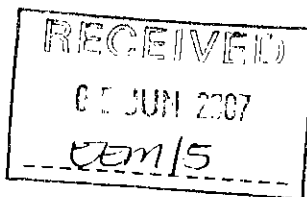


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Energy Efficiency & Microgeneration Strategy
Energy Efficiency Unit
Scottish Executive
Enterprise, Transport & Lifelong Learning Dept
2nd Floor, Meridian Court
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Dear Sir/Madam

**Response to the Scottish Executive Consultation:
Energy Efficiency and Microgeneration**

Please find attached the Energy Action Scotland (EAS) response to the above noted consultation paper. In line with normal EAS practice the response is not intended to be confidential and so it may be used and kept on open file for others to view.

Yours faithfully

Liz Fitcher
Development Manager

Response to the Scottish Executive Consultation
Energy Efficiency and Microgeneration:
Achieving a low carbon future -
A strategy for Scotland



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Introduction:

Energy Action Scotland (EAS) is the Scottish charity with the remit of ending fuel poverty. EAS has been working with this remit since its inception in 1983 and has campaigned on the issue of fuel poverty and delivered many practical and research projects to tackle the problems of cold, damp homes. EAS has worked with both the Scottish Executive and the UK Government on energy efficiency programme design and implementation. EAS is a member of the Scottish Executive's Fuel Poverty Forum and was previously on the Scottish Executive's Central Heating Advisory Group.

EAS welcomes this consultation into energy efficiency and microgeneration in Scotland and the commitment to combine all existing and new targets and commitments into a single Strategy and Action Plan to be published during 2007. EAS is particularly pleased to note the Executive's continued commitment to end fuel poverty in Scotland by 2016.

EAS recognises the contribution that the Scottish Executive's Central Heating Programme (CHP) and Warm Deal have made towards the eradication of fuel poverty in Scotland. However eligibility for these schemes is focussed mainly on those over 60 or in receipt of benefits and EAS would like eligibility for energy efficiency schemes to be widened to include other vulnerable groups such as the disabled, the chronically sick and single people on very low incomes. All of these groups are also experiencing fuel poverty but there is little in the way of grants or assistance currently available to assist them.

EAS is primarily concerned about the social impacts of energy efficiency policy and this response concentrates mainly on the aspects of the consultation which are likely to have an impact on the eradication of fuel poverty in Scotland.

Fuel poverty in Scotland:

The Scottish Executive is required by the Housing (Scotland) Act 2001 to end fuel poverty as far as is practicable by 2016 and plans to do this are set out in the Scottish Fuel Poverty Statement. Gas and electricity are essential services and vulnerable customers need access to grants and information on how to reduce their demand for energy, particularly in the current climate of high energy prices.

There was a dramatic downward push on fuel poverty between 1996 and 2002 with some 452,000 households being taken out of fuel poverty according to the Scottish House Condition Survey 2002. In that period 35% of households were removed from fuel poverty by the reduction in fuel prices, 50% were removed by increases in household income and only 15% by means of energy efficiency measures.

The recent rise in energy prices has wiped out much of the progress that was made towards the Scottish Executive's target on the eradication of fuel poverty in Scotland. According to a report produced by Communities Scotland¹, for every 5% rise in fuel prices an estimated 30,000 more households would go into fuel poverty. Based on these figures EAS has estimated that there could currently be in excess of 650,000 fuel poor households in Scotland.

Factors such as the longer heating season and subsequent higher heating bills mean that Scottish consumers are more vulnerable to energy price hikes than those living in other parts of the UK. An additional factor which has an adverse effect on Scottish energy bills is the fact that a third of Scottish housing is off the mains gas network, a third have walls without a cavity and a quarter have no loft. EAS recognises the contribution that microgeneration technologies could make to the eradication of fuel poverty in off gas areas and on hard to treat properties.

According to a recent report² the Scottish Executive's flagship Central Heating Programme (CHP) has removed 76.5% of previously fuel poor households from fuel poverty. In addition to this the energy efficiency rating of the dwellings which had CHP improvements increased from 3.28 to 6.98 on the NHER³ scale and the percentage of dwellings scoring less than 5 on the NHER scale fell from 84.8% to 15.1%.

Chapter 1: Setting the scene

EAS understands that the Executive will take responses to this draft strategy consultation into account when revising the strategy and that a final strategy will be compiled into a single Action Plan which will be published in 2007. EAS urges the Executive to ensure that the timetable for this is adhered to as further delays in setting targets for energy efficiency and microgeneration will have a significant negative impact on the ability of the Executive to meet targets on the eradication of fuel poverty in Scotland.

