



HIGHLAND ENERGY REBATE

IN BRIEF

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1. Foreword



I am delighted to present this brief report, marking the beginning of an important dialogue on the Highland Energy Rebate.

This initiative seeks to address the high energy costs faced by residents in the Highlands and Islands. It's a crucial step towards equitable energy pricing, especially given our region's significant contribution to the UK's renewable energy.

This report is the start of a conversation on how we can collaboratively develop and deliver the Highland Energy Rebate. We invite the UK Government, local stakeholders, and energy companies to join us in this endeavour, aiming for a solution that benefits our communities and aligns with our national energy goals.

Drew Hendry
Member of Parliament
for Inverness, Nairn, Badenoch & Strathspey

The Highlands and Islands of Scotland produce far more clean, renewable energy than we can ever use. That energy heats and keeps the lights on in millions of homes across the United Kingdom.

Despite producing that energy, when we come to use it, we face some of the highest standing charges and the highest unit price in the UK, and we have the highest fuel poverty rates anywhere in the UK. Unfortunately, it's only the UK government who have the power to change that, and that's why we have launched the campaign for a Highland Energy Rebate for residents of the Highlands and Islands. It's high time we benefited from the energy we produce.

Brendan O'Hara
Member of Parliament for Argyll & Bute



2. Executive Summary

Introduction

The Highland Energy Rebate campaign is advocating for a rebate scheme for residents in the Highlands & Islands who contribute significantly to the UK's renewable energy production. It targets the imbalance in energy costs, particularly for those in off-grid areas who cannot access cheaper energy alternatives.

Why It Matters:

The Highland & Islands region is pivotal in generating renewable energy for the UK but faces higher energy costs due to transmission and distribution charges. This campaign addresses the unfair economic burden on these communities, aligning with broader national goals of fair energy distribution and sustainability.

What the Proposal Is:

Introduce a rebate scheme similar to the Chancellor's proposal to compensate those living near energy infrastructure, such as new pylons, as part of electricity grid expansion. This scheme would offer financial rebates to Highland and Islands residents, offsetting the higher per-unit costs of electricity they currently face.

3. Campaign Overview

Aims & Objectives

- Secure a commitment from the UK government to implement a fair energy pricing and rebate scheme for Highland & Islands residents.
- Increase awareness and understanding among Highland & Islands residents of the inequity at play under the current energy regime and Westminster.
- Foster a sense of community involvement and empowerment in addressing a universal issue in the region. e.g. All Highland and Islands residents pay more per unit.

4. Implementation

Introducing the Scheme:

The UK Government could allocate funds or implement policy changes to support this rebate scheme in the same way it intends to implement funds for those living near pylons.

This should involve modifying existing energy policies to include provisions for regions contributing significantly to renewable energy, with the Highland region being the pilot area for the scheme.

How This Could Be Implemented:

The scheme could be administered through local councils or energy providers based on existing local authority boundaries where power generation is significantly above local usage. Eligibility criteria would be established, and rebates could be applied in the form of a percentage reduction directly to energy bills or through annual payments.

The Impact on Highland Communities:

The initiative would alleviate the financial strain of high energy costs, reduce fuel poverty, and promote economic equity in the Highlands & Islands. It would acknowledge the region's contribution to renewable energy and support sustainable living.

5. STAKEHOLDER ENGAGEMENT



Stakeholders

To effectively establish the Highland Energy Rebate scheme, it's crucial to evaluate every element of the proposal rigorously. This requires more than just involvement from stakeholders; it necessitates true collaboration and partnership. A central aspect of our strategy is appreciating and utilising each stakeholder's varied perspectives and expertise. This collaborative approach ensures that the scheme is robust and comprehensive and aligns with and addresses the needs of all involved, leading to a more effective and equitable solution.

Key Stakeholders Include:

- UK Government
- Scottish Government
- Highlands & Islands Enterprise
- Local Authorities in the region
- Local Media
- Residents of the Highlands and Islands
- Ofgem
- Energy Experts and Organisations
- Renewables Sector
- Utility Companies
- Academic Experts
- Community Leaders
- Highland Politicians
- Consumer Advocacy Groups
- Environmental NGOs
- Business Associations
- Fuel Poverty Working Groups
- Housing Associations

*includes but is not limited to.

6. BENEFITS ANALYSIS



Scheme Benefits

UK Government

Alignment with Net Zero Targets: Supports the government's commitment to renewable energy and sustainability and is in line with the commitment made by the Chancellor on new pylon infrastructure.

Reduced Fuel Poverty: Contributes to the reduction of fuel poverty, a key social issue in the UK, which should be a greater priority for the UK Government.

Economic Stability: Promotes economic stability in the Highlands & Islands, which has been significantly impacted by Brexit and the end of freedom of movement.

Levelling Up Agenda: Opportunity for the UK Government to demonstrate its willingness to address regional disparities and commitment to equitable policies.

Policy Model Development: Provides a model for addressing similar issues in other regions, easing resistance to schemes enhancing the overall energy policy framework.



Scheme Benefits

Highlands & Islands Residents

Reduced Energy Costs: Direct financial relief from the high costs of energy.

Improved Quality of Life: Reduction in energy costs can improve overall living standards and reduce stress associated with high utility bills.

Increased Energy Consumption Awareness: The campaign and associated measures may increase awareness and education regarding energy use and sustainability.

Community Empowerment: The feeling of being heard and supported by the government can empower the community.

Economic Boost: Additional disposable income due to lower energy bills can positively impact the local economy.

