

Existing Homes Alliance response to Ministerial Statement on Energy Efficient Scotland (22 November 2018) 26 November 2018

INTRODUCTION

We welcome the continuing debate in the Scottish Parliament to secure an ambitious and successful Energy Efficient Scotland Programme. This briefing sets out our response to the Minister's statement on Energy Efficient Scotland, particularly on the issues of the Long Term Domestic Standard and future legislation.

LONG-TERM DOMESTIC STANDARD

The Scottish Parliament passed a motion in May 2018, calling on the government to accelerate the proposed long-term domestic standard to EPC Band C by 2030 rather than by 2040. We strongly support this position which responds to the urgency of both fuel poverty and climate change challenges.

In his statement to parliament, Paul Wheelhouse MSP, Minister for Energy, Connectivity and the Islands, stated that while the government continues to believe that EPC band C by 2040 is the 'right' target, they "recognise that there is support for faster action, and we believe that it is only right that we consider that. As such, we will publish a consultation in January on how the programme could be accelerated and seeking views on the risks and how they can be overcome."¹

The Energy Efficient Scotland consultation analysis report², which was published on 22 November, notes the support for an accelerated target date: "Some respondents made a broad statement of support for the proposals or agreed the value of setting long-term targets, although approval was frequently accompanied by a caveat that the date specified should be earlier than 2040."

The Scottish Government believes the following risks would accompany an accelerated target:

- Inflationary effect on prices per intervention
- Require importing jobs as supply chain will not be ready
- Could undermine public confidence if move too fast.

EXISTING HOMES ALLIANCE RESPONSE

The next decade is critical for action on climate change:

¹ Official Report, Meeting of the Parliament 22 November 2018, Scottish Parliament
<http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11795>

² Energy Efficient Scotland: Consultation Analysis <https://www.gov.scot/publications/consultation-analysis-energy-efficient-scotland-making-homes-buildings-warmer-greener-more-efficient/>

The IPCC special report on the impact of 1.5 degree C of warming³ makes clear that there is no time to lose in rapidly reducing emissions and delay will lead to higher costs. In the case of energy efficiency, we can ‘lock-in’ emissions reductions – future-proofing buildings for a low carbon future. The IPCC report states that “annual investments in low-carbon energy technologies and energy efficiency are upscaled by roughly a factor of six (range of factor of 4 to 10) by 2050 compared to 2015 (medium confidence). While these are global figures, they give a sense of the dramatic need to accelerate policy effort in this area for Scotland.

The next decade is critical for eradicating fuel poverty:

Over one-quarter of the population in Scotland lives in fuel poverty, suffering the negative health, well-being, and economic impacts of living in a cold home. The Fuel Poverty Bill proposes a target to reduce fuel poverty to 5% of households by 2040, but many stakeholders are calling for an earlier deadline of 2030 with a more ambitious reduction to ‘no-one living in fuel poverty as far as reasonably practicable’. The Energy Efficient Scotland Programme proposes that all fuel poor households will be improved to EPC band C by 2030 and EPC band B by 2040.

Credible pathway:

We agree a ‘credible pathway’ must be set out to achieve the long-term domestic target and this must include actions on the supply chain, consumer protection and advice, standards, assessment, targeted communications, research and development. The pathway should be based on modeled scenarios of how the stock will improve over time and how the various policy and fiscal levers are projected to achieve the transition.

The pathway should include strands on innovation (‘deep retrofit’, or a whole-house approaches), communal and district heating, and off-gas properties.

Given Scotland has 39% of homes at EPC rating of C (or above)⁴ vs 30% in England⁵, it is appropriate to have a more ambitious target than what is set out for England and Wales in the UK Clean Growth Strategy⁶ (EPC band C by 2035).

Supply chain:

It is vital that the supply chain is ready and able to respond to the challenge of transforming Scotland’s housing stock into low carbon, warm and affordable to heat homes. The supply chain’s readiness has been evidenced with the HEEPS-ABS and Warmer Homes Scotland programmes, where home-grown businesses are delivering high quality energy efficiency and heating measures throughout Scotland. Previous experience shows that when standards are set clearly in advance (e.g. with the shift to condensing boilers), the market and householders respond.

We understand a report from the EES Short-life Working Group on Skills will be published soon and we look forward to reading its recommendations. In the meantime, we repeat the proposals that we have

³ Global Warming of 1.5 degrees C, October 2018, IPCC.

⁴ SHCS Key findings 2016

⁵ English Housing Survey Headline Report 2016-17

⁶ “We want all fuel poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 and our aspiration is for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable.”

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf

made since the government named the energy efficiency of buildings a National Infrastructure Priority in 2015:

- Enterprise agencies should promote and support local businesses to deliver schemes, in partnership with the Scottish Government’s Sustainable Energy Supply Chain programme.
- The government should invest in Colleges, CITB, Energy Skills Scotland and Skills Development Scotland to develop the required skills where needed, working with trade bodies as required.
- Public procurement for energy efficiency and renewables schemes (advice, installation, maintenance) should give priority to local businesses, and include requirements to train local people. Payment of a minimum of the Living Wage should be included in any contracts awarded.
- The Local Heat and Energy Efficiency Strategies should provide a vehicle to support these actions.

ENERGY EFFICIENT SCOTLAND LEGISLATION

The minister stated that the government will “begin work next year to prepare a suite of legislation to support the delivery of Energy Efficient Scotland. That will include primary legislation but, given limited parliamentary time and the additional pressures that are being placed on committees by Brexit, we will, where appropriate, also look to use the powers that are already available to the Scottish Government, for example under the Climate Change (Scotland) Act 2009 and the Energy Act 2013.”⁷

However, no detail was provided on the content of the ‘suite of legislation’. Separately, the minister referred to placing a statutory duty on local authorities to develop Local Heat and Energy Efficiency Strategies, and to developing legislation on district heating.

While we welcome the commitment to legislation, we are disappointed the minister did not mention creating a statutory framework for Energy Efficient Scotland, including targets and an oversight body.

We highlight the concern about ‘limited parliamentary time’ and therefore point to the Climate Change Bill and the Fuel Poverty Bill, both going through Stage 1 of the parliamentary scrutiny process. In our view, both Bills provide the opportunity to introduce legislative measures to support Energy Efficient Scotland, without suffering the consequences of further delay.

ADDITIONAL POINTS

We welcome the following additional commitments by the Minister:

- To introduce draft regulations on energy performance standards for the Private Rented Sector and introduce them ahead of the summer recess.
- To “put more meat on the bones for the owner-occupied sector with regard to the encouragement and mandatory phases”. We believe it is critical to provide certainty to the owner-occupier sector, so they are clear what is expected by when.
- To develop a stronger policy framework for low carbon heat with a specific focus on off-gas grid areas.

⁷Official Report, Meeting of the Parliament 22 November 2018, Scottish Parliament

CONCLUSION

The Scottish Government has taken some positive steps on regulation and they've acknowledged the need to consider an accelerated long-term domestic standard. A 'suite of legislation' is promised, but as yet there are no details on what the legislation will include. Thus, there are some good commitments, but it is concerning that we seem to be in a preparatory phase in many areas – despite the fact that the National Infrastructure Priority was established in 2015.

We will work closely with the parliament and stakeholders – particularly with industry and delivery agents – to make the case for a long-term standard of EPC band C – where feasible and appropriate - in the forthcoming consultation.

Meanwhile, it is essential that we avoid further delay and make use of the Fuel Poverty Bill and Climate Change Bill to put in place the necessary statutory framework for Energy Efficient Scotland. The twin imperatives of climate change and fuel poverty demand action now.