# Rising costs and planning delays stall Scotland’s flagship Coire Glas hydro project



The ambitious plans for green energy projects in Scotland, particularly the Coire Glas pumped hydro storage facility, have encountered significant headwinds due to rising costs and planning uncertainties. Originally hailed as a cornerstone of the shift towards renewable energy, the Coire Glas project aims to establish the largest pumped hydro scheme in the UK in the past 40 years, with the potential to power up to three million homes for 24 hours. This innovative approach involves using surplus energy from wind farms to pump water into an upper reservoir, which can then be released to generate electricity during peak demand periods.

However, as SSE, the company behind the Coire Glas initiative, has recently signalled a reduction in its overall investment budget by £3 billion, executives have indicated that various projects—including Coire Glas—will face delays. Chief executive Alistair Phillips-Davies noted that many schemes are stalling due to protracted planning processes and financial viability concerns, rendering them less commercially appealing. He expressed frustration at the slow pace of planning consents, particularly concerning the Berwick bank wind farm, which has remained with government ministers for about three years.

Adding to the precarious landscape, Drax has announced that its expansion of the Cruachan facility in Argyll is also on hold, attributed to a significant rise in project costs. This has amplified anxieties over the broader implications for Scotland's green job market, which many had anticipated would see a significant boost from such initiatives. The reality has fallen short; projected job creation has been undermined by the limited workforce requirements of windfarm developments, alongside fears that the ongoing decline in the oil and gas sector could further diminish employment opportunities.

Amid these developments, a report from Robert Gordon University warned that the UK’s oil and gas workforce may see a net loss of approximately 400 jobs every fortnight over the next five years. This stark prediction highlights a pressing need for urgent governmental intervention to secure future job placements for workers displaced from the fossil fuel industry.

Industry leaders are actively lobbying for changes, specifically urging the Chancellor to expedite the repeal of an increased windfall tax imposed on oil and gas companies, which they argue is hindering vital investments necessary for both traditional and green energy development. David Whitehouse, chief executive of Offshore Energies UK, emphasised the critical need for government assurances that would encourage investment across the energy spectrum, from oil and gas to renewables.

In light of these challenges, SSE has clarified that it will only advance with projects like Coire Glas if it secures a remuneration structure that offsets risks associated with investment. As the regulatory body Ofgem considers implementing a cap and floor mechanism designed to stabilise income from hydro storage, SSE is keen to ascertain a viable long-term remuneration framework before proceeding. Similarly, Drax has indicated that it will withhold participation in the upcoming Cap & Floor application process until it assesses the investment viability for the Cruachan expansion.

Meanwhile, SSE's commitment to renewable energy remains strong. While ambitious projects are delayed, the company continues to push ahead with phases of the Dogger Bank windfarm and other strategic developments expected to deliver sustainable returns in the future. SSE asserts that these investments are backed by government agreements that provide some degree of price stability, essential for navigating the fluctuating energy market.

Despite the current setbacks, SSE claims to support over 62,000 jobs across the UK, with a strategic plan to enhance its renewables capacity while also proposing potentially lucrative dividend increases for its shareholders that could reach up to 10% over the next two years. However, households grappling with surging energy bills are likely to scrutinise who ultimately benefits from these investments amid uncertainty in the green jobs landscape.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/), [[2]](https://www.sserenewables.com/news-and-views/2023/03/britain-s-biggest-pumped-hydro-scheme-in-40-years-gets-100m-investment-boost/), [[5]](https://www.nsenergybusiness.com/news/sse-announces-completion-of-key-exploratory-tunnel-for-coire-glas-project/)
* Paragraph 2 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/), [[2]](https://www.sserenewables.com/news-and-views/2023/03/britain-s-biggest-pumped-hydro-scheme-in-40-years-gets-100m-investment-boost/)
* Paragraph 3 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/), [[6]](https://www.nsenergybusiness.com/news/sse-announces-completion-of-key-exploratory-tunnel-for-coire-glas-project/)
* Paragraph 4 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/)
* Paragraph 5 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/), [[4]](https://www.cruachanexpansion.com/unit-3-4-upgrade/)
* Paragraph 6 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/), [[7]](https://www.nsenergybusiness.com/news/sse-announces-completion-of-key-exploratory-tunnel-for-coire-glas-project/)
* Paragraph 7 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/), [[3]](https://www.sserenewables.com/news-and-views/2024/08/milestone-for-sse-s-coire-glas-as-exploratory-tunnel-now-complete/)
* Paragraph 8 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/), [[6]](https://www.nsenergybusiness.com/news/sse-announces-completion-of-key-exploratory-tunnel-for-coire-glas-project/)
* Paragraph 9 – [[1]](https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/)

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## Bibliography

1. <https://www.heraldscotland.com/politics/viewpoint/25206923.hopes-big-green-jobs-boost-highlands-argyll-fade/> - Please view link - unable to able to access data
2. <https://www.sserenewables.com/news-and-views/2023/03/britain-s-biggest-pumped-hydro-scheme-in-40-years-gets-100m-investment-boost/> - In March 2023, SSE Renewables announced a £100 million investment in the Coire Glas pumped hydro storage project in the Scottish Highlands. This initiative aims to create the UK's largest pumped hydro scheme in 40 years, capable of storing 30GWh of electricity, sufficient to power three million homes for up to 24 hours. The project received planning consent from the Scottish Government in 2020, with construction expected to commence in 2026, subject to a positive final investment decision. The investment will fund detailed site investigations, including the construction of a 1.2km exploratory tunnel to assess geological conditions.
3. <https://www.sserenewables.com/news-and-views/2024/08/milestone-for-sse-s-coire-glas-as-exploratory-tunnel-now-complete/> - In August 2024, SSE Renewables completed a 1.2km exploratory tunnel at the Coire Glas project site in the Scottish Highlands. This milestone marks progress towards establishing the UK's first large-scale pumped storage scheme in 40 years. The tunnel provides valuable geological data to inform the project's detailed design. SSE Renewables plans to make a final investment decision by late 2025 or early 2026, with main construction potentially starting in the latter half of 2026, contingent upon securing a favourable cap and floor mechanism.
4. <https://www.cruachanexpansion.com/unit-3-4-upgrade/> - Drax is progressing plans to upgrade units 3 and 4 at Cruachan Power Station. The project will see the generating capacity of the two units each increase from 100MW to 120MW, enlarging the station’s total output to 480MW. This project is separate to Cruachan 2, Drax’s planned new underground pumped hydro power station which would be located adjacent to the existing plant. The work is set to begin in 2026 and would be carried out in tandem with the construction of Cruachan 2.
5. <https://www.nsenergybusiness.com/news/sse-announces-completion-of-key-exploratory-tunnel-for-coire-glas-project/> - In August 2024, SSE Renewables completed a 1.2km exploratory tunnel at the Coire Glas project site in the Scottish Highlands. This milestone marks progress towards establishing the UK's first large-scale pumped storage scheme in 40 years. The tunnel provides valuable geological data to inform the project's detailed design. SSE Renewables plans to make a final investment decision by late 2025 or early 2026, with main construction potentially starting in the latter half of 2026, contingent upon securing a favourable cap and floor mechanism.
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