

JAK/LAM

13 July 2005

Dr Marc Rands
Policy Officer
The Royal Society of Edinburgh
(Issues for Scotland's Energy Supply)

Dear Sir

**The Royal Society of Edinburgh
Issues for Scotland's Energy Supply**

Thank you very much for the invitation to participate in the Royal Society's independent Inquiry issued to my colleague Brian Robertson at our Forres location.

Our Company welcomes the inquiry particularly at a time when all forms of energy appear to be increasing in both an uncontrollable and unsustainable fashion.

Our Company's primary business is the harvesting and sawmilling of trees grown within Scotland and the North of England. Whilst believing that we have been relatively fuel efficient, increases in energy costs in the past eighteen months have been considerable (66% for electricity, 30% for gas and 15% for transport).

We operate on seven sites throughout Scotland in mainly rural locations, providing meaningful employment to some 350 people.

Some eighty per cent of our production is destined for the market in England which means that transport costs are of considerable interest to us. The combination of fuel increases coupled with the consequence of the Working Time Directive continue to make the control of costs difficult.

The conclusion we draw from this is that energy costs are becoming an increasingly important element of our cost structure but more importantly they are a cost over which we have limited control.

In our own sector the generation of energy from biomass is a live topic with a large number of projects under consideration. Unfortunately these projects are presently generating more noise than heat with various obstacles governing the speed at which they can be progressed.

Many of these obstacles have been identified in the report produced for the Forum for Renewable Energy Development in Scotland entitled, "Promoting and Accelerating the Market Penetration of Biomass Technology in Scotland". We would endorse much of the content and recommendations arising from this report and suggest that copies be made available to the committee members.

In addition ConFor, the Confederation of Forest Industries, is in the process of producing a policy document summarising the industry's views and aspirations in the field of energy from biomass. Again I would commend this document to your enquiry. The contact at ConFor is Stuart Goodall : e-mail - stuart.goodall@confor.org.uk

It would appear to us that producing energy from biomass, a technology well established in Scandinavia and Central Europe is less attractive within Scotland. An education process may be required with the general public to ensure that the benefits from burning biomass are not confused with other forestry related matters of no direct relevance to the UK.

In conclusion we believe that this is a very important debate which will hopefully produce some useful guidance to the Scottish Executive. Spiralling energy costs (in all forms) has the potential to severely dent the manufacturing base in Scotland with the resultant impact on employment.

We wish you well with the inquiry and if we can be of further assistance please do not hesitate to contact me.

Yours faithfully

JOHN A KISSOCK OBE
Joint Managing Director

cc T A Bruce-Jones
T R Bruce-Jones
B Robertson
R Thornton
F Wilbur