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Dear Gillian

Thank you for your letter of 23 May regarding the carbon impact of infrastructure investment and natural capital considerations. I am pleased the Committee has had the opportunity to hear from Ian Russell directly and I welcome this opportunity to provide the Committee with further information about the importance of low carbon considerations in the Scottish Government's priorities for infrastructure investment.

I would like to reassure the Committee that the Scottish Government is firmly committed to meeting our ambitious climate change targets and to support this, we have already committed significant funding for low carbon initiatives in the 2019-2020 budget.

We previously shared the analysis of the entire capital budget with the Committee which shows that the direction of travel of low carbon infrastructure spend is positive - we have increased our spend on low carbon projects from 21% in 2017- 2018 to 32% in the 2019-2020 budget. We have also committed to a year-on-year increase in the spend on low carbon infrastructure projects until the end of this Parliament.

In addition, as referred to in your letter, a new independent Infrastructure Commission has been established to provide long-term strategic advice on national infrastructure priorities. Their advice is due at the end of 2019. This advice will be based on evidence and learning from good practice to align investment with long term inclusive economic growth and low carbon objectives.

The Commission is operationally independent of the Scottish Government, however, the overarching objectives I gave the Commission include managing the transition to a more resource efficient, lower carbon economy. I also wrote to the Commission on 03 May¹ in order to update them on the Committee on Climate Change's recommendations and the Scottish Government's response to those. In that letter I emphasized the importance of these

¹ <https://www.gov.scot/publications/infrastructure-commission-call-for-evidence-scottish-government-response-may-2019/>

developments for the Commission as it considers its advice to me, alongside other important Scottish Government projects and publications– including Natural Capital Accounts.

Protecting and enhancing our stocks of natural capital is recognised as a priority in the National Performance Framework and Scotland’s Economic Strategy – as well as being relevant to delivery of the UN Sustainable Development Goals – which are all important frameworks for guiding the development of the next Infrastructure Investment Plan.

The Scottish Government will publish a new Infrastructure Investment Plan and Capital Spending Review by mid-2020. These will be informed by the Commission’s advice and will reflect this Government’s commitment to delivering infrastructure projects which support our transition to a net zero emissions economy by 2045.

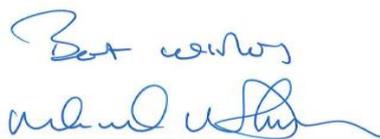
The Committee also asked about carbon capture and storage. The Scottish Government has long advocated that the UK Government recognise the value of the cost-reduction opportunity to be gained from the re-purposing of pipeline infrastructure in the central North Sea in a future Carbon Capture Utilisations and Storage (CCUS) system.

One of the work streams commenced since the publication of the UK Government’s 2018 *CCUS Deployment Pathway: Action Plan*, includes identifying oil and gas infrastructure that has the potential for re-use to support the development of CCUS in the UK. I can reassure the Committee that the Scottish Government and the Crown Estate Scotland are engaging closely with the Department for Business, Energy & Industry Strategy and the Oil and Gas Authority on this work. Indeed, the Cabinet Secretary for Environment, Climate Change and Land Reform wrote to the UK Government on 02 May to urge UK Government to accelerate the deployment of fully operational carbon capture utilisation and storage facilities.

The Scottish Government also supports the Acorn CCS Project based in St. Fergus which is an example of a standalone industrial CCS project to engineer a viable full-chain CCS project to initiate CCS in the UK. The project relies on the repurposing of existing offshore pipeline infrastructure and it is estimated that the repurposing of the existing pipelines required by their project will save upwards of £100 million on the capital cost of the project.

Finally, the Committee also raised the draft clauses on future environmental principles and governance that the UK Government has published. The proposed Office for Environmental Protection (OEP) would, under the published clauses, have a remit that extended to Scotland with respect to the implementation of environmental law that was not devolved. Given the general devolution of environment policy, it is not clear what application this could have in practice. For further detail on this subject, I would refer the Committee to the Cabinet Secretary for Environment, Climate Change and Land Reform.

I trust this information is useful and helps inform the Committee’s consideration of the carbon impact of infrastructure investment.



MICHAEL MATHESON

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