BiGGAR Economics

Coire Glas Pumped Storage Hydro

Economic Impact and Maximising Benefits Report

A report to SSE

sse

October 2026

BiGGAR Economics

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1. Executive Summary

SSE Renewables has structured and place-based socio-economic commitments for the Coire Glas Pumped Storage Hydro that will have a positive and catalytic impact on local labour markets, supply chains and communities.

Designed to convert capital investment into lasting regional prosperity, the commitments directly address structural constraints in the Highland economy, focusing interventions on technical skills shortages, demographic decline, SME supply chain integration and regional housing pressures.

The Coire Glas Pumped Storage Hydro project incorporates targeted measures to foster community self-reliance and advance environmental stewardship across the Great Glen.

Strategic infrastructure assets of this scale possess unique potential to serve as catalysts for regional economic growth and modernisation. The commitments presented in this report provide clear evidence of how the approach SSE Renewables has undertaken will deliver additional socio-economic returns to the local area and evidence that this approach has worked for previous SSE Renewables projects in the area.

1.1 Economic Impact

The investment in Coire Glas Pumped Storage Hydro is expected to be around **£3.1 billion**, equivalent to approximately two Queensferry Crossings. Including these adjustments for displacement, during the development and construction phase, the Project is expected to contribute a Net Present Value of:

- **£216 million GVA** and **3,240 years of employment** in Highland (peaking at 460 jobs);
- **£656 million GVA** and **9,300 years of employment** in Scotland (peaking at 1,180 jobs); and
- **£1.5 billion GVA** and **23,480 years of employment** in the UK (peaking at 2,880 jobs).

Coire Glas Pumped Storage Hydro will also support employment in operations and maintenance for decades after their construction. Annually, it is expected to support:

- **£2 million GVA** and **20 jobs** in Highland;
- **£5 million GVA** and **50 jobs** in Scotland; and
- **£7 million GVA** and **60 jobs** in the UK.

2. Introduction

This report presents an assessment of the economic impact of Coire Glas Pumped Storage Hydro and the commitments made by SSE Renewables to maximise benefits.

2.1 Background

BiGGAR Economics has been commissioned by SSE Renewables (SSER) to undertake an Economic Impact Assessment of the Coire Glas Pumped Storage Hydro (the Project) and to demonstrate the additional and catalytic effects of the development to the local community.

Located in the Great Glen in the Scottish Highlands (approximately 19 km southwest of Fort Augustus), Coire Glas sits on the shores of Loch Lochy within the Glengarry community council area. The scheme utilises Loch Lochy as its lower reservoir and creates a high-altitude upper reservoir in a corrie over 500 meters above the loch, with an underground powerhouse cavern carved inside the mountain.

With a proposed generating capacity of up to **1.4 GW** and a minimum energy storage capacity of **30 GWh to 45 GWh** (equivalent to over 30 hours of continuous generation at full output), Coire Glas represents the first large-scale pumped hydro project to be developed in Great Britain in over 40 years. Once operational, it will more than double Great Britain's existing electricity storage capacity, serving as a critical asset for national energy security, grid balancing, and the integration of variable renewable generation.

2.2 Report Structure

The report is structured as follows:

- Section 3 assesses the commitments SSER has made in relation to maximising benefits; and
- Section 4 quantifies the potential economic impact of the Proposed Development across the construction and operations phase.

3. Maximising Benefits

This section assesses the commitments SSER has made to maximise benefits for the Project.

The Ofgem assessment framework for Cap and Floor projects does not consider the quantifiable employment impacts associated with the development of any of the projects to be material in its assessment, as it is assumed at a national level, this employment is not additional. However, it does consider the potential for projects to exceed expectations locally and act as a catalyst for future economic growth to be material to its assessment.

Projects may have a positive impact on local labour markets and supply chains, through investment in specialised skills, or their commitment to source workers and materials from local markets and domestic supply chains

This section outlines what the Project is committing to that will have this wider positive impact locally and the context for these commitments. The approach to maximising the socio—economic benefits has not been designed around the assessment methodology of Ofgem. Instead, it has been driven by the needs and strengths of the Highland and Scottish economies and developed through the application of Scottish Renewables guidance on maximising the socio-economic benefits of projects.

3.1 Policy Context

The Project will have an additional and catalytic impact on the economy of Highland by acting as an enabler of the socio-economic vision that the region has for itself.

The Highlands and Islands Regional Economic Partnership (HIREP)[1] presents a ten-year plan to deliver sustainable economic growth to achieve a thriving, resilient and inclusive region by 2035. As part of this, it has 6 key components of its vision for 2035:

- Innovative, productive and resilient businesses;
- Prosperous and sustainable communities;
- Well connected region;

[1] Highlands and Islands Regional Economic Partnership, 2025, Regional Economic Strategy 2025-2035

- GVA and incomes above national average;
- Just transition to net zero; and
- Quality and affordable housing.

Figure 3-1 Fulfilling our vision - a snapshot of region in 2035

Source: HIREP Regional Economic Strategy 2025 -2035

HIREP's strategic goals inform the regional socio-economic context for the Project by prioritising the maximisation of economic and community benefits from renewable energy investments, alongside a coordinated response to skills and labour requirements.

This includes establishing frameworks to capture strategic community benefit funds, expanding local supply chain capacity, embedding work-based learning to retain regional talent, supporting local housing solutions, improving infrastructure and safeguarding natural capital.

Central to this strategy is transforming capital expenditure into systemic regional benefits by tackling structural economic challenges through targeted supply chain capacity building, workforce development and upskilling. The HIREP Strategy also highlights the challenges around population retention and an ageing population. For

this region, the issue is not displacement but retention, as working age people who are not able to find work in the region are more likely to leave for jobs elsewhere in the country, and therefore add to the demographic challenges that the region faces.

