



# EAS Response to Scottish Government Consultation on a Scottish Energy Strategy: The future of energy in Scotland

May 2017

## Questions

**1 What are your views on the priorities presented in Chapter 3 for energy supply over the coming decades? In answering, please consider whether the priorities are the right ones for delivering our vision.**

**1What are your views on the priorities presented for meeting our energy supply needs?:**

Energy Action Scotland (EAS) is disappointed that while there is much in the way of support for the continued growth of renewables, supporting change to the oil and gas sector and continuing to embrace new and emerging technology there is no mention of demand side management in this leading chapter. Demand side reduction does feature elsewhere in the document but it should be at the very forefront of the strategy.

Reducing our overall energy demand provides a wide range of benefits, from reduced need for investment in infrastructure which will continued to be paid for by the energy user and tax payer to using less energy which would result in lower bills for consumers. EAS believes that the use of energy efficiency as a mainstay of any energy strategy is a necessity.

**2 What are your views on the actions for Scottish Government set out in Chapter 3 regarding energy supply? In answering, please consider whether the actions are both necessary and sufficient for delivering our vision.**

**What are your views on the actions set out which support these priorities?:**

As above there is no action that supports a reduction in energy use via increased energy efficiency.

**3 What are your views on the proposed target to supply the equivalent of 50% of all Scotland's energy consumption from renewable sources by 2030? In answering, please consider the ambition and feasibility of such a target.**

**What are your views on the proposed 2030 target of 50% of Scotland's energy consumption being met by renewable energy?:**

Any target and ambition must be weighed against cost. Energy used within the home to maintain a healthy living environment must be at an affordable cost. Any ambition to increase the amount of energy from renewable, or any technology, must be fully costed and balanced against a level of affordability that does not place the use of energy outside the pocket of everyday consumers.

**4 What are your views for the development of an appropriate target to encourage the full range of low and zero carbon energy technologies?**

**What steps can be taken to make Scotland the first place in the UK to see commercial development of 'subsidy-free' renewables?:**

EAS has no view in this area.

**5 What ideas do you have about how the onshore wind industry can achieve the commercial development of onshore wind in Scotland without subsidy?**

**What are your views on the future of thermal generation in Scotland, with a particular focus on repowering Scotland's existing thermal generation sites?:**

EAS has no view in this area.

**6 What are your views on the potential future for Scotland's decommissioned thermal generation sites?**

**What are your views on the role of hydrogen in Scotland's energy mix and what can government do to support this?:**

EAS has no view in this area.

**7 What ideas do you have about how we can develop the role of hydrogen in Scotland's energy mix?**

**What are your views on the on the four priority areas for a transformation in energy use?:**

EAS has no view in this area.

**8 What are your views on the priorities presented in Chapter 4 for transforming energy use over the coming decades? In answering, please consider whether the priorities are the right ones for delivering our vision.**

**What are your views on the specific actions identified under each priority area?:**

EAS is restricting its answers in this section to those that relate directly to domestic energy use and tackling fuel poverty.

The Scottish Government must address the significant minority of homes in Scotland within the private rented sector that continue to fall into the "F" and "G" brackets of the energy performance certificates (EPCs). These homes despite having a range of grants available to them over the years continue to be the most energy inefficient homes within our communities. The Scottish Government must now, in the light of very poor grant take up, legislate for a minimum standard of energy efficiency for these homes.

The standard set must match the ambition set out in the consultation document and EAS would suggest that homes in the private rented sector must be subject to the same levels of energy efficiency standards as those in the publicly rented sector.

The strategy also makes statements on the use of SEEP to "radically improve the energy efficiency of Scotland's homes and buildings in the commercial, public and industrial sectors". To deliver this ambition the Scottish Government must undertake a financial assessment of the cost to deliver all building to a level of energy efficiency that matches the ambition set out in this consultation document. It must then clearly show how this funding can be achieved. If the budget for SEEP remains at the same level as the current HEEPS

budget and then also includes the commercial, public and industrial sectors it will fail to achieve anything of substance and merely scratch at the surface of the problem of poorly performing energy inefficient buildings.

EAS is pleased to note that the Scottish Government plans to “consult upon district heating regulations and local heat and energy efficiency strategies”. District heating or CHP schemes can have a major role in tackling fuel poverty and in delivering heat and in some cases electricity at affordable prices to consumers.

However it is right that those consumers tied into such schemes are afforded the same levels of consumer protection as those consumers in the gas and electricity markets that are subject to regulation by Ofgem.

**9 What are your views on the actions for Scottish Government set out in Chapter 4 regarding transforming energy use? In answering, please consider whether the actions are both necessary and sufficient for delivering our vision.**

**What are your views on how best to reflect the EU ambition to implement a EU wide 30% energy efficiency target to 2030?:**

As in our answer to question 8 EAS believes that if we are to achieve the 2050 vision of “Scotland’s domestic... buildings have undergone a low carbon transformation” much more needs to be done to tackle not only the energy efficiency of the private rented sector but also the owner occupier sector which makes up approximately 58% of the total Scottish housing stock. In the social rented sector (approximately 24% of total stock) energy efficiency targets have significantly contributed to the improvement of that element of the housing stock.

Much more needs to be done across the whole of the housing sectors and EAS believes that it is not time to introduce a stronger “carrot and stick” approach. For example:

Alongside regulation of the private and private rented sectors a SEEP grant or loan could be offered within the first 6 months of a property being bought to cover the cost of energy saving works, such as insulation and/or an improved heating system e.g. connection to a district heating network, or installation of renewable heating. This would take advantage of the fact that home owners and those who wish to offer homes for rental are far more likely to have such works carried out within a short time after purchase/ lease rather than at a later stage.

