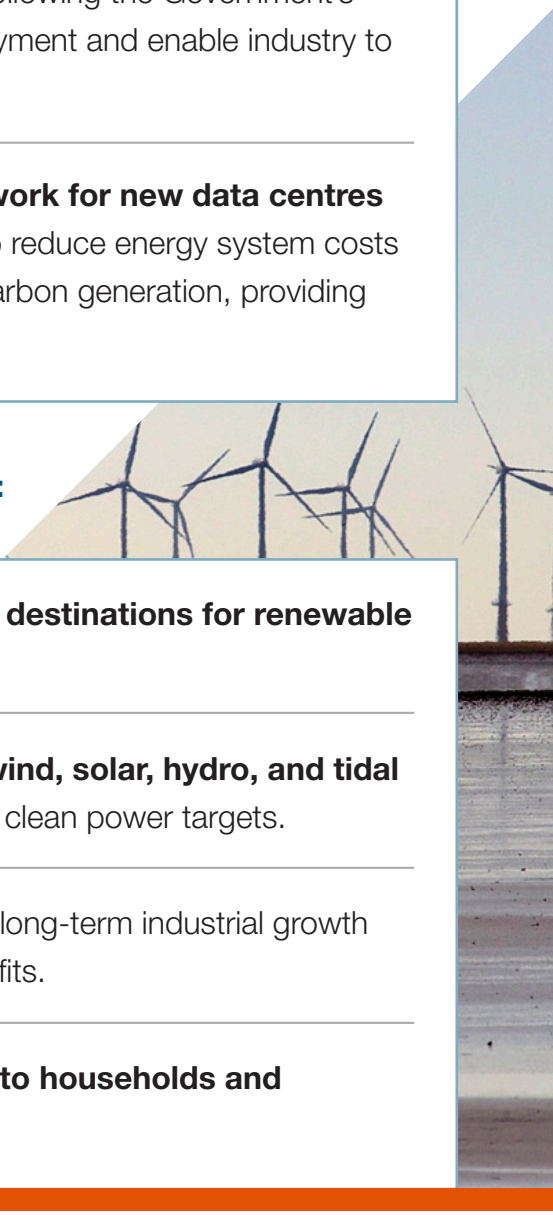
If the Scottish Government does this, the energy industry can:

Develop Scotland as one of the world's leading destinations for renewable energy investment.

Accelerate delivery of offshore wind, onshore wind, solar, hydro, and tidal projects at the scale required to meet the country's clean power targets.

Build strong domestic supply chains, anchoring long-term industrial growth and ensuring communities share directly in the benefits.

Ultimately, deliver cleaner and cheaper energy to households and businesses across Scotland.



4. Investing in nuclear and carbon capture technologies

Scotland's industrial clusters, particularly in the north east, are central to the UK's energy security ambitions. With a legacy of engineering expertise, a strong oil and gas supply chain, and proximity to North Sea storage sites, Scotland is uniquely equipped to lead in hydrogen and CCUS.

Yet key projects, including the Scottish Cluster and Acorn, have been delayed, risking missed targets and lost investment, in turn impacting people and communities through fewer jobs. Clear policy signals, regulatory frameworks, and targeted funding are now critical. With strong and persistent backing from the Scottish Government, these projects can deliver for local communities, allowing them to feel the full benefits of the transition.

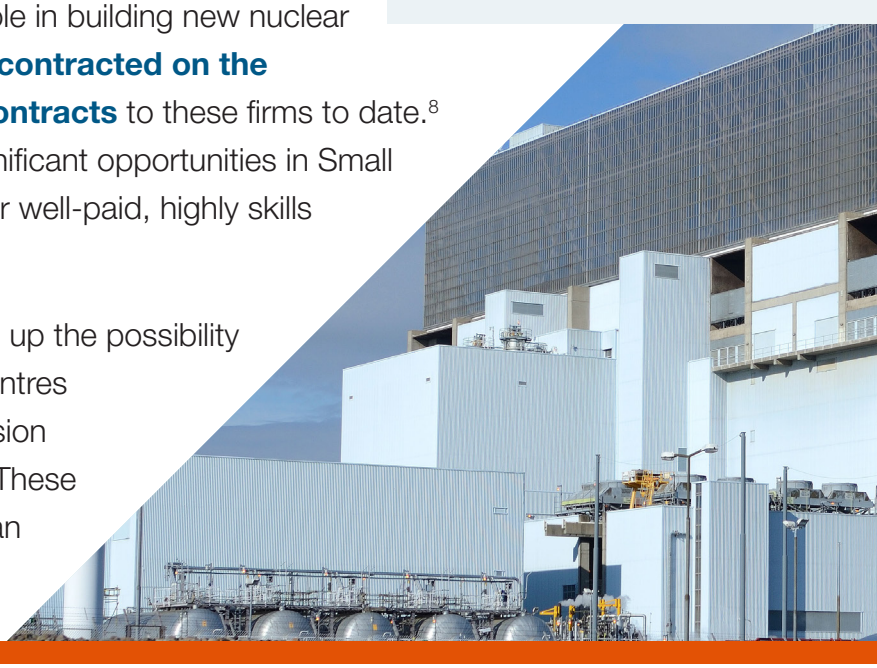
In England, nuclear energy is currently having a revival. **The sector directly employs more than 64,000 people, and 211,000 jobs** are reliant in some way on its activities. And, while nuclear energy requires billions of pounds of private investment, the existing nuclear fleet has also made a **£123 billion** contribution to the UK.[7]

The effective "no new nuclear" policy has led to the steady decline of nuclear generation in Scotland. Torness, the last operating plant, is due to close by 2030, leaving Scotland with no clean baseload power. While Scotland is rich in renewable resources, it is also missing out on the major benefits that a modern nuclear sector could bring: billions of pounds in investment, highly skilled jobs, and the stable, low-carbon power that complements renewables by strengthening system resilience, reducing costly balancing actions, and making it easier to integrate more wind and solar over time.

