

Existing Homes Alliance Scotland

Supplement to submission to Advisory Group on Economic Recovery Call for Views

5 June 2020

Preliminary proposals for accelerating pace and scale of the Energy Efficiency Scotland Programme for consideration

Proposed policies and programmes - Accelerate pace and scale of Energy Efficient Scotland for domestic buildings – including both heat decarbonisation and energy efficiency	Immediate economic benefit	Reduce climate emissions	Reduce fuel poverty	Wider public benefits / Practical delivery
1. Short-term – next 6-12 months				
1.1 Set long term policy signals to provide certainty for investment				
Set clear policy signal of mandatory energy performance standards - EPC band C by 2030 and net zero by 2045 - for vast majority of homes.	Not immediate, but provides regulatory pathway for investment certainty – steady and growing pipeline of demand.		Scot govt policy development already underway	
Set clear expectation that fossil fuel boilers in off gas properties will be phased out from 2025 and will heating will be ‘fossil fuel free’ from 2035.	As above – not immediate but provides certainty for growth in demand. Jobs benefit in hard hit rural areas	Accelerate progress on ‘low regrets’ areas	Require financial support to ensure just transition Rural households suffer from higher rates of fuel poverty	
Set high expectation on the heat network delivery – by 2025 have invested £500m both public and private cash and delivered 30 new projects and extensions powered by low carbon heat. Also target for transitioning existing gas-powered networks to low carbon heating.	As above, not immediate but provides regulatory pathway and certainty for investment. Creates and sustains high quality jobs.	Critical component of decarbonizing heat.	Resilience in heating systems. Protection from volatility in prices.	Removes some of the risks of having people in your home (health and security) as heating infrastructure is outside. Can make use of current energy ‘waste’ from industry.

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<p>Set date from which Local Heat and Energy Efficiency Strategies (LHEES) will be mandatory and aim for all to be completed by 2022. These strategies will allow planning, zoning and priority setting for energy efficiency and heat decarbonisation across whole local authority</p>	<p>Some immediate jobs in mapping and strategy but more about putting in place clear strategy for medium to long term – certainty for investment.</p>	<p>Identifies least cost route for emissions reduction</p>	<p>Links with local fuel poverty strategies</p>	<p>Links with placemaking</p>
<p>Set new building standards – no delay to plans for net-zero standards by 2024. Set out a timetable for introducing requirements for cutting the carbon used in the construction of new homes, and targets for reductions. Homes built from 2020/21 should be future proofed in readiness for low carbon heating systems Accompany with linked skills development programme.</p>	<p>Jobs in construction, manufacture, export potential</p>	<p>While small in numbers, builds economies of scale for low carbon technologies</p>	<p>Eliminates poor energy performance as a driver of fuel poverty As part of just transition, new affordable housing should receive financial support to reach net-zero standard early.</p>	<p>Removes need for expensive retrofit at later date. Creates market for more widespread uptake of net-zero in buildings.</p>
<p>Set energy performance standards at point of refurbishment from 2025</p>	<p>As above, but multiplied by many more homes</p>	<p>Extends impact of standards to more homes faster.</p>	<p>As above</p>	

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2. Medium term - next 12-24 mos				
2.2 Expand and amend existing delivery programmes				
<p>Major expansion of Home Energy Scotland programme with big communications and engagement campaign in partnership with local authorities, community groups, business and the third sector, to raise awareness of the multiple benefits of better insulated homes and low carbon heat.</p> <p>Includes: highly discounted/free cost-effective measures eg heating controls, draughtproofing, check to ensure gas/oil systems are condensing, and raise awareness of consumer protection measures.</p>	Creates and sustains jobs in energy advice; creates demand for retrofit projects and uptake of government incentives.	Leads to wider uptake of retrofit measures.	Supports effort to identify and reach fuel poor Provides immediate support, helping those at risk of fuel poverty.	Taps into current interest in making homes more comfortable and affordable for home working / home schooling.
<p>Double Warmer Homes Scotland – more households receive home energy upgrades and renewable heat is the default heat technology alongside energy efficiency measures.</p> <p>Double Area Based Schemes – 21/22 and beyond (this year’s programme has been delayed – but expect it to be fully spent) Renewable heat default installation alongside energy efficiency measures. No disadvantage in terms of energy bills.</p>	Saves on fuel bills (allowing comfort taking) Jobs throughout Scotland	Supports just transition to decarbonized heat.	Address likely rise in fuel poverty	Prevent the most vulnerable from having a cold home, reduce CV19 risks. Improves health and well-being. Less burden on NHS services