In 2025, Scottish Renewables published guidance[2] to help developers deliver and enhance local benefits. This guidance sets out six principles that can be used to assess whether a project has been developed in a way that is likely to achieve the objective of maximising socio-economic benefits. These include:

- **Place-based**: every project and every community is slightly different, so packages of benefits that are tailored around the needs and capacity of the community in question are likely to generate greater benefits than a standardised approach;
- **Innovative**: many of the benefits that have been realised by renewables to date have happened because of innovation at the project level. To maintain this culture of continuous improvement developers must continue to innovate;
- **Collaborative**: many of the benefits of renewable energy developments are not directly within the gift of developers. They will require input and support of others in the public, private and third sector to realise, making a collaborative approach essential;
- **Transparent**: effective collaboration requires the parties involved to trust each other and an open and transparent approach is crucial for establishing this trust;
- **Flexible:** a lot can change between project inception and completion, and these changes can make a big difference to the benefits ultimately realised. A flexible approach that responds positively to such changes is therefore important; and
- **Deliverable:** providing communities with realistic expectations about what can be delivered during the construction and operation phase of a project will help achieve trust with relevant stakeholders.

These principles highlight that in considering whether Coire Glas PSH maximises net economic impact, it is necessary to consider both the economic impacts that are expected and the approach that the Developer is taking to ensure these benefits are consistent with community needs.

Adopting the Scottish Renewables framework and aligning the Project with the HIREP Strategy demonstrates that SSER's proposed approaches directly address the strategic priorities and socio-economic needs of the Highlands and Islands.

1.

[2] Scottish Renewables, 2025, Maximising Net Socio-Economic Benefit of Renewable Energy Guidance and Reporting Framework

Through the commitments explored in this section, SSER is working to ensure that capital expenditure is transformed into long-term benefits for the regional economy, with a strategic focus on overcoming structural economic challenges in the Highlands, specifically through targeted skills upskilling and proactive supply chain capacity building.

This assessment evaluates the Developer's commitments across four key delivery areas: supporting skills and workforce development, developing the supply chain, supporting community empowerment and enhancing the natural environment.

3.2 Supporting Skills and Workforce Development

Skills development is a key enabler of supply chain capabilities and is essential for maximising local economic impact. SSER's commitments to address the regional skills deficits is an enabler of supply chain capability and long-term economic resilience.

Given that a large-scale PSH project has not been constructed in the UK for over four decades, highly specialised technical capabilities, most notably drill-and-blast tunnelling, are currently absent from the domestic labour market.

To bridge this gap, SSER is embedding clear expectations within contractual negotiations to ensure that the appointed non-UK Principal Contractor actively shares expertise with local workers. This includes mandating structured knowledge-exchange sessions, delivering local apprenticeships and traineeships, and conducting dedicated skills exchanges with regional sub-contractors.

The value generated through these commitments extends far beyond temporary job creation during the construction window.

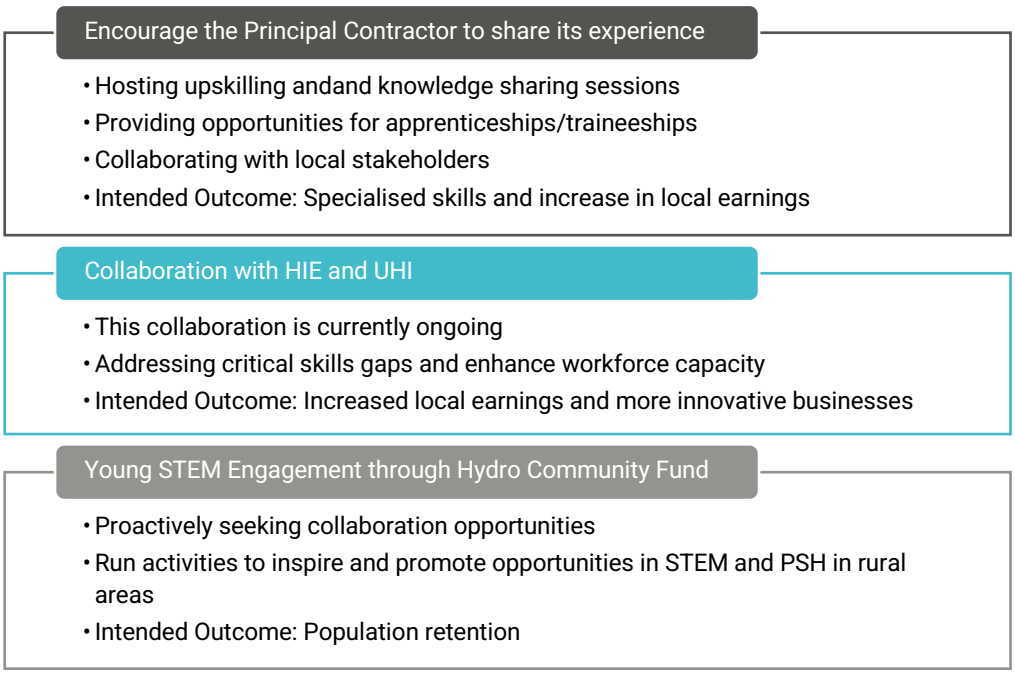
By transferring global civil engineering expertise to the Highland workforce, the Project introduces a high-value skill set that permanently elevates the capabilities of local workers and contractors, enabling them to secure high-skilled roles on future PSH and major infrastructure developments across Great Britain.

SSER is also partnering with regional bodies, including the University of the Highlands and Islands (UHI), Highlands and Islands Enterprise (HIE), and Skills Development Scotland. Through a dedicated £900,000 STEM allocation within the £10 million Hydro Community Fund, including £470,000 dedicated to the Highland Council area, SSER is fostering early engagement with young people.