The Scottish Government’s Climate Change Plan states in order to meet our emissions targets we need to achieve a 75% reduction in emissions from our housing stock and a 98% reduction in our non-domestic buildings, by 2032, compared to 2014. To achieve these ambitious targets EAS believes that SEEP should give priority to demand reduction, for example installing renewable heating systems in off-gas rural areas or district heating in urban areas on the gas grid.

**10 What ideas do you have about what energy efficiency target we should set for Scotland, and how it should be measured? In answering, please consider the EU ambition to implement an energy efficiency target of 30% by 2030 across the EU.**

**10:**

EAS believes that Scotland should adopt the same energy efficiency target as the EU, which is a 30% reduction by 2030.

The Scottish target should continue to be based on final energy consumption, not amended to take account of weather patterns, energy prices, economic cycles or anything else.

It would however be useful within an annual report to have the final energy consumption figures compared to target, plus a commentary on these external factors to aid understanding.

**11 What are your views on the priorities presented in Chapter 5 for developing smart, local energy systems over the coming decades? In answering, please consider whether the priorities are the right ones for delivering our vision.**

**What are your views on the priorities presented for delivering a smarter local energy system?:**

EAS has no strong view in this area, however it does acknowledge that there is a well-established support mechanism through CARES and that this has been particularly important in achieving results to date. Continuing with this approach will help stimulate further progression towards smart local energy systems.

**12 What are your views on the actions for Scottish Government set out in Chapter 5 regarding smart, local energy systems? In answering, please consider whether the actions are both necessary and sufficient for delivering our vision.**

**What are your views on the specific actions identified under each priority area?:**

The obligation on each Scottish Local Authority to produce a Local Heat & Energy Efficiency Strategy (LHEES), (as proposed in the Consultation on Heat and Energy Efficiency Strategies and Regulation of District Heating) should help in the development of local, low-carbon, energy schemes.

However there are concerns that some local authorities lack the necessary skills to be able to develop LHEES programmes and will require additional support and resource to be able to develop robust plans.

The Scottish Government will need to provide support and guidance which is clear and concise in support of local authorities in preparation of LHEES programmes, especially as these relate to local energy systems. Scottish Government should demonstrate consistency in approach to LHEES produced by local authorities, to ensure that there is national uniformity.

Such a clear signal from the Scottish Government would give confidence to local authorities, local communities and potential investors in the various technologies to be adopted to meet LHEES plans.

**13 What are your views on the idea of a Government-owned energy company to support the development of local energy? In answering, please consider how a Government-owned company could address specific market failure or add value.**

**What role do you see for a potential Government owned energy company that would add value to the current landscape supporting the development of local energy?:**

While it is tempting to for the Scottish Government to set up and own an energy company in an attempt to address specific market gaps and failures. EAS believes that it could be a move that may not best serve individual fuel poor consumers of households.

EAS believes that a more beneficial approach would be for the Scottish Government to continue to support the growth of community/not for profit energy supply companies such as Our Power and to support the growth of the District Heating or CHP market.

Organisations such as Aberdeen Heat and Power are often held as a good example of providing affordable heating to those fuel poor households living in hard to heat and hard to treat properties.

It will be important to ensure that in particular new Government backed initiatives have the same or better levels of customer protection as is applied to the current retail markets in gas and electricity.

**14 What are your views on the idea of a Scottish Renewable Energy Bond to allow savers to invest in and support Scotland's renewable energy sector? In answering, please consider the possible roles of both the public and private sectors in such an arrangement.**

**What are your views on the need for a Scottish Renewable Energy Bond, the potential structure, and the role of both the public and private sector in such an arrangement?:**

In principle EAS would support the formation of a Scottish Renewable Energy Bond. This has worked on a small scale with some community led schemes and given the proper encouragement there is no reason why this cannot be replicated on a larger scale.

**15 What ideas do you have about how Scottish Government, the private sector and the public sector can maximise the benefits of working in partnership to deliver the 2050 vision for energy in Scotland?**

**How can Scottish Government maximise the benefit of working in partnership with the public and private sector bodies?:**

EAS has no view in this area.

**16 What ideas do you have about how delivery of the Energy Strategy should be monitored?**

**Do you have a view on the way in which the Energy Strategy is monitored?:**

EAS is supportive of the proposal to have an Annual Energy Statement, but would wish to have a review and update of the Energy Strategy produced on a regular basis.

EAS believes that this review should be every 5 years. This should take into account future developments in new and emerging technologies and how these can be supported. This will become more important as the focus starts to shift away from reliance on the gas grid only supplying natural gas, and the electricity grid continuing to move to a more carbon neutral one.

The Annual Statement should be brought before Parliament for scrutiny.

**17 What are your views on the proposed approach to deepening public engagement set out in Chapter 6?**

**What are your views on the proposed approach to deepening public engagement under the Energy Strategy?:**

EAS is supportive of the commitment to develop an engagement plan to ensure public involvement in future energy plans. In particular educational establishments and curricula need to be engaged to ensure knowledge and buy in to the national targets and ambitions for future generations of energy users.

**Strategic Environmental Assessment (SEA) Questions**

**18 What are your views on the accuracy and scope of the information used to describe of the SEA environmental baseline set out in the Environmental Report? (Please give details of additional relevant sources)**

**To what extent does the Environmental Report set out an accurate description of the current baseline? (Please give details of additional relevant sources):**

EAS has no view in this area.

**19 What are your views on the predicted environmental effects as set out in the Environmental Report?**

**19:**

EAS has no view in this area.

**20 What are your views on the proposals for mitigation and monitoring of the environmental effects set out in the Environmental Report?**

**20:**

EAS has no view in this area.