



Stop Climate Chaos Scotland

Response to Scottish Energy Strategy: Scotland's Energy Efficiency Programme (SEEP)

30 May 2017

Introduction

Stop Climate Chaos Scotland (SCCS) is a civil society coalition campaigning for action on climate change. Members include environment and international development organisations, student unions and trade unions, community groups and faith groups. We believe that the Scottish Government should take bold action to tackle climate change here at home and play its part in supporting climate justice around the world. We provided evidence on the draft Climate Change Plan and we are grateful for the opportunity to respond to this consultation on SEEP.

Together with the Existing Homes Alliance, and over 50 leading civic and business organisations across Scotland, Stop Climate Chaos Scotland called for energy efficiency to be designated a National Infrastructure Priority. We welcome the development of Scotland's Energy Efficiency Programme (SEEP) as the cornerstone of the new Energy Strategy's whole system approach giving recognition to the role energy efficiency can play in meeting our energy needs in the future. The consultation asks pertinent questions, though we would have preferred for the Scottish Government to set out its preferred scenario as it is nearly two years since the designation of energy efficiency as a National Infrastructure Priority. It is essential that the Scottish Government accelerate design and delivery of SEEP, setting clear, communicable goals, and put in place the underpinning policy framework to ensure successful delivery of zero carbon buildings by 2050.

The strength of the National Infrastructure approach is that it provides for long-term planning and multi-year resource commitments. This means SEEP should provide a positive and stable environment for business, policy-makers, homeowners and landlords to invest. A clear vision, with targets and milestones, can give this certainty for investment, especially if it is owned and communicated by the First Minister, cabinet and ministers. As with other more conventional types of infrastructure projects, it is essential that clear goals are set from the outset, alongside clear timetables and funding structures.

This long term plan should be placed on a statutory footing through the Warm Homes Bill, with a statutory target and scrutiny provisions to accord SEEP the necessary profile and political leadership required to achieve the vision of highly insulated homes and decarbonised heat.

Visions, targets and milestones

We agree with the proposal for a 2050 vision of 'near zero carbon buildings' but suggest it would be simpler to say 'zero carbon buildings' with the understanding it is zero carbon in usage terms, and allowing for exceptions where there are clear technical constraints. This should be explained to the general public in layman's terms by describing how homes will be heated, the extent to which they will be insulated and what role energy storage and smart technologies may play in managing demand for heat.

In addition to the vision for 2050, clear targets and milestones should be set for the duration of the programme (described as up to 20 years, or 2038). This provides a route-map so everyone understands how they should contribute. We recommend the following hierarchy of targets for the domestic buildings sector:

- **Energy demand target and milestones (outcome)** – there should a significant decrease in overall energy use, even allowing for any growth in population or households by 2032.¹ The draft Climate Change Plan allows for growth in heat demand, which runs counter to recent statistics on declining gas consumption². There should also be milestones set for 2025 and 2032 to measure progress.
- **Energy performance target and milestones (output):** To accompany the energy use target, there should be a target for the energy performance of the housing stock, measuring what SEEP is delivering through its activities. This should be set by Energy Performance Certificate bands, as the data exists and can be more easily understood by building owners, landlords and the public at large. To achieve the vision of zero carbon buildings by 2050, we believe domestic buildings will need to have reached that goal (with some exceptions) by the end of the SEEP programme (2038) as non-domestic buildings are starting from a lower baseline.

There should also be EPC milestones set for 2025 and 2032. We have called for a milestone of EPC band C by 2025 as we believe that is achievable and necessary to address fuel poverty and the overall vision of SEEP by 2050. The forthcoming Climate Change Bill provides a clear opportunity to put this milestone on a statutory footing.

This milestone has widespread political support in the Scottish Parliament and is supported by over 50 civic and business organisations across Scotland.³ It was recommended by the Scottish Fuel Poverty Strategic Working Group for fuel poor homes and it is also the minimum standard considered necessary by the National Institute for Health and Care Excellence to avoid the risks of ill health associated with a cold home.⁴ By accelerating action on energy efficiency so that the vast majority of homes reach an EPC C standard by 2025, SEEP could help to eliminate poor energy performance as a driver of fuel poverty, create up to 9,000 jobs/year spread across Scotland, reduce ill health and increase NHS budgets by £48-80m/year.⁵

¹ Research by Ricardo Energy and Environment on the energy pathway to 2030, included a *30% reduction in energy demand* from buildings to meet climate change targets. For comparison, the Draft Climate Change Plan has an ambition for only 6% emissions reduction from heat demand due to energy efficiency measures.

