

ANNEX A

REASONS FOR NOT PROVIDING INFORMATION

An exception applies, subject to the public interest test.

An exception under regulation 10(4)(e) of the EIRs applies to some of the information you have requested. This is because the information comprises of internal exchanges within the Scottish Government and between Scottish Government officials and members of the Panel, in their capacity as Panel members.

This exception is subject to the public interest test. The content of some internal communications has been provided in Annex B. However, the exception has been applied to communications relevant to the formulation and development of Scottish Government policy or which relay free and frank exchange of views or provision of advice intended to inform decision-making. In those instances we have found that, on balance, the public interest lies in favour of upholding the exception. We recognise that there is some public interest in release as part of open, transparent and accountable government, and to inform public debate, particularly as the Investor Panel's recommendations advise significant responses and changes from the Scottish Government in how it attracts private capital, which will be essential for delivering on our ambitious National Strategy for Economic Transformation and achieving net zero by 2045.

However, there is a greater public interest in high quality policy and decision-making, and in the properly considered implementation and development of policies and decisions. This means that Ministers, officials and Panel members need to be able to consider all available options and to debate those rigorously, to fully understand their possible implications. Their candour in doing so will be affected by their assessment of whether the discussions on the work of the Investor Panel will be disclosed in the near future, when it may undermine or constrain the Government's view on the issues while it is still under discussion and development.

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ANNEX B

RELEVANT EXTRACTS FROM BRIEFINGS AND NOTES MENTIONING SECTOR DEEP DIVE

- **Briefing from officials to the First Minister on the Inaugural Investor Panel Meeting 12 December 2022**

(Name redacted) will open a discussion on what sectors, themes and opportunities the Panel should focus on. A shortlist has been drafted in consultation with the Co-chair, SpAds and Ministers. The shortlist includes:

- Heat
- Transport
- Hydrogen
- ScotWind,
- Low carbon buildings
- Nature-based solutions

- **Note from official to First Minister providing an Investor Panel Progress update - 13 March 2023**

Working Group 3: Lead (Name redacted) – Consider how Scotland might attract more internationally mobile capital to sectors with growth potential. The three sectors agreed for analysis are: ScotWind, Hydrogen and Heat in buildings.

- ScotWind is central to developing projects of scale

This Working Group will explore positive international examples around the development of the 3 sectors identified.

Cognisance will be taken of work on the ScotWind leasing process, Hydrogen Action Plan and the Green Heat Finance Taskforce. The Panel also has plans to consult BEIS over the coming weeks to understand the UK's approach.

- **Email from Work Stream 3 sector deep dive lead to the Director of International Trade & Investment on 28 March 2023 to inform Panel discussions.**
- (sent a separate attachment)

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- **Briefing from official to the First Minister to inform discussion between the First Minister and the Investor Panel Co-chair - Introductory Meeting 18 May 2023**

Next Steps

The Panel will provide recommendations in 2 stages by late Summer 2023. Stage 1 – Market Intelligence & Policy Environment and Stage 2 – sectoral deep dive on ScotWind, Hydrogen & Heat in Buildings.

- **Note of a meeting between Cabinet Secretary Wellbeing Economy, Fair Work & Energy and Scottish Government officials to provide an Investor Panel Update 13 June 2023 - Teams Call**

Next Steps

The Panel will provide recommendations in 2 stages by late Summer 2023. Stage 1 – Market Intelligence & Policy Environment and Stage 2 – sectoral deep dive on ScotWind, Hydrogen & Heat in Buildings.

- **Cabinet Secretary Wellbeing Economy Fair Work Energy note to First Minister 24 June – providing a progress update of the work of the Investor Panel**

There will also be further findings and recommendations to consider once the Panel has concluded the next phase of its work drilling down into the specifics of ScotWind, Hydrogen and Heat.

This is an ambitious and challenging agenda which I firmly believe we need to step up to, not least as the competition for capital becomes even more intense globally and other countries seek finance for their own transition to net zero. There are also strong links to our work on ScotWind and how Government can take a financial stake in our transition to net zero and economic success.

- **Note from official to First Minister, Deputy First Minister, Cabinet Secretary Wellbeing Economy, Fair Work and Energy providing an Investor Panel update – Recommendations and Next Steps – 15 September 2023**

Workstream 3 is ongoing and so far, the Panel has:

- undertaken a series of engagements with developers, port owners and supply chain companies across the offshore wind sector;
- considered the draft report from the Green Heat Finance Taskforce and is engaging with investors in heat networks; and
- engaged with relevant officials and enterprise agencies on work underway across these sectors.

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- General feedback at this stage is positive around the SG's approach to ScotWind, however concerns around consenting, grid connections and transmission charges have all been raised.
 - There is emerging feedback related to how SG and its agencies can further support the supply chain including through public sector financial support, plus the role the SG can play in working with the UK Government to address some major barriers to offshore wind deployment.
 - The feedback on hydrogen to date has identified future market opportunity, but the Panel consider investible projects to be medium-to longer term opportunities (compared to the immediate projects in the offshore wind sector)
- **Note from officials to the Cabinet Secretary WEFWE providing a read-out of a meeting between Cabinet Secretary WEFWE and Panel members to provide a progress update - 18 October Meeting**

In conversations with investors, it was obvious that ScotWind is the most significant opportunity of scale on investors radar, hydrogen is perceived to be a developing technology and further work is needed to demonstrate how Scotland might exploit this. Work on heat networks needs to demonstrate a viable profit margin.

(Name redacted) emphasised that the Scottish Government should make representations to the UK Government on grid capacity and connections.

- **Investor Panel FMQ dated 30 November 2023 last modified 6 December**

I believe that by acting on the Panel's recommendations on strategic direction, engagement and delivery and across ScotWind, hydrogen and heat, we can replicate that success in attracting mobile capital at scale to support Scotland's just transition to net zero.

[Redacted]

[Redacted]

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