Scottish workers are already playing a vital role in building new nuclear at Hinkley Point C.

Scottish workers are already playing a vital role in building new nuclear at Hinkley Point C, with **170 Scottish firms contracted on the station and over £280 million spent on contracts** to these firms to date.[8] Beyond traditional nuclear, there are also significant opportunities in Small Modular Reactors (SMRs) which could deliver well-paid, highly skills jobs and significant investment in Scotland.

Their smaller, more flexible nature also opens up the possibility of locating new clean generation closer to centres of demand, easing pressure on the transmission network and helping to lower system costs. These opportunities risk being lost if the de facto ban on new nuclear is maintained.



Sources: [7] Energy UK (2025) Powering Growth: The economic opportunities unlocked by nuclear
[8] EDF (2025) Driving Growth: Hinkley Point C Socio-Economic Impact Report 2025

While much of this policy is reserved for the UK Government, the Scottish Government has a critical role to play as a clear and active advocate, working with industry to ensure Scotland is not left behind as the UK delivers a new generation of low-carbon solutions.

Therefore, the Scottish Government should work with the UK Government to ensure it:

- **Prioritises investment in the Scottish Cluster and Acorn Project** to accelerate CCUS deployment, leveraging existing North Sea infrastructure.
- **Support hydrogen production and usage**, both green and blue, particularly for industrial and heavy transport sectors.
- **Provide clarity on hydrogen business models and transport & storage regulation** to de-risk early-stage projects.

The Scottish Government must also remove the planning moratorium on all new nuclear projects, unlocking opportunities for new nuclear power plants and SMRs.

If the Scottish Government does this, the energy industry can:

- **Deliver CCUS and hydrogen projects at scale**, cutting emissions from heavy industry while safeguarding competitiveness.
- **Deliver new nuclear projects, including small modular reactors (SMRs) and larger power stations**, providing stable baseload power, local jobs, and long-term investment.
- **Invest in Scottish supply chains and infrastructure** to build globally competitive clean energy hubs.
- **Create and sustain high-quality local jobs in engineering, operations, and manufacturing**, ensuring communities directly benefit from the clean energy industry.

Image source: © EDF Energy

5. Modernising planning and infrastructure

Scotland's planning and infrastructure systems must evolve to meet the scale and urgency of climate and energy security challenges. Slow, inconsistent processes and constrained grid capacity are delaying clean energy and infrastructure projects and weakening investor confidence.

With some reforms underway by the UK Government, Scotland must also move decisively to ensure it remains an attractive place to invest. Greater consistency between devolved planning regimes would help avoid fragmentation and support a UK-wide approach to growth in the clean energy sector.

The Scottish Government must urge the UK Government to move faster on expanding transmission capacity and empower the energy regulator Ofgem to enable anticipatory grid investment.

The ambition in Scotland has always been to deliver its offshore wind and renewable energy targets, and this has often been backed by a planning system that aims to facilitate this. However, building a planning and regulatory system that supports these ambitious targets whilst also ensuring environmental protections and community support is never without challenge.

Scotland must move decisively to ensure it remains an attractive place to invest.

To manage these interests, and deliver a system which meets community needs whilst also delivering cheap, low-carbon energy, the Scottish Government should:

Invest in local planning capacity, with dedicated teams for low-carbon infrastructure and digital tools to speed up delivery, as well as ministerial engagement based on the scale of investment as opposed to technology precedent. A new government must actively encourage a new generation of planners into the market.

Following the UK Planning and Infrastructure Act 2025 passing into law, develop the essential devolved secondary legislation at pace to implement the full suite of reforms.

Deliver all Energy Consents Unit determinations within 12 months of submission.

Work with the UK Government to reform land acquisition and rights for new and existing infrastructure consented under the Electricity Act 1989.

Work with the UK Government to align infrastructure planning and ensure cross-border projects are prioritised and supported.

If the Scottish Government does this, the energy industry can:

Deliver projects which work with communities, offering benefits and systems that are best tailored to their needs.

Work in genuine partnership with communities, ensuring local benefits such as jobs, investment, and improved services.

Bring forward major private investment into renewable generation, grid upgrades, and low-carbon infrastructure with greater confidence and certainty.

Support a new generation of planners and technical specialists, strengthening local capacity and skills across Scotland.

Build a planning and delivery system that is faster, more transparent, and better able to balance community, environmental, and economic priorities.

Image source: © Equinor

Energy UK

The voice of the energy industry

Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.

From growing start-ups to major electricity generators, grid and infrastructure developers and energy suppliers, our members are driving change across power, heat, transport and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders.

We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

For more information, please contact our Senior Public Affairs Manager, Shauna Dubler at shauna.dubler@energy-uk.org.uk.