This structured educational pipeline creates viable, long-term career pathways locally, directly counteracting the historical trends of youth outmigration and rural

depopulation. Progress will be monitored and transparently reported through tracked upskilling metrics, apprenticeship numbers, and annual sustainability reporting.

Figure 3-2 Skills and Workforce Development Commitments



3.3 Developing the Supply Chain

As presented in section 4.2 and 4.3, Highland businesses could secure approximately £7.8 million in Tier 2 contracts during cable tunnel construction and up to £635 million across the wider Coire Glas scheme. While direct local spending encourages economic activity, SSER's specific contractual and policy commitments deliver additionality by building lasting regional commercial resilience rather than temporary turnover.

Major infrastructure packages can often prove inaccessible to local small and medium-sized enterprises (SMEs) due to their sheer scale. To address this, SSER is imposing contractual requirements on the Principal Contractor to unbundle work packages, host 'Meet the Buyer' events, and conduct Local Exchange Sessions. These interventions enable local construction and civil engineering firms, sectors that account for nearly a third of the local workforce[3] around Glengarry including Lochaber East and North, to secure sub-contracts, gain valuable project experience and permanently scale their commercial operations. SSER is also an active member of both the Inverness and the West Highland Chambers of Commerce and shall utilise this network to raise awareness and improve accessibility of contracting opportunities to SMEs in the area.

[3] ONS (2026) Business Register and Employment Survey

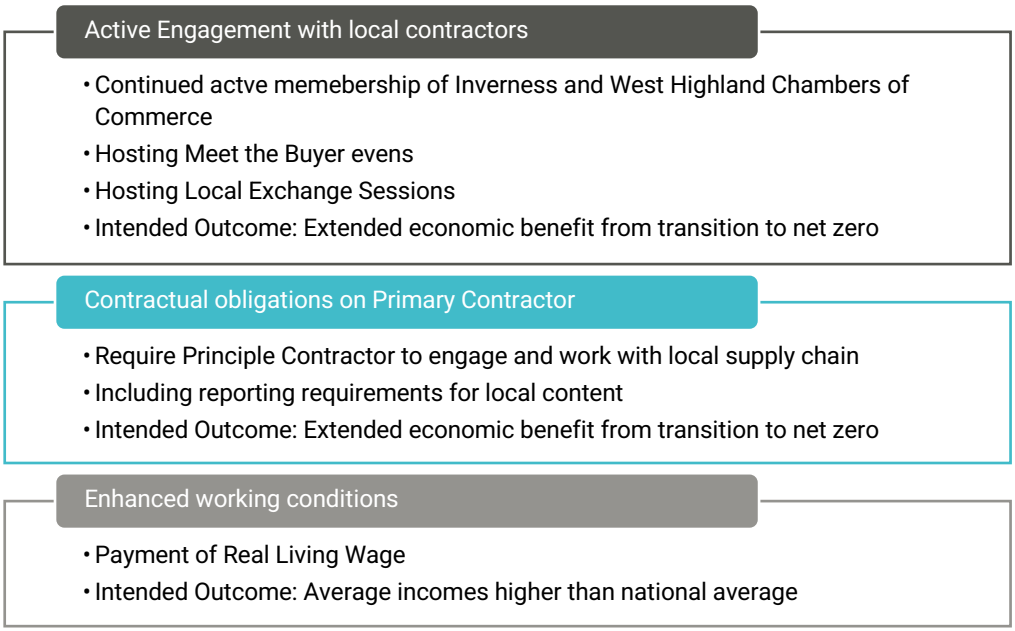
This broader economic value is further reinforced through progressive labour standards and regional developer coordination. SSER contractually requires all main contractors and sub-contractors to pay workers the enhanced voluntary Real Living Wage and adhere to Living Hours provisions.

Enforcing this higher standard above statutory minimums injects meaningful extra purchasing power into local households, increasing disposable income and driving higher secondary spend within the regional economy.

Furthermore, SSER is engaging with developers of other proposed PSH assets in the Great Glen to align supply chain demand, preventing localised capacity bottlenecks and ensuring that local firms are not displaced from standard commercial work.

SSER will track local content systematically using the Supply Chain Sustainability Data Capture Tool (SDCT), ensuring full alignment and transparent reporting in the spirit of the Onshore Wind Sector Deal.

Figure 3-3 Developing Supply Chain Commitments



3.4 Supporting Community Empowerment

To ensure community empowerment initiatives deliver enduring value, SSER's approach moves beyond basic transactional grant-giving to tackle deep-rooted, systemic challenges. SSER achieves this by maintaining an active, flexible presence within the local community, ensuring dedicated representation at local council meetings and maintaining open dialogue through the Coire Glas Community Liaison Group. This collaborative relationship ensures that community benefit structures are directly informed by locally identified priorities.

A primary focus of this work centres on addressing the acute shortage of rural housing, which remains one of the single greatest bottlenecks to long-term demographic and economic growth in the Highlands.