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<p>Expand Renewable Heat support through Home Energy Scotland - promotion, advice and interest free loans - for the domestic heat pump market, together with the introduction of additional financial incentives with the aim of doubling year-on year existing heat pump installations over the next two years. It is critical that appropriate energy efficiency measures are included at the same time to ensure maximum impact and value for money.</p> <p>This will encourage uptake of the now extended RHI (e.g. £3k to cover the first few years of electricity consumption OR a one-off payment to reward lifetime carbon savings). This will show Scotland is serious about climate targets, building on very weak RHI proposals from UK Government¹.</p> <p>This could be promoted as a scrappage scheme, particularly for rural areas where it would be linked to expectation of phasing out high carbon fossil fuel heating in rural off gas grid homes from 2025.</p>	<p>Installer jobs, opportunity for training and re-training existing heating engineers, apprenticeships. Mitigates impact of recession & current low oil price on renewable supply chain</p>	<p>Rapid progress on decarbonising domestic heat critical to meeting targets.</p>	<p>Fuel poor households receive grants for low carbon heat (Warmer Homes Scotland).</p> <p>Fuel poverty proofs more of the existing housing stock.</p>	<p>As above - Improved health and well-being through warm, dry, less draughty homes.</p>
<p>Scale up Local Energy System pilots - Smart Storage and Heat Contracting PV/battery storage, ASHP, PV and Electrical storage. A chance to show Scotland is serious about climate targets and reducing fuel poverty.</p>	<p>High quality jobs but need training and skills development. Also growth in manufacture in Scotland.</p>	<p>Supports decarbonisation and electrification of heat</p>	<p>Improves resilience, reduced fuel poverty, innovative and smart. Offers an opportunity to deliver sizeable financial savings and pass on benefits of new technologies and</p>	<p>More people will be working from home and taking an interest in their energy use and home comfort. Time of use tariffs designed to meet the</p>

¹ See <https://greenallianceblog.org.uk/2020/05/13/net-zero-is-nowhere-in-sight-for-uk-clean-heat-policy/>

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			systems whilst ensuring a just transition.	requirements of individuals.
2.3 New Incentives				
Heat pumps / renewable heat				
<p>Heat Pump Innovation Programme: Demonstrate heat pumps in on-gas homes to: test a heat-pump pathway for the majority of Scottish homes (as per CCC advice) explore innovative solutions with mass-market potential (hybrid and smart² heat pumps).</p> <p>500 installations delivered through WHS & HEEPS: ABS, requiring c.£11.8m.</p> <p>Build on BEIS pilot for larger scale demonstrator programme in Scotland.</p>	<p>Innovation: invest early in a potential competitive advantage for Scotland, building on</p> <p>Ensure geographical spread by complementing activity in off-gas homes.</p>	<p>Rapid progress on decarbonising domestic heat critical to meeting targets.</p>	<p>Prevent the most vulnerable from having a cold home, reduce CV19 risks.</p>	<p>More people will be working from home and taking an interest in their energy use and home comfort.</p>
Housing supply / market				
<p>Home move improvement grant Encourage the housing market to rebound by providing a grant for home improvement works linked to house sale, with a certain % having to be spent on energy improvements and/or requirement to meet energy performance standard.</p> <p>Link to skills development programme.</p>	<p>Boosts home improvement supply chain Engages the domestic supply chain in energy services – a huge opportunity and challenge</p>	<p>Accelerates compliance with mandatory energy performance standards and locks in emission reductions.</p>	<p>Fuel poverty ‘proofs’ more of the existing housing stock.</p>	<p>Encourages house buying and selling House prices more likely to reflect energy performance standard.</p>

² A heat pump combined with efficient storage and smart controls integrated with time of use tariffs

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Bring empty homes (or converting empty office-space) on the market: Support (financial and other) to bring them to a C or even higher. Some office spaces / tourism accommodation could be converted to much needed housing.	Supports businesses to turn properties into valuable assets.	Makes best use of existing housing rather than building new (and associated new carbon emissions).	Could target at affordable rent market and housing for most vulnerable.	Provides much needed housing – critical for addressing inequalities.
2.4 New EES programmes for accelerating and scaling up retrofit - DOMESTIC				
Social Housing Decarbonisation fund Funding support to reach EESSH 2 standard – energy efficiency and low carbon heat.	Housing associations in good position to deliver ‘shovel ready’ projects	Exemplars for rest of housing sector	Eliminates poor energy performance as a driver of fuel poverty. Must ensure leads to same/reduced energy costs and improved comfort	Health and well-being Improvements not leading to ‘rent poverty’
Area-based deep retrofit / whole house retrofit roll out focused on social housing. Local authorities funded to develop one scheme each.	Construction jobs. Training, skills. Export potential.	Early lock in of emissions reductions. Meet and exceed social housing energy performance standards.	As above.	Can be more cost-effective to public purse than repeat interventions.

