

Introduction

This paper summarises the key issues relating to heat from the following documents:

- [Draft Climate Change Plan](#)
- [Draft Energy Strategy](#) - consultation closes on 30 May
- [Consultation on heat and energy efficiency strategies, and regulation of district heating](#) – closes 18 April
- [Scotland's Energy Efficiency Programme \(SEEP\) consultation](#) - consultation closes 30 May

We will be coordinating responses to each of the consultations and will set up Member Network meetings in due course.

Draft Climate Change Plan

Key points from the draft plans:

Non-domestic

- By 2032 94% of non-domestic buildings' heat is supplied using low carbon heat technologies (interim targets of 64% by 2020, and 65% by 2025)
- Improvements to the fabric of Scotland's non-domestic buildings results in a 10% reduction in their heat demand by 2032 (Interim targets of 4% by 2020, and 6% by 2025)
- In services (non-domestic buildings), we will need to achieve near zero carbon emissions by 2032. Up to 2025, efforts will be focused largely on energy efficiency improvements. After 2025 low carbon heat will be prioritised with virtually all natural gas boilers being replaced by low carbon heat technologies by 2032

Domestic:

- By 2032 80% of domestic buildings' heat is supplied using low carbon heat technologies (this compares to around 2% of homes currently heated by low carbon heat technology)
- Improvements to the fabric of Scotland's domestic buildings results in a 6% reduction in their heat demand by 2032
- From the mid-2020s the deployment of low carbon and renewable heating systems will have been stepped up, meaning that by 2032 the majority of homes will be connected to low carbon heating systems

SR Initial Comments

While we welcome the draft Plan's ambition, the targets for both the domestic and non-domestic sectors are extremely challenging.

In particular, the targets to supply 80% of domestic and 94% of non-domestic building's heat with low carbon technologies by 2032 will require a significant effort. It is therefore unclear why the draft Plan only envisages a step change in renewable heat installations after 2025. The resultant emissions reductions from heat appear to be heavily back-loaded as a result.

As highlighted in the Committee on Climate Change report '[Next steps for UK heat policy](#)' gas boilers typically have a lifetime of around 15 years. Therefore, in order to meet the 2032 target contained in the draft Climate Change Plan, where there is a requirement for a new boiler, low carbon systems will have to be installed now to avoid the need for premature scrappage.

Scottish Renewables believes the Scottish Government should therefore target the use of existing renewable heat technologies (such as heat pumps, biomass and solar thermal) where possible, as early as possible. Off-gas-grid properties and district heating schemes should be priority action areas. This will provide a more consistent emissions reduction pathway.

Draft Energy Strategy

In 2016 Scottish Renewables published [‘Renewed Ambitions: A Plan for Renewable Energy in Scotland’](#) which set out the key objectives and policies required to ensure the ongoing growth of our renewable energy industry.

In particular, we called on the Scottish Government to:

- Set a target for at least 50% of Scotland’s energy needs to come from renewable sources in 2030
- Champion, coordinate and facilitate the transition to an integrated, low-carbon energy system

We therefore strongly support the Scottish Government’s proposal to adopt a 50% ‘All Energy’ target contained with the draft Strategy, and believe both the draft Strategy and CPP champion a transition to an integrated, low-carbon energy system.

Other key proposals/statements in the draft Energy Strategy relating to heat include:

- A statement that the continuation of the RHI or equivalent beyond 2021 will be critical and should not exclude key renewable heat technologies – such as solar thermal
- A commitment from the Scottish Government to continue to offer financial support and advice to support uptake of renewable heat and to work with UK Government to ensure adequate incentives are in place to encourage the uptake of emerging heat technologies
- A commitment from the Scottish Government to consider the role for regulation in the development of District Heating Networks
- Plans for collaboration with UK government, local government, industry and academia on the UK hydrogen routemap, establishing the strategic basis for hydrogen in the energy system, whilst continuing to fund innovative projects involving hydrogen
- Plans to explore the opportunity to combine bioenergy production and CCS
- A commitment from the Scottish Government to the development of a whole-system Bioenergy action plan
- A commitment to work closely with the UK Government to ensure adequate incentives are put in place to continue to encourage the uptake of emerging renewable heat technologies post 2021 when the current RHI will end

SR Initial Comments

In 2016 Scottish Renewables published [‘A Vision for Low-Carbon Heat in Scotland’](#) (or ‘Heat Vision’ for short) which called for the continuation of the RHI and continued support for solar thermal. We are therefore pleased to see support for both included in this draft Strategy.

