

Batang Toru Dam & the Just Transition in Scotland

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- The massive privatisation of Scottish renewable wealth is undermining its commitments towards a just transition to net zero carbon emissions.
- One of the beneficiaries of this process, Edinburgh based wind farm developer Red Rock Power Limited, are also connected to the controversial Batang Toru Hydrodam project in Indonesia through their Chinese state owned parent company.
- Connection to this project undermines both Scotland's just transition to net zero and its position as a global leader on the protection of biodiversity.

China's State Development Investment Company (SDIC) owns and operates major wind farms in the UK through its wholly owned subsidiary, Red Rock Power.¹ In 2022, SDIC acquired the controversial Batang Toru Hydrodam project in Northern Sumatra, Indonesia.² Early construction has led to the death of 16 workers and local people in two years.³ The project threatens the remaining 800 Tapanuli orangutans, the world's rarest great ape, and the lives and livelihoods of those that depend on this unique ecosystem.⁴

Following the trail of profits from Scottish renewable wealth to a project mired in controversy - potential ecocide and human rights issues - challenges both Scotland's commitments to a just transition and its position as a global leader for the protection of biodiversity through the Edinburgh Declaration.⁵ It also adds to a growing number of concerns with the Scottish Government's management of the transition to net zero.

The Energy Strategy and Just Transition Plan (currently out for consultation) sets out a roadmap to net zero to ensure affordable and clean energy that delivers maximum benefits for Scotland whilst achieving wider climate and environmental ambitions by 2045.⁶ The government states that the 'just transition' must be undertaken in partnership with those impacted by decarbonisation and tackle inequality and injustice. Whilst this language is used prominently in government messaging, the Just Transition Partnership (led by Friends of the Earth Scotland and the Scottish Trade Union Congress) have argued that "beneath the surface there is too little being delivered for workers, communities or climate".⁷

The transition to a clean energy system in Scotland is being driven by offshore and onshore wind farm development, through the unprecedented privatisation of renewable assets.⁸ Offshore, seabed leases for wind farm projects are auctioned off by Scotwind, with subsidies managed by the UK government.⁹ As a result of the Scotwind process, an array of companies

¹ Our Portfolio, SDIC Red Rock Power, <https://www.redrockpower.co.uk/projects/>

² "Chinese state-owned company accused of endangering rare orang-utans," Financial Times, 19 June, 2022.

³ "Cursed' dam project in orangutan habitat claims 16th life in less than 2 years," Mongabay, 24 August, 2022.

⁴ "Hydropower project 'imperils world's rarest great ape species'," Changing Times, 28 February, 2020.

⁵ "Edinburgh Declaration on post-2020 global biodiversity framework," Scottish Government, 9 December, 2022.

⁶ "Draft Energy Strategy and Just Transition Plan," Scottish Government, 10 January, 2023.

⁷ Just Transition in Scotland, Just Transition Partnership, <https://www.jtp.scot/just-transition-in-scotland/>

⁸ Craig Dalzell, "How to Nationalise ScotWind," 24 March, 2022.

⁹ "Contracts for Difference," UK Government Department for Energy Security and Net Zero, 14 December, 2022.

will make considerable profits from Scotland's transition to net zero. These include state owned entities such as SDIC, alongside the United Arab Emirates, France, Norway, Sweden and the Republic of Ireland and multinational oil companies such as BP.¹⁰

In 2021 the Scottish government dropped its pledge to create a national energy company, citing problems with devolved governance.¹¹ Whilst there are complexities caused by aspects of energy transition policy which are reserved to the UK government, Wales - also a nation with a devolved parliament - has recently created its own national energy company. A national stake in wind development that would ensure that benefits from the transition to net zero flow back to the communities that are affected by it has been called for across the UK.¹² The issue has been raised recently in the Scottish National Party (SNP) leadership debates, with candidates to become the First Minister aiming to stop the flow of renewable wealth out of Scotland.¹³

A recent investigation by Common Weal found that Scotwind's January 2022 leasing round significantly undervalued the offshore assets, in comparison to similar auctions elsewhere internationally.¹⁴ This means that Scotland has potentially missed out on billions in revenue over the lifetime of 17 planned wind projects.¹⁵ Furthermore, only a third of total investment has been committed to Scottish supply chains, without a strong enforcement mechanism incentivising this commitment. There have been concerns raised over the conditions and pay of overseas labour,¹⁶ and the ability to protect transition industry jobs.¹⁷ Mismanagement of the privatisation process has increased revenue lost through the transition as profit overseas, along with potential benefits to Scottish worker's, businesses and communities.

In 2021, Red Rock Power came under fire for lobbying the Scottish Government to lower the rent for one of its offshore projects.¹⁸ Furthermore, In 2018, controversy arose over the Scottish Government's decision to call in a local planning application for a subsea station at the former Cockszie coal-fired power plant site in East Lothian by Red Rock Power just one day before the First Minister made a trade visit to China where she met SDIC executives.¹⁹ They were unsuccessful in the January 2022 Scotwind auction,²⁰ but currently hold stakes in Afton (100% owned, onshore operational 50 MW), Beatrice (25% owned, offshore operational 588 MW), Benbrack (100% owned, onshore development 72 MW), and Inch Cape (50% owned, offshore development 1000MW) wind farms.

