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Convener
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23 July 2024

Dear Edward,

SCOTTISH ZERO EMISSION BUS CHALLENGE FUND

I am writing to let you know that on Tuesday 23 July, the First Minister will publicly announce the results of the final round of Scottish Zero Emission Bus (ScotZEB) challenge fund. The award represents a change in the way in which the adoption of zero emission buses is funded and offers an example of the transition from public funding to private finance that may be applicable to other parts of the transition to net zero.

The funding award is the cumulation of extensive work with bus operating companies, as well as the manufacturing, energy and finance sectors – through the Bus Decarbonisation Taskforce – to move collectively to a self-sustaining market for zero emission buses and coaches.

Following previous rounds of funding, the second and final phase of ScotZEB was launched in May 2023. It was designed to accelerate the adoption of zero-emission buses by asking operators, financiers, manufacturers and others in the industry to collaborate in their bids. To prevent smaller operators, community transport providers, those providing transport to health and school, and coach operators from being left behind in the transition, the scheme required all consortiums to incorporate multiple SME or community operators.

The successful bid, led by Zenobe Energy Ltd, will receive £41.7 million, leveraging a further £3.20 for every £1 of public funding to deliver 252 new, zero emission buses and coaches across a range of operating companies. This will give Scotland one of the highest proportions of zero emission buses of any part of the UK.

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Importantly, the project will create a charging network for buses and coaches, significant parts of which will become available to operators of other types of vehicles, contributing to the development of an infrastructure backbone for heavy duty vehicles across Scotland. This kind of collaboration within and between different parts of the transport system is essential to build confidence in zero emission technology and accelerate the rate of decarbonisation of all road vehicles.

Responses to the ScotZEB bidding process revealed broad interest among transport, finance and energy companies in investing in net zero, and adopting innovative approaches to do so. The result demonstrates that well-targeted public investment in the net zero transition can trigger significant private sector backing.

The First Minister will be publicly announcing the outcome of the fund at Stagecoach's site in Dunfermline, a member of the successful consortium.

I hope this update is useful. I am of course happy to answer any questions that you may have.

Yours sincerely,



FIONA HYSLOP
Cabinet Secretary for Transport

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