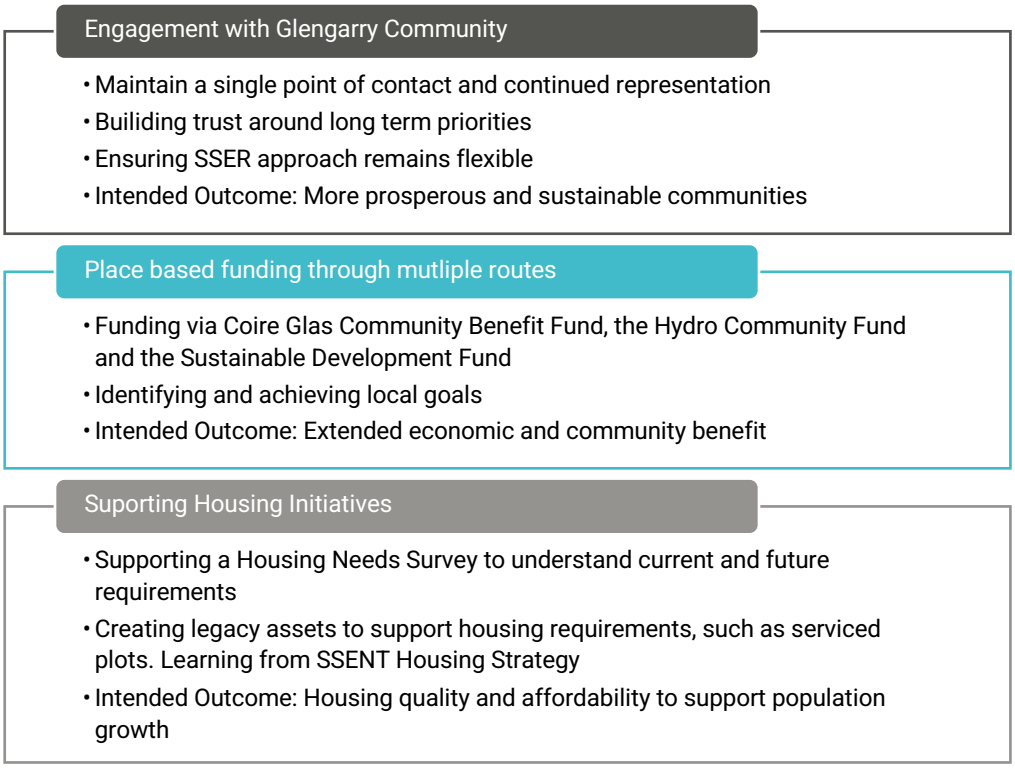
SSER has actively supported the community by funding the Glengarry Housing Needs Survey and exploring opportunities to convert temporary project infrastructure into permanent community assets. This includes evaluating the transfer of surplus construction land and serviced plots, as well as making temporary project office sites, such as the Hatchery site, available for community-led housing and asset development post-construction.

Complemented by multi-tiered funding streams through the Coire Glas Community Benefit Fund, the Hydro Community Fund and the Sustainable Development Fund,

SSER is providing flexible capital that enhances local self-reliance, funds community enterprise, and secures a legacy that outlasts the Project's construction phase.

This place-based funding can help to increase community resilience and empowerment through achieving identified local goals, ranging from protecting the natural environment of the local area, to encouraging the establishment and sustainable economic growth of small businesses, to developing and improving community assets and infrastructure.

Figure 3-4 Community Empowerment Development Commitments



3.5 Enhancing the Natural Environment

Delivering true socio-economic benefit within environmental management requires creating net-positive, lasting ecological and economic enhancements and going above only satisfying minimum regulatory conditions or adverse effects.

Given that tourism is a vital pillar of the Highland economy, representing nearly 45% of employment in the immediate local area[4], SSER has prioritised the permanent enhancement of recreational infrastructure. Rather than temporarily closing key routes during construction, SSER proactively constructed a permanent, high-quality 6-kilometer diversion of the Great Glen Way featuring upgraded viewpoints and seating, while also investing £25,000 to relocate and upgrade wild camping facilities.

These permanent capital assets permanently improve the local landscape and support the ongoing vitality of the regional tourism sector.

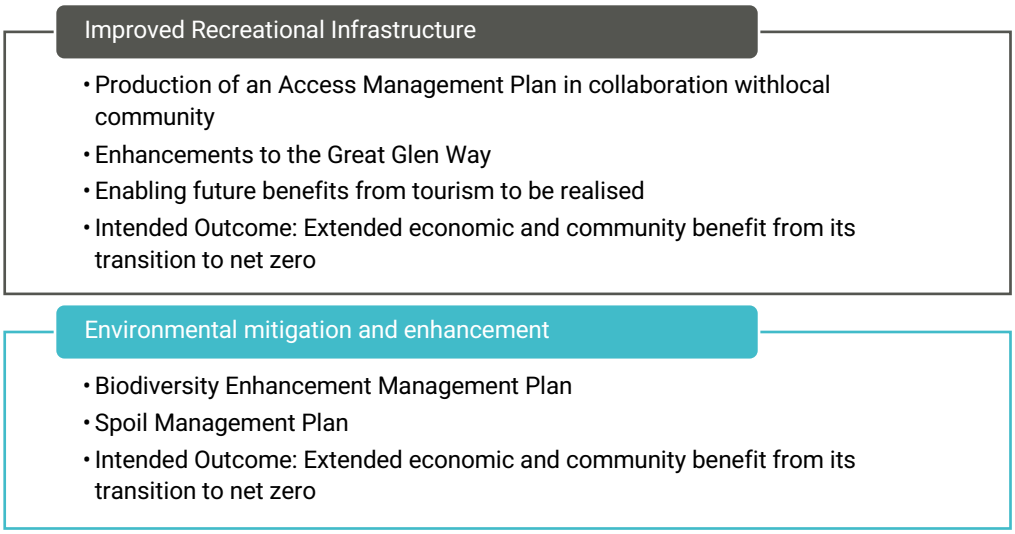
[4] ONS (2026) Business Register and Employment Survey

Environmental value is further demonstrated through ambitious ecological stewardship and circular economy practices. The Project is delivering measurable Biodiversity Net Gain (BNG) through extensive peatland and bog restoration that expands significantly upon baseline Habitat Management Plan commitments.

Additionally, SSER is publishing a detailed Spoil Management Plan in coordination with the Principal Contractor to ensure that excavated rock and tunnel spoil are reused locally for access roads, dam infrastructure, and civic works, avoiding unnecessary offsite waste transport and embedding circular economy principles directly into the build.