² See Energy Strategy, Diagram 9 on gas consumption.

³ <http://existinghomesalliancescotland.co.uk/policy/no-one-in-scotland-living-in-a-hard-to-treat-draughty-home-by-2025/>.

⁴ <http://www.nice.org.uk/guidance/ng6/resources/excess-winter-deaths-and-morbidity-and-the-health-risks-associated-with-cold-homes-51043484869>

⁵ <http://existinghomesalliancescotland.co.uk/policy/no-one-in-scotland-living-in-a-hard-to-treat-draughty-home-by-2025/>.

Heat decarbonisation and the energy mix

We are concerned that the Draft Climate Change Plan and the Draft Energy Strategy do not give enough emphasis to 'energy efficiency first'. Instead, it pursues an ambitious though backloaded pathway for heat decarbonisation that is not supported by adequate policy detail to give confidence it will be achieved.

The Scottish Government has all the powers it needs to improve fabric efficiency and should maximise these to reduce demand for heat in the first place, as well as improving comfort, warmth and affordability. This will help to reduce the overall cost of SEEP and reduce the demands placed on the electricity system as a result of the electrification of heat. Energy efficient properties are also a pre-requisite for achieving the best performance of low carbon heat technologies such as heat pumps and district heating.

Regulation

Much of the success of SEEP will rely on the introduction of regulation of energy performance standards. We welcome the Scottish Government's consultation on regulation in the private rented sector, and commitment to consult on regulations and incentives for the owner/occupied sector later this year. Regulation will create demand for energy efficiency measures and low carbon heat, and change the way the property industry, home owners and landlords value energy performance. We have only to look to the social housing sector, where regulation has been hugely successful - nearly half (49%) of social housing is in band C or better, compared to around a third of dwellings in the private sector⁶.

Advice, Cost and Financial Incentives

Alongside regulation, SEEP should provide a package of advice, behaviour change support and financial incentives as the way we use energy is a key driver of climate emissions and energy performance of the housing stock does not give a fully rounded picture of actual use. SEEP can build on the good practice of Home Energy Scotland, and extend this service to provide more support for behaviour change and how to manage energy use.

Fuel poor households should receive grants for measures, while others should be offered financial support. International experience supports the combination of loans (to overcome lack of upfront capital) and incentives (cashback and tax incentives).

The Scottish Government has estimated the SEEP Programme could cost up to £10bn. We believe this is an underestimate. Research for the Existing Homes Alliance shows the cost of raising all domestic properties up to an EPC band C standard over a 10 year programme at £10.7bn. Their suggested approach to reach this interim milestone would have £6.2 bn come from private investment, and £4.5bn from the public sector in the form of grants, loans and fiscal incentives (or £450m per annum, including ECO).⁷

These budget estimates suggest current budget provisions are not adequate, and the next budget (17/18) should set out a trajectory for public investment in SEEP that rises over the term of this Parliament to reach the required £450m/annum (including ECO).

⁶ Scottish House Condition Survey Key Findings 2015

⁷ http://existinghomesalliancescotland.co.uk/wp-content/uploads/2015/05/EXHA_policybriefing_May2015.pdf

Independent delivery body

We believe there should be an independent body with the remit for delivery of SEEP established through the forthcoming Warm Homes Bill. The body would be charged with strategic oversight, and delivery of any national programmes, working closely with local authority area based programmes and Local Heat and Energy Efficiency Strategies. It would report to Ministers and the Parliament against the SEEP strategic plan.

The establishment of this body would address concerns that the Scottish Government does not have adequate capacity or skills to deliver such a large infrastructure programme and ensure value for public sector investment. This organisation would provide the necessary expertise, drive and leadership for the long term – a programme that will span several governments, Scotland-wide, with a budget of £10bn or more, and a potential role in regulation. This would be similar to the way other infrastructure projects are managed, e.g. Transport Scotland was established to manage transport infrastructure projects.