**Consultation on implementing an exemption for Energy Intensive Industries from the indirect costs of the Renewables Obligation Scotland**

**Introduction**

1. The purpose of this consultation was to gather views from interested parties on proposals to transition to an exemption for Energy Intensive Industries (EIIs) as a consequence of the UK Government’s proposals, as they relate to the Renewables Obligation (RO) Scotland.
2. The consultation paper proposed to follow the same approach as the Department for Energy and Climate Change (DECC) by introducing identical provisions and requirements as in England and Wales, in order to ensure that EIIs operating fully, or in part, within Scotland can benefit from the proposed GB-wide exemption.

**The Consultation**

1. The consultation was published online and ran between 19 May and 26 June 2016, inviting comments on the following key issue:
* We would like to hear and receive the views of consultees on the decisions in relation to implementing the exemption for EIIs as a consequence of the UK Government’s proposals, as they relate to the RO Scotland.

**Responses**

1. A total of 20 responses were received, as listed at **Annex A.** Nineteen responses came from organisations and one from an individual.
2. Sixteen respondents gave permission for their response to be made public. Published responses are available at the Scottish Government’s consultation website at <https://consult.scotland.gov.uk/energy-markets/renewables-obligation-exemptions/consult_view>

**Overall Findings**

1. Many respondents indicated support for the proposal to transition to an exemption scheme in the same manner as DECC. However, some respondents disagreed with this. A summary of responses to the key issue can be found at **Annex B**.

**Next Steps**

1. We would like to thank all respondents for taking the time to reply to this consultation. We will publish a Scottish Government response in due course.

Scottish Government

Energy Division

14 July 2016

**ANNEX A**

**List of Consultation Respondents**

**Organisations**

British Ceramic Confederation

British Glass Manufacturers Confederation

Confederation of Paper Industries

EDF Energy

Energy Intensive Users Group

Haven Power Ltd

Mineral Products Association

Scottish Power

SSE

The Scotch Whisky Association

*(plus nine anonymous responses)*

**Individuals**

Anthony Buxton

**ANNEX B**

**Summary of questions and analysis of responses**

**1. We would like to hear and receive the views of consultees on the decisions in relation to implementing the exemption for EIIs as a consequence of the UK Government’s proposals, as they relate to the RO Scotland.**

Ten respondents indicated that they were in favour of transitioning to an exemption scheme, with most noting that it will provide energy intensive businesses with greater certainty of support in future as well as providing quicker and more accurate support.

Five respondents stated that they opposed the transition to an exemption scheme, with reasons including the increased costs to non-eligible EIIs and the impact on fuel poor households.

Five stakeholders did not comment on the consultation key issue but rather raised related issues.

It should be noted that four stakeholders who did not express support for the transition did so in acknowledgement that it was likely to be adopted by the UK Government. Should UK Government implement an exemption scheme, thirteen respondents argued that Scottish Government should do so uniformly. Many respondents argued that this would allow for the scheme to work as simply as possible throughout GB.

Only one party disagreed with this notion, stating that, in the event of any delay to the UK Government’s implementation, Scottish Government should implement the exemption at 1 April 2017 or as soon as possible thereafter.

In the course of their responses, stakeholders discussed a number of related issues. These included assessments of the impact on non-eligible EIIs, the proposal not to regulate suppliers to pass on the benefit of the exemption and the impact of additional costs to households, particularly those in fuel poverty.