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Scotland's Energy Future

A Short Manifesto for Affordable, Secure and Clean Power

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Executive Summary

Scotland is one of the most energy rich countries in Europe, and as an independent country will have both the opportunity and the responsibility to govern these resources in the national interest. We possess abundant renewable resources — wind, tidal, hydro and solar — alongside deep expertise built over decades in energy engineering, project delivery and regulation. Yet households and businesses in Scotland face some of the highest electricity costs in Europe, rising fuel poverty, and a system that does not work in our interests.

This manifesto sets out a credible and realistic pathway to change in the context of Scotland assuming full responsibility for energy policy as an independent state. It does not rely on wholesale nationalisation or the dismantling of existing infrastructure. Instead, it focuses on governance: who regulates the energy system, whose priorities shape it, and who ultimately benefits from Scotland's resources.

Our central proposal is the creation of a Scottish Energy Act, to be enacted by an independent Scottish Parliament, establishing an independent Scottish Energy and Network Regulator with a clear mandate to deliver:

- Affordable energy for households and industry
- A secure and resilient energy system
- A just transition that delivers lasting economic value
- Decarbonisation at an affordable rate

This is the foundation for an energy system that works for the people of Scotland.

1.0 Scotland's Energy Paradox

Scotland's economy has long been shaped by its natural resources — from coal and steel to oil, gas and renewables. Too often, however, these resources have been extracted under governance arrangements that delivered limited long-term benefit to the people of Scotland.

Nowhere is this clearer than in energy. Scotland generates far more electricity than it consumes and it is central to the UK's decarbonisation ambitions. Yet Scottish consumers face disproportionately high standing charges and energy bills, worsening fuel poverty in a country with colder winters and older housing stock. This is not a failure of technology or ambition. It is a failure of market design and regulation.

Energy policy and regulation remain largely reserved to Westminster under the Scotland Act (1998) — a constraint that independence would remove, allowing Scotland to align energy governance with national priorities. The UK energy market — designed during the 1990s 'dash for gas' — prices electricity based on the most expensive marginal generator, typically gas-fired power stations. This system fails to reflect Scotland's abundance of low-cost renewable generation.

The result is an inefficient market that rewards incumbency, exposes consumers to global gas price shocks, and prevents Scotland from realising the full value of its energy resources.

2.0 Why the Current System Fails Scotland

The UK energy regulator, Ofgem, is accountable to the UK Parliament and Secretary of State. Its remit is necessarily UK-wide, and it has shown limited willingness to pursue fundamental reform of market structures that disadvantage energy-rich regions.

The energy price spike following Russia's invasion of Ukraine exposed these weaknesses. While households faced unprecedented bill increases, large vertically-integrated energy companies recorded substantial profits. Measures such as the energy price cap treated symptoms rather than causes.

For Scotland, the consequences are stark:

- High electricity prices despite surplus generation
- Standing charges that disproportionately penalise rural and northern consumers
- Limited support for community energy
- Weak incentives for energy-intensive green industries to locate in Scotland

Many countries have begun reforming electricity markets, including the adoption of zonal or regional pricing models. Whether such models are appropriate for Scotland remains a matter for detailed assessment. What is beyond doubt is that Scotland needs regulatory capacity focused on Scottish priorities.

3.0 The Energy Quadrilemma

Scotland's energy policy must address four interconnected challenges — the Energy Quadrilemma:

Affordability: Ensuring energy prices are fair and reduce fuel poverty.

Security of Supply: Maintaining system resilience and reliability.

Economic Opportunity: Using energy to drive sustainable growth and jobs.

Decarbonisation: Reducing emissions to meet climate obligations.

Meeting these challenges requires coordinated planning across generation, storage, networks, pricing and demand. Fragmented governance and misaligned incentives make this impossible.

A Scottish Energy Act, enacted by an independent Scottish Parliament, would provide the framework for integrated decision making, enabling Scotland to balance these objectives in the national interest.

4.0 A Vision for Scotland's Energy System

Scotland can be among the first countries to operate a fully decarbonised, secure and affordable energy system. Our vision is based on diversity, resilience and local benefit.

4.1 Generation

- Whilst existing nuclear generation has played an important role in security of supply and reducing emissions in the past, Scotland's focus is now on utilising its huge renewable resources, and, combined with long-duration energy storage providing a robust alternative, without the long development timescales, high costs and long-term waste management obligations of new nuclear build.
- Continued expansion of offshore wind where grid connection is available and power export is in the interests of the Scottish people.
- A nuanced approach to onshore wind development to allow for concerns over transmission lines and wind farm proliferation to be heard and acted upon.
- Growth of tidal and marine energy as a strategic advantage.
- Support for community-owned and locally controlled generation.
- Large-scale and domestic solar deployment to enhance energy diversity at low cost.

4.2 Storage and System Stability

- Large-scale deployment of Long Duration Energy Storage (LDES), including pumped hydro, and batteries.
- Strategic hydrogen production and storage to complement renewables.
- Continued use of gas-fired CCGTs and peakers for grid stability and security.