Owned by Red Rock Power's parent company, SDIC, the Batang Toru Hydro dam is part of Indonesia's energy transition as well as the Chinese Belt and Road Initiative. The dam is expected to generate about 2.2 GWh, which will be used to supply electricity to North Sumatra

¹⁰ ["Scotwind: Privatising Scotland's Future Again,"](#) Common Weal, 23 January, 2022.

¹¹ ["Scottish Government drops national energy company plans,"](#) Insider, 8 September, 2021.

¹² ["Offshore energy workers call for public ownership in UK's net-zero carbon transition,"](#) Guardian, 6 March, 2023.

¹³ ["Yousaf: Scotland should have equity stake in new ScotWind round,"](#) STV, 4 March, 2023.

¹⁴ ["Scotwind: one year on,"](#) Common Weal, 5 February, 2023.

¹⁵ ["ScotWind: Scotland faces loss of £60bn in new offshore wind farms,"](#) Herald, 5th February, 2023.

¹⁶ ["Migrants building £2.6bn windfarm paid fraction of minimum wage,"](#) Guardian, 21 October, 2018.

¹⁷ ["Staff in Scots mutiny plot as green jobs lost to cheap foreign labour,"](#) Herald, 20 November, 2022.

¹⁸ ["Chinese state-owned firm lobbied government to reduce wind farm rents,"](#) The Ferret, 29 April, 2022.

¹⁹ ["Nicola Sturgeon under pressure over control of China power plan,"](#) The Scotsman, 13 April, 2018.

²⁰ ["EDF, Equinor and Red Rock among the big names with failed ScotWind leasing bids,"](#) Insider, 18 January, 2018.

during peak hours.²¹ Economic analysis from 2020 highlights that the dam is no longer necessary to meet the region's electricity needs,²² and by 2027, it's predicted that the dam's electricity will be 46% more expensive than solar.²³ There are concerns that financial mismanagement, poor planning, and delays have severely compromised the project, whilst over-inflated prices for generation suggests possible corruption.²⁴ The project site is adjacent to the Great Sumatran Fault and is an earthquake hotspot,²⁵ raising fears of major and catastrophic earthquake-driven disaster for communities living downstream if an earthquake were to rupture the dam when the reservoir was full.

The dam will bisect the Tapanuli orangutan habitat, fragmenting the remaining Tapanuli orangutan sub populations, further threatening the species' survival.²⁶ Experts from the International Union for the Conservation of Nature (IUCN) have called for a moratorium on "further development of projects with an impact on the habitat and viability of the Tapanuli orangutan" until the development and adoption of a conservation management plan for the species.²⁷ Conservation scientists, former government officials and international and local civil society organisations have joined together to call on Indonesian President Joko Widodo and Chinese President Xi Jinping to halt the development of the Batang Toru Dam project.²⁸

At the international biodiversity COP15 in Montreal, hosted by China, Scotland committed to the 'all of society, all of government' approach to protecting biodiversity as part of the Edinburgh Declaration.²⁹ Despite this, it has refused to reconsider its relationship with Red Rock Power, SDIC and the Batang Toru Dam.³⁰ Scotland's connection to such a destructive project undermines both its claims to a just transition domestically, and its international commitments to protect biodiversity and human rights. It brings to light complexities at the heart of the transition to net zero internationally, and the continued fight for clean, green energy.

²¹ "[Bank of China provides loan for 510MW Batang Toru Hydropower Plant Construction Project \[Suspended\]](#)," Aidata, Project ID: 61098.

²² "[Dam that threatens orangutan habitat is 'wholly unnecessary'](#)," Mongabay, 30 January, 2020.

²³ "[Riverscope: Case Study: Batang Toru, Indonesia Summary](#)," TMP Systems, August, 2021.

²⁴ "[Poor planning causes PLN to pay more for Batang Toru hydropower plant](#)," Jakarta Post, 21 February, 2023.

²⁵ "[Hydroelectric project in Sumatra risks extinction of world's rarest orangutan](#)," The Third Pole, 3 September, 2021.

²⁶ The Tapanuli orangutan: Status, threats, and steps for improved conservation, Wich et al., 17 April 2019, <https://conbio.onlinelibrary.wiley.com/doi/full/10.1111/csp2.33>

²⁷ "[IUCN calls for a moratorium on projects impacting the Critically Endangered Tapanuli](#)," IUCN, 16 April, 2019.

²⁸ "[Calls grow for Jokowi to protect Tapanuli orangutan](#)," The Jakarta Post, 24 August, 2018.

²⁹ "[Edinburgh Declaration on post-2020 global biodiversity framework](#)," Scottish Government, 9 December, 2022.

³⁰ "[Question reference: S6W-13359](#)," Scottish Government, 11 January, 2023.