Environmental performance and permit compliance will be independently audited by a Project Monitoring Officer, with quarterly reports published openly to guarantee complete public accountability.

Figure 3-5 Natural Environment Commitments



3.6 Summary of Maximising Benefits

SSER have developed comprehensive, place-based commitments for the Project that demonstrate clear alignment with the six core principles established in the Maximising Net Socio-Economic Benefit of Renewable Energy Guidance and Reporting Framework. These commitments directly target key socio-economic bottlenecks across the Highlands, most notably skilled labour shortages, rural depopulation, SME procurement barriers and housing constraints, while supporting community empowerment and long-term environmental stewardship.

Developments of this magnitude offer substantial potential to generate transformative qualitative value across local labour markets and supply chains. In line with Ofgem's Multi-Criteria Assessment (MCA) framework, the Project explicitly

delivers on wider economic and social benefit criteria by investing in specialised technical skills, establishing commitments to source workers and materials locally, and stimulating domestic supply chain capacity. The evidence detailed through these commitments demonstrate how the Project's bespoke socio-economic approach fulfils Ofgem's criteria for capturing additional, catalytic regional impacts within the qualitative assessment of the Cap and Floor scheme.

3.7 Evidence from Previous SSE Renewables projects

SSE Renewables has a track record of working in Highland, and in the Great Glen area in particular, and of building projects that have delivered local benefits beyond the standard expected of industry.

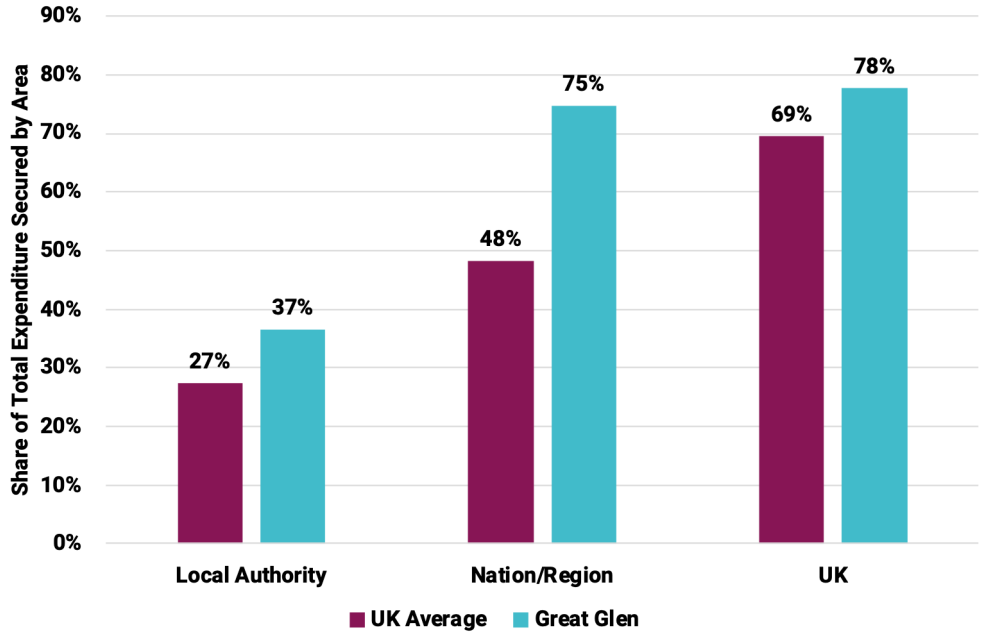
In 2020, BiGGAR Economics published[5] a supply chain analysis of the three operational wind farms that SSE Renewables had constructed in the Great Glen and the Glendoe Hydro Scheme. This included an analysis of actual project expenditure, consultations with supply chain companies and reviews of proactive programmes that it had taken to source workers and materials from local markets.

The proactive approach that SSE Renewables had taken to supply chain engagement, and the established presence it had in the area meant that it was able to significantly exceed the positive impact it had on local labour markets and supply chains. Companies in Highland are expected to secure 37% of total lifetime expenditure (TOTEX) for the SSE Renewables Great Glen Wind Farms, compared to the average wind farm across the UK, where the local authority typically secures 27% of expenditure. This is equivalent to an additional £155 million worth of contracts in Highland over the lifetime of the wind farm. This is shown in Figure 3.6.

In addition to quantifying the impacts of these projects, the previous analysis also considered what these projects meant for the supply chain capabilities within Highland. Consultations with supply chain companies in the area found that these projects enabled them to invest in equipment and people, to build their capacity to deliver future energy infrastructure projects and retain a greater proportion of the benefits of the wider energy transition in Highland in the communities that are hosting this infrastructure.

[5] BiGGAR Economics (2020) Economic Impact Assessment of SSE Projects in the Great Glen. Available at: https://biggareconomics.co.uk/wp-content/uploads/2020/06/Economic-Assessment-of-SSE-Projects-in-the-Great-Glen-0903.pdf

Figure 3.6 TOTEX Share by Area, SSE Projects in the Great Glen vs UK Average



Source: BiGGAR Economics Analysis of SSE Projects in the Great Glen

While past success is no guarantee of future achievements, the evidence from SSE Renewables previous projects in the area demonstrate it is capable of having a wider impact on the local economy and supporting economic growth through its proactive commitments in this area. Its previous projects have spent 10% more in Highland than would otherwise be predicted over the lifetime of these projects. If the commitments achieved a similar uplift in local content for the Project, this would be equivalent to an additional £192 million GVA[6] secured in Highland of the Project's lifetime.

[6] With a Net Present Value of £151 million

4. Economic Impact

This section considers the economic impact of the Project during its development and construction and operational phases.