4.3 Networks and Local Energy

- Investment in transmission and distribution networks aligned with Scottish priorities
- Growth of district heating (heat pumps and hydrogen)
- Expansion of micro-grids and local energy systems to reduce strain on national infrastructure

4.4 Markets and Pricing

- A regulatory framework that prioritises affordability and economic growth
- Fair tariffs for energy flowing into and out of Scotland to support infrastructure investment
- Carbon pricing aligned with European neighbours.

4.5 Industry and Skills

- Cheaper energy prices that attract energy-intensive green industries
- Development of supply-chain manufacturing and services through a coherent Industrial Strategy.
- Strengthening Scotland's engineering, project management and professional services base.
- Continued leadership from universities and research institutions

5.0 Community Energy and a Just Transition

Community energy must be at the heart of Scotland's energy future. Local ownership and participation increase public support, retain economic value, and reduce inequality.

The Scottish Government should provide targeted technical, planning and financial support to enable communities and local authorities to develop viable projects.

Community energy hubs can:

- Deliver cheaper local energy.
- Generate revenue for reinvestment.
- Support skills and employment.

A just transition also requires active support for workers and regions currently dependent on oil, gas and petrochemicals. Hydrogen production, carbon capture and storage, and renewable supply chains offer pathways for redeployment of skills — but only if markets and infrastructure are developed in parallel.

6. Strategic Action: A Scottish Energy Act

The cornerstone of this manifesto is the enactment of a Scottish Energy Act, following the restoration of full legislative competence over energy in an independent Scotland.

This Act would establish an Independent Energy and Network Regulator for Scotland, responsible for:

- Advising the Scottish Government on energy strategy.
- Licensing and oversight of market participants operating in Scotland.
- Ensuring affordability, security of supply and decarbonisation.
- Supporting community energy and industrial strategy

This approach is pragmatic and credible. It does not require immediate ownership of physical assets or disruption to energy flows. Existing infrastructure, contracts and trading systems would continue to operate. What changes is who sets the rules and priorities. Independence enables this shift in governance while preserving continuity and stability.

Replacing a market model that has evolved over 35 years cannot happen overnight. But governance can change first — and governance determines outcomes.

7.0 Conclusion: Powering Scotland's Future

Energy will remain central to Scotland's economic and constitutional future, particularly as an independent country seeking to use its natural advantages to improve living standards. Done right, it can eliminate fuel poverty, attract local and global investment, and support a thriving, decarbonised economy.

A Scottish Energy Act and an independent regulator focused on Scotland's needs represent a credible first step. They offer a practical route to reform that is desirable, achievable and grounded in continuity.

The prize is clear: a Scotland powered by clean, secure and affordable energy — where communities benefit, industry thrives, and our natural resources finally serve the people of Scotland under democratic control exercised in Scotland itself.

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Short Summary for Media and Stakeholders

Scotland's Energy Future

Affordable • Secure • Locally Beneficial

Scotland is one of the most energy-rich countries in Europe, with abundant renewable resources and deep expertise in energy engineering, project delivery and regulation. Yet households and businesses face some of the highest electricity prices in Europe, rising fuel poverty, and an energy system that does not work in Scotland's interests.

As an independent country, Scotland has the opportunity — and the responsibility — to govern its energy system in the national interest. This manifesto sets out a credible, practical plan to do exactly that, without wholesale nationalisation or disruption to energy supply.

The Problem

- Scotland generates more electricity than it consumes, yet consumers pay disproportionately high prices.
- Standing charges penalise rural and northern communities.
- The UK energy market prices electricity based on gas, even when power is generated cheaply from renewables.
- Energy regulation is controlled from Westminster, with limited focus on Scotland's specific needs as an energy-rich nation.

- This is not a failure of resources, technology or ambition. It is a failure of governance.

The Solution

The central proposal is a Scottish Energy Act, introduced by an independent Scottish Parliament, establishing an independent Scottish Energy and Network Regulator.

The regulator's statutory priorities would be:

- Cheaper energy for households and industry
- Security of supply and system resilience
- Economic opportunity and local benefit
- Decarbonisation at an affordable, realistic pace

Crucially, this reform does **not** require wholesale nationalisation. Existing infrastructure, contracts and trading systems would remain in place. What changes is who sets the rules, priorities and incentives.

What This Delivers

- Lower and fairer energy prices in an energy-rich country
- Reduced fuel poverty
- Stronger incentives for energy-intensive and green industries to locate in Scotland
- Growth in community energy and local ownership
- A secure and resilient energy system during the transition
- A just transition that protects existing jobs and creates new ones

The Prize

A Scotland powered by clean, secure and affordable energy — where communities benefit, industry thrives, and Scotland's natural resources are governed democratically in the interests of the people who live here.

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What Changes in the First 100 Days

The first 100 days of an independent Scottish government are about **control, confidence and momentum** — not ripping up the system.

1.0 Legislation and Governance

- Publish and introduce the Scottish Energy Bill.
- Set the statutory objectives of the new regulator:

1. Affordability
2. Security of supply
3. Economic benefit to Scotland
4. Decarbonisation within those constraints

- Begin the formal transition of regulatory responsibilities to Scottish institutions.

