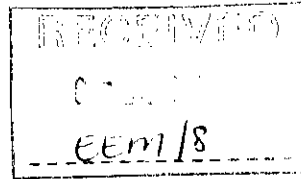


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Energy Efficiency and Microgeneration Strategy
Energy Efficiency Unit
Scottish Executive
Enterprise, Transport & Lifelong Learning Department
2nd Floor Meridian Court
5 Cadogan Street
GLASGOW
G2 6AT

4th June 2007.

Dear Sir/Madam

**ENERGY EFFICIENCY AND MICROGENERATION STRATEGY
DRAFT FOR CONSULTATION**

As a landlord of private rented residential accommodation in rural Scotland I welcome the opportunity to respond to the above and answer the questions as they are posed in the document.

1. Do you agree with the overall approach taken in this draft strategy for improving energy efficiency and encouraging greater uptake of microgeneration? If not, why not?

The draft is fairly comprehensive in the approach it has taken. However there is no definition anywhere in the draft of "household" nor, as a corollary to that, of "business".

When the SCHRI programme was initially set up it invited applications from owner occupiers and community groups (which included groups of houses in the social rented sector). Applications from landlords in the private sector were disallowed on the grounds that they were in respect of a business and that this broke EU competition rules. Applications from landlords to the Carbon Trust for assistance with the installation of renewable energy heating systems were rejected because the application was not in respect of their business premises. The sector therefore fell between two stools and was effectively excluded from the grant regime.

This discrepancy has, to some extent, been rectified because landlords now have grant assistance available under the Low Carbon Buildings Programme but the grant available only covers the difference between the cost of the renewable technology and the cost of a conventional system. The amount of grant (at around 25% of the cost) is therefore considerably less than that under SCHRI (30% of the cost) and puts private landlords at a disadvantage to landlords in the social rented sector. The Programme further discriminates against the private landlord because it makes no allowance for grant on irrecoverable VAT as the provision of rented accommodation is an exempt supply and therefore outwith the scope of VAT.

This is clearly discriminatory, illogical, and counter-productive. A house is a house is a house and, if the Executive is serious about encouraging householders to become more energy efficient, the nature of the householders' tenure should be irrelevant.

You might argue that there is currently nothing to stop tenants from applying for a grant. But tenants in the private rented sector, where the length of tenure may be a small number of years, are not going to install a renewable energy system costing say £10,000 which they cannot take with them to their next house – even if they could afford to pay the cost of the system net of grant. Besides the profile of tenants in the rural private rented sector is, in many respects, no different from that of their counterparts in the social rented sector and, if assistance is available to the landlords of one it should be available to landlords of the other.

The Strategy must therefore consider the position of the private rented sector either by including it in the SCHRI regime or by recognising its VAT position as a business and increasing the level of grant to put it on a par with the social rented sector. This would allow it to contribute to the householder targets that the Executive has set otherwise landlords will become disillusioned and fail to play their part in the Executive's drive to reduce fuel poverty. As a private landlord I want to play my part but am effectively excluded as things stand at present.

2. Do you have any views on the key actions covered in the draft strategy summarised in Chapter 8 – Conclusions and Next Steps?

In paragraph 6.13 the draft refers to barriers to take-up, especially for existing homes, and describes some of the options being considered to improve the situation. The only option, in my view, is to increase the level of grant. The cost of installing renewable energy systems into existing houses is still extremely high. A grant of 30% under SCHRI helps, of course, but it is often not enough to encourage the switch because the net cost is still much higher than a conventional system. Raising the level of grant to 40% would make a significant difference to the level of uptake.

I like the idea of a one-stop shop for householders and streamlining the support available for businesses as this will improve the efficiency of delivery. I am in favour of the public sector taking the lead and setting an example in the transition to a lower carbon footprint. I am also in favour of removing the bureaucracy associated with much of the application process, whether it is for planning permission, grid connection or grant.

3. The draft Strategy states that we will consider targets to be included in the final Strategy and Action Plan:

(a) Do you have any views on specific targets referred to within the draft?

(b) Are there any other targets which you believe should be considered?

I have no view on the specific targets nor on the need for other targets.

4. Are there any other comments you would like to offer on this strategy in relation to the promotion of energy efficiency and microgeneration in Scotland?

Paragraph 6.13 refers to “investigating the barriers to take up” and to “currently investigating a range of options”. The draft should already have done this work and presented the options as part of the draft strategy. After all, what is the point of having a strategy if you don’t tell us how you expect to deliver it?

5. If you are responding on behalf of an organisation, how do you think your organisation will/can contribute to the success of the strategy?

My business/organisation is effectively excluded from contributing to the success of the strategy for the reasons outlined above.

Yours faithfully

A handwritten signature in black ink, appearing to read 'J A Carruthers', with a stylized flourish at the end.

J A Carruthers (Mr)