4.1 Methodology

4.1.1 Metrics of Assessment

The primary metrics of assessment used in this report are:

- **Gross Value Added (GVA)**: this is a measure of economic value added by an organisation or industry. It is typically estimated by subtracting the non-staff operational costs from the revenues of an organisation;
- **Years of employment**: this is a measure of employment which is equivalent to one person being employed for an entire year and is typically used when considering time bound employment impacts, such as those associated with construction; and
- **Jobs**: this is a measure of employment which considers the headcount employment in an organisation or industry.

4.1.2 Types of Impact

The economic impacts associated with the development and capital expenditure are short-term impacts, whereas operational expenditure delivers long-term impact.

For each contract, an assumption was made about the proportion that would be secured in each study area by considering the ability of businesses to complete contracts and the expected shares of contracts by area provided by the developers. Each type of contract was then assigned an industrial sector from the Standard Industrial Classification (SIC) codes[7]. Based on these sectors, economic ratios and multipliers were derived, which were then used to estimate economic impacts.

The assessment will consider the following sources of economic impact:

- **direct impacts**: the economic value generated through the contracts associated with the Project;
- **indirect impacts**: the impact from the spending of contractors within their supply chains; and
- **induced impacts**: the impact from the spending of those workers carrying out contracts for the Project and on behalf of its contractors.

[7] ONS (2009), Standard Industrial Classification of industrial Activities (SIC 2007).

4.1.3 Study Areas

The study areas considered in analysing the economic impact of the Project include:

- Highland;
- Scotland; and
- the UK.

4.2 Development and Construction

Based on the current capacity it was estimated that the development and construction expenditure could be up to approximately £3.1 billion in 2025 prices (after considering inflation). This is a significant investment in Scotland's infrastructure and is equivalent to approximately two Queensferry Crossings[8].

To understand how this spending will generate impact, it was split into the following component contracts:

- **Development and Planning**;
- **General**: site-wide enabling and support works;
- **Engineering**: design, technical supervision, construction engineering, testing and commissioning support;
- **Land**: land acquisition, leases, access rights;
- **Civils**: physical works including dams, tunnels, shafts, roads and structures; and
- **Powerhouse Mechanical and Electrical (M&E)**: including pump turbines, generators, valves, cabling and other plant and installation.

The greatest expenditure component was associated with civil works (£1.2 billion or 39% of the total expenditure) followed by the general construction contracts (£0.9 million or 29% of expenditure). It was estimated that powerhouse (M&E) would account for 17%, development and planning for 11% of the total spending, and engineering and land for 2% and 1%, respectively.

[8] The construction cost of the Queensferry Crossing was £1.34 billion, equivalent to between £1.6 - £1.7bn in 2025 prices. Source: Audit Scotland (2018) Forth Replacement Crossing

Table 4-1 Development and Construction Spending by Contract Type

	% Capex	Value (£m)
Development and Planning	11%	351.6
General	29%	922.8
Engineering	2%	75.9
Land	1%	16.4
Civils	39%	1,238.5
Powerhouse (M&E)	17%	535.4
Total	**100%**	**3,140.6**

Source: BiGGAR Economics Analysis. Note: Totals may not sum due to rounding.

The approach to estimating the economic impacts of the pumped storage hydro project is based on the type of work the developments will require and the location of associated activity. Therefore, each contract was matched to certain sectors and assumptions were made about the share of associated contracts each study area is likely to secure. This was based on the evidence from similar developments in Scotland, and the SSE's established work with contractors.

On this basis, it was estimated that approximately 62% of the contracts will be carried out by UK businesses (about £1.9 billion), 43% by Scottish businesses (about £1.3 billion) and 20% by Highland firms (about £0.6 billion).

The greatest opportunity for UK businesses would be in contracts associated with general construction works, which could be worth £0.8 billion. The largest opportunity for Scotland and Highland would be in contracts associated with civil works. These contracts would be worth up to £0.6 billion in Scotland and £0.3 billion in Highland.

Table 4-2 Development and Construction Expenditure by Study Area

	Highland		Scotland		UK	
	%	£m	%	£m	%	£m
Development and Planning	5%	17.6	50%	175.8	80%	281.2
General	30%	276.8	60%	553.7	85%	784.4
Engineering	5%	3.8	20%	15.2	45%	34.2
Land	100%	16.4	100%	16.4	100%	16.4
Civils	25%	309.6	45%	557.3	60%	743.1
Powerhouse (M&E)	2%	10.7	5%	26.8	15%	80.3
Total	**20%**	**635.0**	**43%**	**1,345.2**	**62%**	**1,939.6**

Source: BiGGAR Economics Analysis of case study evidence. Note: Totals may not sum due to rounding

Having estimated the size of the contracts that could benefit each of the study areas, it was possible to consider the GVA and short-term employment that these could support. Each contract category was split into its component contracts and assigned to an industrial sector. Direct GVA was then estimated by applying the relevant turnover to GVA ratio from the Scottish Annual Business Survey (ABS)[9] and the UK ABS[10].

It was estimated that the development and construction of the Project could generate £0.3 billion direct GVA in Highland, £0.6 billion direct GVA in Scotland, and £0.8 billion in the UK as a whole.

Table 4-3 Development and Construction, Direct GVA by Study Area (£m)

	Highland	Scotland	UK
Development and Planning	9.3	92.5	149.8
General	128.8	257.6	364.8
Engineering	1.9	7.6	18.2
Land	8.9	8.9	8.9
Civils	110.5	198.9	263.6
Powerhouse (M&E)	4.1	10.1	28.7
Total	**263.3**	**575.5**	**833.9**

Source: BiGGAR Economics Analysis of case study evidence. Note: Totals may not sum due to rounding.

[9] Scottish Government (2025), Scottish Annual Business Statistics 2023.
[10] ONS (2026), Non-financial business economy, UK (Annual Business Survey): 2024 results.