As well as the 50% renewables target, the draft Strategy also invites views on what other targets may be needed to encourage the full range of low and zero carbon energy technologies. As set out in our heat vision document we would strongly recommend that the Scottish Government also:

- Sets a target for the uptake of renewable or low-carbon technologies within public sector buildings
- Indicates how much of the target of 1.5TWh of heat to be delivered by district heating by 2020 needs to come from renewable sources

Consultation on Heat and Energy Efficiency Strategies, and Regulation of District Heating

Summary of Key Points

This consultation seeks views on the role that regulation could play in both:

- supporting the development of district heating in Scotland; and
- planning at local level for heat decarbonisation and energy efficiency programmes within Scotland's Energy Efficiency Programme (SEEP)

The consultation proposes that the new regulatory framework should focus on two key areas. These are:

- a requirement on Local Authorities to create Local Heat & Energy Efficiency Strategies (LHEES) which would:
 - be area based and cover a period of 20 years
 - reflect fuel poverty and climate change targets
 - identify opportunities and set targets
 - set out costed, phased delivery programmes
- development of regulation to specifically support the development of district heating, including:
 - establishment of district heating zones
 - concessions and provisions for connecting users to district heating networks e.g. wayleave rights within the district heating zone, requirement for specific buildings to be connected.
 - use of surplus heat from industrial processes - the consultation seeks high level views on what regulations would be required
 - technical and consumer protection standards

SR Initial Comments

One of the priorities set out in our Heat Vision was the role of heat in public sector buildings and in particular, the requirement for public sector bodies to opt in to renewable or low-carbon district heating networks (where the supplier could demonstrate that heat can be delivered at competitive market rates), or to proceed with their own renewable or low-carbon heat scheme as an alternative. We are therefore encouraged to see this included in this consultation document but recognise the challenges this may bring in terms of consumer choice and protection. **We would welcome feedback from members on how this may work in practice e.g. should it be used solely as a backstop power or just in large building with high heat demand.**

The Heat Vision also seeks clarification on the role of waste heat in district heating systems and we are pleased to see that this is a key consideration in this consultation. We recognise that there are a number barriers to this so would welcome feedback from members on what regulation and incentives may be required to drive this forward.

Another key element of the consultation paper is the need for regulation of district heating. In line with our Heat Vision we recommended a stronger package of regulation and support to build investor and consumer confidence to assist with the development of heat networks. We are now requesting member provide more information on regulation requirements in response to this consultation.

Finally, the consultation recognises that in order to meet the targets set out in the Draft Climate Change Plan we need to ensure that *"heat networks do not lock heat supply in to unabated gas-fired CHP - a technology that can reduce greenhouse gas emissions in the near term, but which over the long term will have to be phased out."* We welcome this acknowledgment and look forward to further information on how this will be delivered.

The evidence received from this consultation will be used to inform more detailed consultations on regulation and LHEES later in 2017.

Energy Strategy – Scotland’s Energy Efficiency Programme (SEEP) Consultation

What is SEEP?

SEEP is the Scottish Government’s programme to improve the energy efficiency of homes and buildings in the commercial, public and industrial sectors and to decarbonise their heat supply. Pilot projects are already underway but the full scheme will be rolled out in 2018.

The objectives of SEEP as set out in the draft Climate Change Plan are to ensure:

- by 2032 94% of non-domestic buildings’ and 80% of domestic buildings’ heat is supplied using low carbon heat technologies; and
- improvements to the fabric of Scotland’s non-domestic buildings results in a 10% reduction, and Scotland’s domestic buildings results in a 6% reduction, in their heat demand by 2032.

The consultation sets out a number of the challenges facing the sector, including:

- lack of interest among building owners in making improvements
- mistrust about the promotion and installation of energy efficiency measures
- poor workmanship
- concerns around EPC based building assessments
- low carbon heat technologies are not a direct replacement for gas boilers, they may require extra space and require works to internal heat distribution systems e.g. radiators

A number of the challenges tie in with [barriers we identified for microgeneration](#) along with EST e.g.

- a lack of awareness amongst householders in relation to renewables and the associated benefits.
- in certain circumstances building regulations are holding back the industry (warrant timescales and untapped potential for renewables on new build).
- a need for more effort to improve the in-situ performance of renewable technologies due to poor design/installation.

Questions in the consultation are based around the following themes:

- **The role of regulation, standards and financial incentives** – this recognises that further intervention is needed to stimulate market demand for energy efficiency improvements and low carbon heat. E.g. setting standards for the worst performing properties, introducing standards at different trigger points (point of sale or rental) and financial incentives such as cashback, council tax/business rate changes.
- **What the appropriate levels and sources of funding should be** – SEEP states funding cannot be wholly public sector, private sector investment will be required.
- **The provision of advice, information and consumer protection** – the consultation seeks views on the effective advice and information mechanisms required to enable individuals and businesses to make informed decisions.
- **How to establish and sustain local supply chains and trusted delivery agents** – particularly in rural areas.
- **The nature of programme delivery** – e.g. should it be an area based approach coordinated by local authorities?
- **The balance between local and national responsibilities** – e.g. should activity be funded and led by Scottish Government but delivered through local authorities?

- **Monitoring and review processes**
- **Fuel Poverty** - A new fuel poverty strategy and statutory target will be consulted on later in 2017. This is likely to include a review of the definition of fuel poverty to ensure support is targeted at those most in need.

SR Initial Comments

SEEP is the Scottish Government's main delivery mechanism for reaching its energy efficiency and heat decarbonisation targets. We welcome members comments on the key themes set out above, particularly in the relation to changes required in order to encourage the uptake of low carbon heat technologies.

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