2.0 Interim Energy Price and Security Review

- Launch an immediate review of:
    - Standing charges in Scotland
    - Network charging and constraint costs
    - Barriers to cheaper local and regional power
- Publish clear options for short-term price relief and medium-term market reform.

3.0 Community Energy Acceleration

- Establish a **Community Energy Delivery Unit**.
- Prioritise projects that deliver local price benefits, not just generation capacity.
- Provide targeted technical, planning and financial support to unblock stalled projects.

4.0 System Security and Stability

- Confirm the continued role of gas-fired CCGTs and peakers during the transition.
- Accelerate decisions on Long Duration Energy Storage (LDES), particularly large pumped hydro.
- Align grid investment priorities with Scottish demand, geography and generation patterns.

5.0 Industrial and Investment Signal

- Issue a clear statement that Scotland will use cheaper, secure energy to:
  - Attract energy-intensive industries
  - Grow domestic supply-chain manufacturing
  - Strengthen engineering, project delivery and professional services
- Begin structured engagement with investors on pricing, tariffs and long-term certainty.

6.0 Transparency and Public Trust

- Publish a plain-English explanation of how the energy system works — and why reform matters.
- Commit to regular public reporting on prices, security of supply and progress.

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Technical Appendix

Supporting Detail and Context

This Technical Appendix provides additional background and clarification to support the policy positions set out in the manifesto. It is intended for policymakers, regulators, industry stakeholders and analysts.

A. Electricity Market Design and Pricing

The current GB electricity market operates on a marginal pricing model, under which all generators are paid the price of the most expensive unit required to meet demand in a given settlement period. In practice, this is frequently gas-fired generation, even when the majority of electricity is produced from lower-cost renewables.

For Scotland, an energy-exporting country with high renewable penetration, this creates a structural mismatch between generation costs and consumer prices. While alternative models such as zonal or nodal pricing may offer potential efficiency gains, they also raise complex distributional, investment and system-operation issues. Any reform should therefore be evidence-led and phased, with affordability and security of supply as the primary objectives.

B. Network Charging and Constraints

Transmission and distribution charging currently reflects historic GB-wide methodologies that can disadvantage peripheral and exporting regions. Constraint costs, arising from network bottlenecks between Scotland and English centres of demand, are ultimately socialised across consumers.

An independent Scottish Energy and Network Regulator would have the capacity to:

- Assess alternative charging structures aligned with Scottish geography and generation patterns
- Prioritise strategic network reinforcement where it reduces long-term system costs
- Ensure fair treatment of consumers and generators during any transition

C. Security of Supply and System Adequacy

As renewable penetration increases, system adequacy depends not only on installed capacity but on flexibility, inertia and dispatchability. Scotland's system will continue to require:

- Flexible thermal generation (CCGTs and peakers) during the transition period
- Long Duration Energy Storage (LDES), including pumped hydro, and batteries.
- Demand-side response and smart system management

Security of supply assessments should be conducted on a Scotland-wide basis, while maintaining operational coordination with neighbouring systems.

D. Long Duration Energy Storage (LDES)

LDES is critical to balancing a high-renewables system. Scotland has a comparative advantage in pumped hydro storage, with multiple consented or near-consented projects representing several gigawatts of potential capacity.

Key barriers to deployment include revenue certainty and market access. Regulatory mechanisms such as cap-and-floor models, availability payments or contracts for system services should be evaluated to unlock private investment while protecting consumers.

E. Hydrogen and Gas Transition

Hydrogen can play a complementary role in system balancing, industrial decarbonisation and energy storage. Strategic hydrogen production and storage should be developed where it supports security of supply and economic value, rather than as a blanket substitute for electrification.

Gas-fired generation will remain necessary during the transition. Policy should focus on:

- Ensuring continued availability of dispatchable capacity
- Supporting pathways to hydrogen conversion or carbon abatement
- Avoiding premature closure that would undermine system resilience

F. Community Energy and Local Systems

Community and locally controlled energy projects can deliver social and economic benefits but face disproportionate barriers in planning, grid access and financing. Targeted intervention should focus on:

- Simplified licensing and grid-connection processes
- Access to patient capital and technical expertise
- Enabling local supply and pricing models where feasible

G. Industrial Energy Demand

Energy-intensive industries require long-term price certainty, reliability and access to infrastructure. Competitive energy pricing, combined with strategic planning, can support sectors such as green hydrogen, advanced manufacturing, data centres and sustainable chemicals.

An integrated approach linking generation, networks and industrial policy is essential to maximise economic return from Scotland's energy resources.

H. Regulatory Transition and Continuity

The transition to a Scottish Energy and Network Regulator should prioritise continuity and system stability. Key principles include:

- Phased transfer of responsibilities
- Recognition of existing licences and contracts
- Continued cooperation with neighbouring regulators and system operators

- Clear communication with market participants

Governance reform is the enabling step. Technical reform follows from institutional capacity and strategic clarity.