Supporting Evidence:

People in the Highlands experience the highest mainland level of fuel poverty in Scotland. Argument: Currently, they don't benefit in terms of personal fuel security from being the largest renewable energy producer by Local Authority in Scotland. [[LINK](#)]

The 'Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments' first drawn up in 2014, provides for voluntary community benefits from renewable projects so there is no requirement for community benefit schemes as a rule. [[LINK](#)]



Scheme Benefits

Energy Companies

Positive Corporate Image: Participation in the scheme can improve the energy companies' public image as socially responsible.

Higher Likelihood of Infrastructure Development Buy-In: Scheme offers a direct and universal benefit to communities

Contribution to Sustainability Goals: Aligns with broader corporate sustainability and social responsibility goals.

Potential for Government Incentives: Participation in such a scheme might make the companies eligible for certain government incentives or benefits.

Supporting Evidence:

78% of those surveyed in spring 2023 said they supported the use of onshore wind in the UK. However, less than half (43%) of those surveyed said they would support development in their local area'.[\[LINK\]](#)

A study from Germany showed that people are statistically significantly more likely to support wind energy projects as a result of direct financial benefits.
[\[LINK\]](#)



7. ADDRESSING OBJECTIONS



Addressing Potential Objections

High costs of implementation

Investing in this scheme aligns with Net Zero goals and can lead to long-term economic and environmental benefits.

If the Chancellor can make a financial commitment of this type to residents living near new pylons, then why not this, too? People living in a region of excellence for renewables are paying more for energy than anywhere else in the UK and have some of the highest rates of fuel poverty, so a rebate in energy will support the local economy, reducing inequity and supporting route to Net Zero.

Complexity in administering the scheme.

Collaborating with local authorities and energy providers can streamline administration, leveraging existing billing systems. Again, if it can be done for new pylons, then how does the Chancellor intend to administer this?

The scheme might set a precedent for other regions.

This initiative can serve as a model for equitable energy policies in other renewable energy-producing areas, strengthening the overall energy policy framework in the UK, and contributing to Net Zero targets.

Addressing Potential Objections

Money better spent targeted at households most in need.

This doesn't account for the direct impact of renewable projects on individual households.

The longevity of the scheme.

Whatever the future holds for energy production, there is equity that needs to be balanced in the Highlands, and the scheme should act as a blueprint for other regions.

Such a scheme could lead to market distortion/disruption.

If the Chancellor thinks it's a good idea for new infrastructure around pylons and workable for that, then why not for residents of the Highlands and Islands?

Addressing Objections

Community Benefit Funds from Operators

Scale and Scope of Benefits:

Community benefit funds typically have specific uses and may not directly alleviate the high energy costs faced by individual households. The proposed rebate scheme can fill this gap by providing direct financial relief to residents affected by high energy costs.

Wider Reach and Fairness:

Community funds often support specific projects or community initiatives, which may not equally benefit all residents. The rebate scheme is designed to offer a more equitable distribution of benefits by directly reducing energy bills for all eligible residents, ensuring that everyone shares in the advantages of local renewable energy production.

Addressing Specific Challenges:

The rebate scheme is specifically tailored to address the unique challenges faced in the Highlands & Islands, such as higher transmission and distribution costs and the prevalence of off-grid areas.

Creating Comprehensive Community Support:

Combining community benefit funds with the rebate scheme creates a more comprehensive support system for communities hosting renewable energy infrastructure. This holistic approach can lead to greater community satisfaction and acceptance.

Encouraging Renewable Energy Development:

By supplementing community benefit funds with the rebate scheme, the government and energy companies can foster a more favourable environment for future renewable energy projects, potentially easing the path for new developments.

8. SECTOR IN BRIEF



Sector in Brief

Summary

The figures detailed below provide a picture of the relationship the Highlands and Islands region has with the renewables sector and, in turn, our collective ambition to reach Net Zero. These are the figures readily available and naturally will have grown since, given the growth of the sector in the region.

- In 2021, Scotland exported 33% of its total electricity generation, both renewable and not, in net transfers to the rest of the UK. [[LINK](#)]
- Renewables met just over 97% of Scotland's domestic electricity demand in 2020. [[LINK](#)]
- In 2020, 70% of Scotland's installed renewables capacity was onshore wind. [[LINK](#)]
- "The Highlands and Islands contributed almost 40% of Scotland's installed renewable electricity capacity in 2020," said Elain MacRae, Head of Energy Strategy at Highlands and Islands Enterprise. [[LINK](#)]
- Of 373 regional areas, Highland produces the most renewable energy through wind and hydro, with Argyll and Bute close behind. [[LINK](#)]
- The population of the Highland Council area comprises only 0.36% of the UK total; this area provides 5.5% of the 49.7Gw UK installed capacity for renewables'. [[LINK](#)]
- Highland has the highest proportion of properties off gas grid in mainland Scotland at 61% and the highest median annual energy consumption in mainland Scotland over 3000 kWh. [[LINK](#)]

9. Next Steps

In conclusion, this report sets out our commitment to addressing the energy cost imbalance in the Highlands & Islands through the proposed Highland Energy Rebate.

Our aim is to build a collaborative framework with key stakeholders, refine our proposal through ongoing dialogue, and ensure alignment with regional and Net Zero targets.

We seek active government support to turn this concept into an actionable policy, leading to a fairer energy landscape and to develop a scheme that can be replicated in other regions.

The next phase involves rigorous stakeholder engagement, policy development, and advocacy, with a focus on delivering an effective and equitable solution for our communities.

Highland residents can add their support to the campaign [here](#).

Stakeholders are invited to share their thoughts [here](#).

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