

**Heat Networks (Scotland) Bill
– Scottish Renewables priorities and questions**

**25 August 2020**

**Introduction**

The Heat Networks (Scotland) Bill[[1]](#footnote-1) was tabled in the Scottish Parliament in March 2020 shortly before shutdown and social distancing to manage COVID19 was introduced. It is expected that progress on the Bill will recommence.

To help ensure Scottish Renewables can engage effectively on behalf of members as the Bill makes its way through the Scottish Parliament, a policy advisory group (PAG) of expert members has been formed. This PAG has discussed the Bill and has raised a number of areas where clarification is needed to help ensure there is shared understanding of the Bill and its intent.

Below is a summary of these issues. We would welcome the opportunity to discuss these in more detail with the Bill team and other relevant Scottish Government officials.

To start, it is worth highlighting that there is strong support from our association and members for this Bill. The provisions set out within it will help to set a clear framework for growth of heat networks. Furthermore, we would also support engagement with the Scottish Government on complementary measures alongside the Bill to support and incentivise development of heat network zones.

There is a recognition from industry that within a UK context, including UK regulation and policy, this is a new approach. That means that aspects of what are being proposed are untested in the UK. Overall we welcome the approach taken by the Scottish Government in setting out a legislative framework here and recognised that some powers need to be framed widely so that over time the Scottish Government can adjust operation of this new framework.

In addition we recognise that there are issues to be addressed including how delivery of action on heat networks cuts across devolved and reserved competencies; in particular relating to consumer protection and overall regulation. We understand the approaches being taken here to help bridge and provide certainty in light of these split competencies between the UK and Scottish Governments.

Below are set out questions for clarification and/or further discussion on the Bill.

**Definitions & Scope**

1. The Bill includes a broad definition of heat network which may include infrastructure used to supply heat on to a network e.g. an energy from waste plant. It is not clear if the intention is for the Bill to cover this? For example, if they were within the anticipated scope of the Bill would such heat producers need a licence to operate under this new Heat Networks framework?
2. There exist in Scotland a number of private heat networks that supply a single customer – for example NHS facilities/university campuses. The Bill’s Policy Memorandum talks about the need to avoid sub-optimal development of heat networks in future, and seeking to take an area based approach. More detail is needed on impact of this on existing sites. The current definition of heat networks in the Bill suggests that operators of existing private networks would need a heat licence and that operators of such networks in future would need a licence and a consent. Is this the intention? What exemptions might apply for such facilities/schemes? What provisions might be appropriate if they fall within heat network zones?
3. There are existing heat networks/district heating schemes. It is not clear what retrospective changes will be applied to these networks. For example:
	* Will the operators of such networks require a licence under this new Heat Network framework and will these existing schemes require a consent to be operated?
	* Will their customers be protected under new consumer protection clauses – in particular – what happens if the operators of existing schemes are unsuccessful in obtaining a licence?
	* What exemptions would apply to such existing schemes?
4. Clarity is needed around critical elements of the bill, with good transparent definitions. How will zone permits, licensing and the consenting process fit together and interact in terms of process, timings and duration?   Can we see a flow chart or similar describing the process?

**Licensing and Licensing Authority**

1. We understand the potential limits on how the Scottish Government might act owing to the impact of reserved powers on Ofgem delivering such a role in Scotland, but that the Scottish Government remains open to the option of Ofgem playing this role. Is there any update on progress with UK Government on the potential for Ofgem to be the licensing authority?
2. Can we have some clarity on how decisions on the grant of licences will be taken, in particular:
	* What will be the eligibility criteria and/or exclusions?
	* What will be the full licence conditions regime?
	* What will the application process look like?

We understand that this will be covered in secondary legislation but it would be helpful to see developed criteria before the bill is passed.

**Permitted development and consenting**

1. We understand that a heat network consent will include deemed planning permission for the development of the heat network and ancillary matters. Where the heat network is part of a wider property or infrastructure development, we would like to discuss how the heat network consent process will interact with the planning process for the wider development.
2. Will there be permitted development rights and, if so, to what extent?   How will these fit alongside the consenting process?
3. What will be the application process look like for district heating consent and what will the key timings be?
4. Will there be an appeals process if consents are refused?
5. What will be included in the eligibility / assessment criteria for District Heating Consent?   Will the primary drivers be carbon or fuel poverty?  If both, where will the balance lie?
6. [Is there any update on the engagement with roads stakeholders on road works rights for licence holders? We would like to better understand what these provisions might look like.]

**Permits**

1. More information is needed about the duration and conditions or permits?   What will the interaction be with licensing?   Specifically, if you have a license will you automatically qualify to apply for a permit?
2. The Bill suggests that zone permit holders will still need to apply for heat network consents in designated heat network zones. Clearly the zoning is more high level and consents more specific but could this process be streamlined e.g. could work done at the point of designating a heat network zone could allow fast tracking or exemption of aspects of the heat network consent process – particularly for future network expansions?

**UK vs Scotland**

1. The Bill looks at how to introduce legislation in a way that manages split competencies. Will the Bill ensure that an operator in Scotland will only need to deal with relevant agencies who cover Scotland – i.e. to operate in Scotland, will a Scottish license and separate UK authorisation be needed?
2. Will the new technical standards process be the same UK-wide?

**Building Assessment Reports**

1. It would be helpful to have clarity on what Scottish Ministers and/or local authorities can do with the building assessment reports that they receive – for example, could the data be made public or shared with zone permit holders to increase the value of these reports?
1. Further information on the Bill including Bill documents and background Scottish Government briefings, can be found at: <https://www.parliament.scot/parliamentarybusiness/CurrentCommittees/114885.aspx> [↑](#footnote-ref-1)