EAS supports the need for a more joined up approach to energy efficiency and microgeneration and agrees with the view set out in the consultation document that we cannot afford to wait for international decisions to be made before action is taken. There is no doubt that improving energy efficiency will have a positive impact on climate change and it

¹ Fuel Poverty in Scotland: Further Analysis of the Scottish House Condition Survey 2002.

² "Impact of the Central Heating Programme on tackling Fuel Poverty: The first three Years, 2001 - 2004 " Development Department, Scottish Executive

³ NHER is a means of rating the energy efficiency of a dwelling on a scale of 0-10 where 0 is the least energy efficient

will also make a significant contribution to the eradication of fuel poverty. Many fuel poor households have to pay too much for their energy because of the poor energy efficiency of their dwellings and they are ineligible for existing grants for energy efficiency measures. A more joined up approach to the delivery of energy efficiency schemes would result in improved economies of scale, better targeting and ensure maximum benefit is achieved from the total amount of funding available.

The Scottish Executive has a key role in the promotion of energy efficiency and EAS believes that this should be a key priority for the next few years if fuel poverty targets are to be met. There are already many examples of good practice in Scotland which could easily be replicated in other parts of Scotland. Examples of how Combined Heat and Power (CHP), geothermal energy, heat pumps and district energy schemes have successfully tackled fuel poverty in Scotland should be rolled out and additional funding should be allocated to enable these schemes to be replicated in hard to treat properties. EAS believes that the solutions to fuel poverty already exist in Scotland but that more action is needed in relation to investment, awareness and infrastructure if fuel poverty targets are to be met and examples of these are set out in a report⁴ published by EAS.

EAS welcomes the commitment to equality objectives set out in the consultation document and hopes that the equality impact assessment which is being undertaken will lead to a widening of the eligibility criteria for vulnerable groups not currently benefiting from fuel poverty schemes.

Chapter 2: Energy use in Scotland

The consultation document recognises the fact that Scottish domestic energy use per capita is higher than the UK average and cites various reasons for this including the colder climate, fewer usable daylight hours and fewer homes with access to the gas grid. As stated earlier an additional factor impacting on energy use is the significant percentage of hard or expensive to treat housing in Scotland.

Despite these factors there is no recognition of this difference in UK fiscal and energy policy and therefore EAS recommends that the Scottish Executive should ensure that additional funding is provided for energy efficiency and microgeneration measures to address this anomaly. In particular EAS recommends that a higher proportion of funding per capita is devoted to energy efficiency and microgeneration measures in Scotland than in the rest of the UK.

⁴ "Best Practice in Fuel Poverty Scheme" Energy Action Scotland - February 2006

Chapter 3: Changing our behaviour

EAS recognises the importance of information and advice services and supports the introduction of a “one stop shop” approach to providing these services. The provision of a single point of access for advice and information would reduce the current confusion about the various schemes and achieve maximum benefits for householders. In addition to this EAS believes that streamlining the provision of advice and information services would increase awareness of the benefits of energy efficiency and micro generation, simplify the promotion of the various schemes and lead to a greater take-up of grants and measures.

EAS recognises the contribution that has been made by the Energy Saving Trust and its network of Energy Efficiency Advice Centres and believes that a more co-ordinated and proactive approach would achieve better results. The proposal to establish a Sustainable Energy Network (SEN) in Scotland seeks to streamline the existing arrangements for energy efficiency and microgeneration and EAS urges the Executive to implement these proposals as soon as possible.

Chapter 4: Knowing what we use

Customers need access to clear unambiguous information about their energy usage and smarter metering and better information about energy usage would contribute to that.

1. Improved billing – Providing bills based on actual rather than estimated readings would go a long way towards achieving increased awareness of energy usage. In addition to this EAS recommends that energy suppliers should provide customers with comparative information about previous usage on an annual basis and EAS is pleased to note that this has been recognised in the Government’s White Paper.
2. Real-time displays – EAS recognises that these devices could provide useful information to customers but ultimately EAS believes that smarter meters and accurate information about actual usage on energy bills are likely to have a bigger impact on reducing energy usage.
3. Smart meters – EAS supports the introduction of smart meters and urges the Scottish Executive to use its influence with the UK Government and the Regulator to encourage the widespread introduction of these across Scotland as soon as practicable. EAS notes that the Carbon Reduction Pilot and public sector pilot programme will test different types of meters and will also focus on encouraging energy efficient behaviour. There is a huge potential in Scotland for significant savings in energy usage to be made in domestic housing provided customers are given appropriate information about the potential benefits of monitoring their energy usage.