Similarly, it was feasible to estimate the number of direct jobs supported by spending on construction and development contracts. This was achieved by dividing the expenditure in each contract by the turnover per job ratio for the relevant sector. It was estimated that the development and construction of the Project will generate 3,390 direct years of employment in Highland, 7,310 direct years of employment in Scotland and 10,340 direct years of employment in the UK.

Table 4-4 Development and Construction, Direct Employment by Study Area (years of employment)

	Highland	Scotland	UK
Development and Planning	110	1,100	1,830
General	1,680	3,370	4,640
Engineering	20	70	200
Land	130	130	130
Civils	1,400	2,520	3,180
Powerhouse (M&E)	50	120	360
Total	**3,390**	**7,310**	**10,340**

Source: BiGGAR Economics Analysis of case study evidence. Note: Totals may not sum due to rounding

To estimate indirect (supply chain spending) and induced (staff spending) impacts, the 'knock-on' effects generated across the economy by spending associated with development and construction contracts, it was necessary to apply the relevant Type 1 and Type 2 GVA multipliers from the Scottish Government Input-Output Tables[11] and UK Government Input-Output Tables[12] to direct GVA. Since the multipliers refer to sectoral interactions occurring at the level of the national economies, it was necessary to adjust them when considering impacts taking place locally.

Adding up direct, indirect and induced impacts, it was estimated that the Project could generate £0.3 billion GVA in Highland, £1.0 billion GVA in Scotland and £2.3 billion GVA across the UK.

As a significant share of the development and construction impacts will be generated over the long term as the Project begin the construction phase, the net present value (NPV) impact was calculated by applying a discount rate of 3.5% per year to total GVA, as recommended by HM Treasury guidance[13]. In this way, it was estimated that the NPV impact of development and construction would be £0.3 billion in Highland, £0.9 billion in Scotland and £2.0 billion in the UK.

[11] Scottish Government (2020), Supply, Use and Input-Output Tables.
[12] ONS (2019), UK Economic Multipliers 2015
[13] HM Treasury (2026), The Green Book: Central Government Guidance on Appraisal and Evaluation.

Table 4-5 Development and Construction, Total GVA by Study Area (£m)

	Highland	Scotland	UK
Direct	263.3	575.5	833.9
Indirect	46.1	293.2	900.0
Induced	39.5	172.4	596.0
Total	**348.9**	**1,041.2**	**2,329.9**
NPV	*287.5*	*875.3*	*1,964.5*

Source: BiGGAR Economics Analysis of case study evidence. Note: Totals may not sum due to rounding.

Accounting for direct, indirect and induced effects, it was estimated that the Project could generate 4,320 job years in Highland (peaking at 610 jobs), 12,400 job years in Scotland (peaking at 1,570 jobs) and 31,300 job years across the UK (peaking at 3,840 jobs).

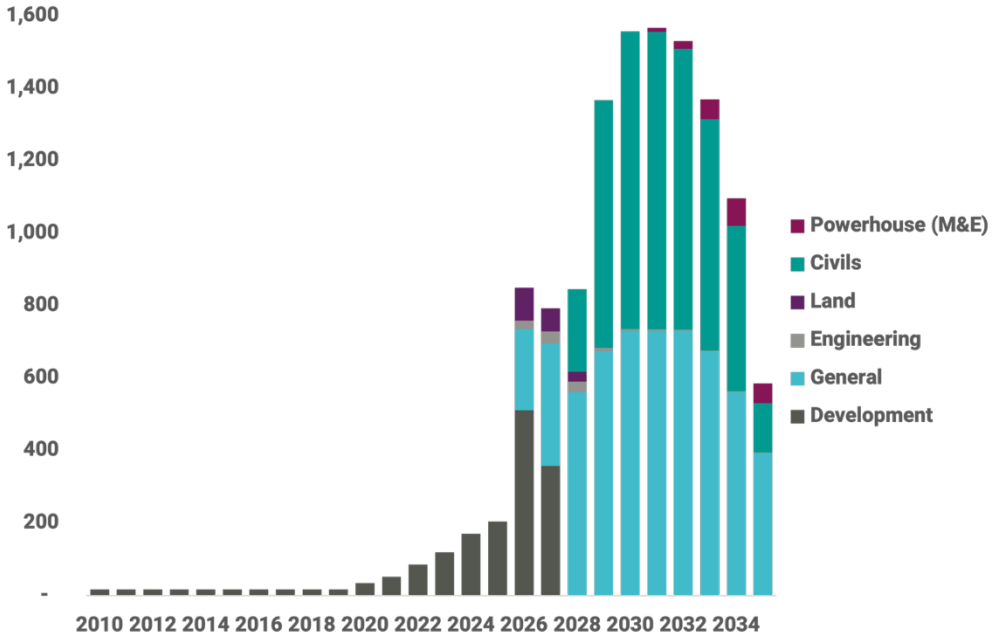
Table 4-6 Development and Construction Employment by Study Area (years of employment)

	Highland	Scotland	UK
Direct	3,390	7,310	10,340
Indirect	560	3,500	13,090
Induced	370	1,590	7,860
Total	**4,320**	**12,400**	**31,300**
Jobs Peak	*610*	*1,570*	*3,840*

Source: BiGGAR Economics Analysis of case study evidence. Note: Totals may not sum due to rounding.

Figure 4-1 shows that the employment impacts are expected to peak during the construction phase, and particularly in 2031. In the first half of the construction period, the employment supported by the Project will be 1,570 jobs across Scotland, including 610 jobs in Highland.

Figure 4-1: Total Employment 2010-2035, Scotland



Source: BiGGAR Economics Analysis.