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<p>Mass exemplar programme for nearly zero carbon homes – private homes: bringing several hundred homes in every common house type in Scotland (including blocks of flats as buildings) to a nearly zero standard. The programme will highlight the benefits and possibilities of nearly zero to consumers and industry and ways to address any technical/practical/regulatory barriers to ensure we are on track for 2045.</p> <p>Ensures multi-occupancy and multi-tenure buildings also address the issues of workable finance solutions and engagement and decision-making structures as well as technical challenges</p>	<p>As above. Will scale mass retrofit modern methods of construction.</p>	<p>Critical preparation to demonstrate how we achieve net-zero homes. Unlocks significant but challenging archetype to retrofit where owner -occupiers predominates. Builds on decisions resulting from Scottish Parliamentary Working Group on Tenement Maintenance</p>	<p>As above</p>	<p>Looks beyond energy efficiency to include maintenance of properties and governance of multi-occupancy properties</p>
<p>Develop and expand domestic assessor workforce Training, quality assurance, subsidized thermal imaging, home surveying (including Building Renovation Passport which details what is required to meet mandatory standard and net-zero). Identify fuel poor and make referrals. Strong links with Home Energy Scotland communications and engagement campaign.</p> <p>Must ensure issues with RdSap and low carbon are addressed in assessments, and link with PAS 2035 provisions as appropriate.</p>	<p>Improve quality of assessments. Link with Scot Govt EES quality assurance.</p> <p>Job creation, encourages new people into home energy industry</p>	<p>Increase demand for retrofits, based on robust advice, leading to more emission reductions</p>	<p>Another route to identify, reach and help fuel poor.</p>	<p>Increases awareness and understanding of home energy use.</p>

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2.5 New EES programmes for accelerating and scaling up retrofit – DOMESTIC AND NON-DOMESTIC				
<p>Heat Networks Accelerator: Create a team inside Scot Gov to accelerate district heating extensions and new project development by local authorities and mobilise resource and capital funding. The team would coordinate existing support (ZWS, SFT, EST), identify early opportunities and enable LAs to develop these. (For example, reduction in the interest rate for the DH loan fund might help bring in more applications from local authorities). It could liaise with systems funded by the other grant schemes to identify where projects in close proximity could seed a heat network.</p>	<p>Creates pipeline of projects for medium-term capital intensive projects (1-2 years from delivery).</p>	<p>Heat networks critical part of decarbonizing heat – necessary for meeting targets.</p>	<p>Larger-scale heat networks spread upfront costs to more users.</p>	<p>Builds resilience in heating systems. Good from safety perspective – most of the work can be done (and maintenance) from outside the home</p>
<p>Financial support for grid upgrades when necessary to enable heat pumps, extending the work of the Scottish Hydro Electric Community Trust www.shect.org</p>	<p>Unlocks investment and levels opportunity between communities</p>	<p>Reduced cost allows for more rapid scaling up of decarbonized heat.</p>	<p>Reduces costs of heat pumps</p>	<p>One off improvement in our national infrastructure. Also enables faster and more equitable penetration of EV charging infrastructure.</p>

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2.6 Training & skills NEW and EXPANDED Supports work of SLWG and follow on Industry Liaison Group				
<p>Colleges: accelerate efforts of colleges in rolling out training in low and zero carbon technologies with support of industry bodies. Provide additional funding for course development & extra income support to those looking to train.</p> <p>Low-carbon heat apprenticeships: Pay for the creation of 100 apprentice posts (Govt pays wages & training) by firms in the heating & cooling industries to help tackle the lack of experienced staff. Work with large construction firms on updating their training to include low carbon.</p> <p>Gas engineer retraining courses: Provide free training aimed at commercial and domestic heating engineers in correct condensing boiler installation/operation, energy efficiency and low carbon heat. Link with opportunities through the proposals above to signpost ways into delivering these services.</p> <p>Free training for existing supply chain: Offer refresher courses (fully reimbursed for costs of attending) PAS and MCS type qualifications to existing firms in the supply chain, keep them busy and help improve standards (already a focus of the ESP).</p>	<p>Builds supply chain to meet growth in demand. Keeps people in training / education during immediate crisis.</p>	<p>Improved quality reduces 'performance gap' in achieving predicted emissions reductions</p>	<p>Opportunity for more jobs in local economy</p>	