4. Smart meters will not reduce energy usage unless customers understand the benefits of reducing their energy demand and therefore EAS recommends that the Scottish Executive should fund a high profile customer awareness and education campaign on the benefits of smarter metering in order to ensure maximum impact on reducing energy demand. Smart meters should be able to be read and recalibrated remotely and have meaningful display information for the householder.

Chapter 5: Changing our buildings

EAS recognises the effect that the revised standards to the Scottish Building Regulations will have on new buildings in Scotland and the impact this will have on fuel poor households living in new buildings. However, EAS is also extremely concerned about the condition of the existing housing stock, particularly in the private owner occupier and rented sectors. EAS recognises the contribution that Energy Performance Certificates will make in relation to providing information on carbon and the average costs of heating and lighting but there is no obligation on householders to act on this information and therefore further measures are required to encourage householders to take action to reduce their demand for energy.

EAS notes that a further £2 million is to be invested in microgeneration for householders and communities, but this is likely to have very little impact on fuel poor households living in hard to treat properties. In a report⁵ by the Energy Efficiency Partnership for Homes it is stated that vulnerable households living in areas that are off the mains gas area, in solid wall properties are likely to be most at risk from fuel poverty and EAS recommends that treating these properties should be given the highest priority. The report also illustrates how integrating existing funding mechanisms could be used to draw in the additional funding required to improve the quality of the most expensive to treat housing.

Chapter 6: Improving our homes

EAS welcomes the renewed commitment to the fuel poverty target of 2016 set out in this section of the consultation document.

The consultation document states that 43% of households living in dwellings with low energy ratings were in fuel poverty according to the report published in 2006 based on the data collected in 2003/2004 for the Scottish House Condition Survey. In addition to this the Scottish Housing Quality Standard requires that all social houses will have effective insulation and efficient central heating systems by 2015 and a progress report on this is to be issued in 2009.

⁵ "Counting the Cost of Energy": Energy Efficiency Partnership for Homes, endorsed by the Housing Corporation and Communities Scotland

The Scottish Executive's pilot scheme to install micro-renewable technologies in hard to treat housing will produce data on how these technologies can help the fuel poor, but this is an extremely small sample, and the timescale for recording data is over two years. EAS recommends that eligibility criteria for the Warm Deal and CHP should be extended to include other groups not currently eligible for these schemes such as the disabled, the chronically sick, low income families with children and single people on very low incomes.

EAS recognises the contribution that the Home Energy Conservation Act (HECA) has had in relation to improving housing standards and supports the review of HECA targets referred to in the consultation document.

Chapter 7: The public sector leading by example

EAS recognises the role that the public sector has in relation to leading the way and in encouraging others to take action on energy efficiency and acknowledges the contribution made by the Central Energy Efficiency Fund (CEEF) in reducing energy consumption in the public sector. The consultation document states that the evaluation of this fund does not take account of savings achieved by the NHS and Scottish Water and EAS assumes that this information will be made publicly available in due course.

Investing additional funds into a revolving loan fund which is ring fenced for energy efficiency projects could make a substantial contribution to energy efficiency in the public sector and EAS recommends that the financial savings from these could be used to fund front line services that will encourage increased awareness of energy efficiency in the domestic sector.

Conclusion:

EAS welcomes the Scottish Executive's continued commitment to ending fuel poverty by 2016 set out in the document and supports the development of a holistic approach to energy efficiency and renewable energy.

Co-ordination between the Scottish Executive's fuel poverty schemes and the energy companies' EEC schemes would help to achieve this aim. A one stop shop approach to the provision of advice for householders would remove some of the current confusion and duplication which is a feature of the energy efficiency industry. Current energy efficiency schemes are targeted towards specific sectors of the community but many fuel poor groups are not eligible for these. EAS would like to see eligibility for all these schemes widened to include those whose circumstances mean they are at home for long periods of time, need constant warmth and therefore have high energy bills.

The introduction of Energy Performance Certificates provides an excellent opportunity to provide information to householders on energy efficiency and microgeneration, but the information on the certificates must be provided in a way that is understandable and meaningful to intended users and should include information on energy usage.

The most efficient unit of energy is the one that is not used or generated and therefore EAS urges the Scottish Executive to ensure that the demand for energy is given appropriate priority over the installation of micro-renewable technologies.