4.3 Operations and Maintenance

This section considers the long-term impacts that will occur during the operational phase of the Project to 2065. It should be noted, given the very long operational lifetime, the Project is expected to continue operation after that year. These impacts are different from those arising during the development and construction phase due to their longevity. As a result, the impacts in this section are presented in three formats:

- average impact, which considers the average annual impact;
- undiscounted impact, which uses the total impact to 2065; and
- NPV impact, which applies a discount rate to the figures provided in the financial analysis.

During the operations and maintenance phase, the annual cost associated with core operations was estimated to be £4.1 million in 2025 prices. It was assumed that 80% of the spending will be on-site.

Table 4-7 Annual Operations and Maintenance Expenditure by Study Area

	Highland	Scotland	UK
Core Operations Expenditure (£m)	3.3	4.1	4.1
Core Operations Expenditure (%)	80%	100%	100%

Source: BiGGAR Economics Analysis

As well as employing staff directly, the facilities will have impacts due to spending in their supply chains, for example minor and major maintenance and transmission costs. Based on data provided by SSE, it was estimated that on average this would account for £4.1 million in annual supply chain spending in 2025 prices.

By considering the expected locations of supply chain spending and expected sectors, it was estimated that the UK could benefit from a total of £3.7 million in operations and maintenance spending, equivalent to 90% of total operational expenditure, while Scotland could secure from £2.9 million in contracts (70%) and Highland would be expected to secure £2.0 million (50%).

Table 4-8 Annual Operations and Maintenance Supply Chain Expenditure by Study Area

	Highland	Scotland	UK
Supplier Expenditure (£m)	2.0	2.9	3.7
Supplier expenditure (%)	50%	70%	90%

Source: BiGGAR Economics Analysis

During each year of operation, the Project will create impact by hiring approximately 40 staff directly. In some cases, these jobs will be based off-site, and this was accounted for in the calculations by assuming that about 80% of the staff will be located in Highland and the remaining in Scotland. The staff members are expected to create an impact by spending their wages and salaries each year. The staff costs are estimated to be approximately £4.1 million each year in 2025 prices. Based on analysis of typical household expenditure, it was assumed that staff would spend 40% of their salaries in Highland, 70% in Scotland and 90% in the UK as a whole.

The figures presented are after the deduction of VAT paid (about 8% of total staff costs).

Table 4-9 Annual Operations and Maintenance Staff Spending by Study Area

	Highland	Scotland	UK
Staff Spending (£m)	0.6	1.8	3.0
Staff Spending (%)	40%	70%	90%

Source: BiGGAR Economics Analysis

The direct impacts were estimated by applying turnover/GVA and turnover/employee ratios for the relevant sectors in a similar way as the development and construction phase. As with the development and construction phase, it was necessary to estimate the indirect and induced impacts associated with operations and maintenance contracts by applying the relevant Type 1 and Type 2 GVA multipliers, determined by the sectors of spend and the operational jobs.

Adding up direct, indirect and induced impacts, it was estimated that during annual operations and maintenance, the Project could generate an average £3.1 million GVA in Highland, £6.2 million GVA in Scotland and £9.9 million GVA across the UK.

Considering the total potential impact generated by the operations of the Project to 2065, it was estimated that it could generate £95.5 million GVA in Highland, £191.2 million GVA in Scotland and £305.4 million GVA across the UK.

By applying the discount rate across the total impact to 2065, the NPV impact of the Project was estimated at £42.3 million GVA in Highland, £84.8 million GVA in Scotland, and £135.4 million GVA in the UK.

Table 4-10 Operations and Maintenance, Total GVA by Study Area (£m)

	Highland	Scotland	UK
Direct	2.4	3.6	4.5
Indirect	0.3	1.5	4.2
Induced	0.3	1.0	1.1
Total Annual	**3.1**	**6.2**	**9.9**
Undiscounted (Lifetime)	95.5	191.2	305.4
NPV	*42.3*	*84.8*	*135.4*

Source: BiGGAR Economics Analysis of case study evidence. Note: Totals may not sum due to rounding

As with GVA, direct employment associated with supply chain spending was estimated by applying the relevant turnover per job ratios of the sectors expected to carry out operations and maintenance contracts. Together with direct operational jobs, it was therefore estimated that, annually, the Project could support 20 direct jobs in Highland, 30 direct jobs in Scotland and 50 direct jobs across the UK.

By applying the relevant Type 1 and Type 2 GVA and employment multipliers, it was estimated that, each year of operation, the Project could generate 30 total jobs in Highland, 70 jobs in Scotland and 80 jobs across the UK.

Table 4-11 Operations and Maintenance, Total Jobs by Study Area

	Highland	Scotland	UK
Direct	20	30	50
Indirect	10	20	20
Induced	0	10	10
Total	**30**	**70**	**80**

Source: BiGGAR Economics Analysis of case study evidence. Note: Totals may not sum due to rounding.

4.4 Adjustments for Displacement

The gross economic impact estimated above does not account for the fact that the sub-contractors awarded contracts may otherwise have secured similar contracts for other projects (i.e. it is possible the contracts associated with the proposed development could displace some activity associated with other projects elsewhere in the region.) In line with the assessment for the Project, this level of displacement was set at 25%, giving an additionality of 75%.

Including these adjustments for displacement, during the development and construction phase, the Project is expected to contribute a Net Present Value of:

- **£216 million GVA** and **3,240 years of employment** in Highland (peaking at 460 jobs);
- **£656 million GVA** and **9,300 years of employment** in Scotland (peaking at 1,180 jobs); and
- **£1.5 billion GVA** and **23,480 years of employment** in the UK (peaking at 2,880 jobs).

Coire Glas Pumped Storage Hydro will also support employment in operations and maintenance for decades after their construction. Annually, it is expected to support:

- **£2 million GVA** and **20 jobs** in Highland;
- **£5 million GVA** and **50 jobs** in Scotland; and
- **£7 million GVA** and **60 jobs** in the UK.

[Ends]

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