

Respondent Information Form: Energy Efficiency and Microgeneration Strategy

Please complete the details below and return it with your response. This will help ensure we handle your response appropriately. Thank you for your help.

Name:

Postal Address:

1. Are you responding: (please tick one box)

(a) as an individual (go to Q2a/b and then Q4)

(b) on behalf of a group/organisation (go to Q3 and then Q4)

INDIVIDUALS

2a. Do you agree to your response being made available to the public (in Scottish Executive library and/or on the Scottish Executive website)?

Yes (go to 2b below)

No, not at all (We will treat your response as confidential).

2b. Where confidentiality is not requested, we will make your response available to the public on the following basis (please tick one of the following boxes):

Yes, make my response, name and address all available

Yes, make my response available, but not my name or address

Yes, make my response and name available, but not my address

ON BEHALF OF GROUPS OR ORGANISATIONS:

3 The name and address of your organisation **will be** made available to the public (in the Scottish Executive library and/or on the Scottish Executive website). Are you also content for your **response** to be made available?

Yes

No (We will treat your response as confidential)

SHARING RESPONSES/FUTURE ENGAGEMENT

4 We will share your response internally with other Scottish Executive policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Executive to contact you again in the future in relation to this consultation response?

Yes

No

Scottish Executive Development Department
Victoria Quay
Edinburgh
EH6 6QQ

Energy Efficiency and Microgeneration Achieving a low carbon future : A Strategy for Scotland

Thank you for the opportunity to comment on this consultation document.

Subject to confirmation by the Environment and Development Committee which will meet on 22nd June 2007 (subsequently revised to Environment and Transportation Committee of 30th August 2007) , I wish to submit the following comments.

Comments on Strategy

Fife Community Plan, produced by the Fife Council and partner organisations positively supports action to reduce the causes of climate change. In implementing the Community Plan, Fife Council has taken a lead on encouraging the use of a number of microgeneration technologies and is pursuing energy efficiency measures throughout Fife.

Fife Council is supportive of the production and implementation of a Strategy for achieving a low carbon future for Scotland which addresses the range of issues discussed in the consultation paper.

However, as a planning authority, Fife Council wishes to reserve its position with regard to the consultation on the issue of permitted development rights for microgeneration technologies.

Responses to Specific Questions

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

No, as this is largely a continuance of what has gone before. Progress using this approach has been slow and many of the issues and proposals set out have been extensively examined and consulted on previously; this document offers little that is new. A step change is required if Scotland is to have any hope of meeting the climate change challenge, of building a sustainable energy supply and demand situation for the future, and of creating strong economic development in the energy sector.

It is now time to implement far more rigorous measures which both incentivise and compel, and which will drive market expansion and reduced costs, for energy efficiency and small renewables. The primary mechanisms to date, subsidy and grants, cannot be provided at a scale sufficient to drive market change, or behavioural change, at the necessary rate.

Microrenewables as part of a diversified and decentralised energy industry offer considerable benefits. Growing a wide range of technologies avoids dependency either technologically or economically. Decentralised energy including microrenewables also provides more benefit across a larger number of communities which can develop opportunities open to them at the local level. Decentralised energy supply and networks can be more robust and less vulnerable.

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

Domestic sector:

- Introduce a one stop shop approach to advice for householders on energy efficiency, sustainable transport and renewable energy.

It is widely agreed that the current miscellany of awareness raising, promotion, advice provision, grant schemes, support agencies is counterproductive and inefficient. The move to one-stop-shop approach is welcomed but should extend beyond advice (only) to access to all other forms of support, including grants.

This does not mean that all such support should be centralised; local knowledge and contacts and especially a local presence are powerful tools. The lack of a local dimension in programmes to date has led local authorities, Fife included, to develop autonomous services, some of which overlap with services provided nationally. These could be effectively co-ordinated and funded at national level and delivered locally. This local delivery should include joint working with community planning partners like NHS Scotland on issues such as referral systems and website links.

- Set energy efficiency targets for housing.

The existing housing stock will provide the majority of homes for the foreseeable future. In requiring only the development of a strategy and targets by local authorities for energy efficiency improvement in existing housing, the Home Energy Conservation Act did not require or provide support for action to be taken across all housing sectors. It has been truly effective only in relation to social housing and despite the 17.2% improvement in domestic energy efficiency (1997-2005), consumption has continued to increase.

Conversely, investment in energy efficiency by many authorities as a result of the Home Energy Conservation Act (HECA), means the Scottish Housing Quality Standard (SHQS) minimum National Home Energy Rating (NHER) of 5 has already been met in much social housing stock and the SHQS will not provide a significant driver to further improvement.

Challenging targets for all housing, and compelling mechanisms that both require these targets to be met, and enable delivery are needed. Only then will the bulk of the existing housing stock be improved at an acceptable rate.

To this end the amended Tolerable Standard and associated guidance on work orders, which are due later this year, should be used to set out required energy efficiency standards in private housing to ensure far greater progress takes place. Additionally a forward plan of increases in the SHQS NHER rating for the next 15 years, which will deliver a social housing stock of ever higher energy efficiency, should be developed and published.

The delays in making energy consumption and emission statistics available at regional and sub-regional level are counterproductive, and difficult to understand when the energy suppliers are able to bill on the same data on a quarterly basis. All stakeholders need prompt access to data at local level if they are to target action and monitor progress effectively.

- Consider options for financial and other incentives to encourage householders to improve the energy efficiency of their homes.
- Invest a further £2 million in support for microrenewables for householders and communities.
- Continue our commitment to end fuel poverty by 2016 and test the impact microrenewables technologies have on tackling fuel poverty.

As noted in the opening comment, measures need to be put in place that will drive market transformation; a grant scheme of the scale suggested will not suffice. It is suggested that the substantial monies currently spent by energy suppliers on Energy Efficiency Commitment would be far better directed to the Warm Deal and SCHRI grant schemes. This would see the EEC

monies being spent directly on energy efficiency and microrenewables rather than on marketing and competition between the suppliers whose offers of discounted energy products are often rejected by a suspicious public.

Looking at the three factors that combine to create fuel poverty, poor energy efficiency, low income and high energy prices, it is hard to see what alternatives there are to renewables as a means of helping those living in 'hard to heat, hard to insulate' homes like tower block flats to achieve affordable energy. However, once again until markets are grown, costs will remain high and attention is probably better directed to market transformation than to 'testing' technologies for a handful of households.

The inclusion in SPP6 of a target of 15% less emissions on developments of 500 sq. metres is welcome and will assist the market growth sought. It will, however, be regarded by many developers as a 'deemed-to-satisfy' maximum.

Just as many authorities were reluctant to follow the 'Merton' example, in case this caused disadvantage in attracting development or exposed local policy to costly legal challenge, they will now be reluctant to require more than the 15% SPP6 sets out.

It would therefore be helpful if the Strategy could provide guidance on targets for refurbishments of existing buildings, for developments less than 500 sq.m. and set out a forward plan of increases in the targets. It is suggested these should be 25% by 2010, and 50% by 2020. This would provide a greater boost to the growth of the supply chain, presently a bottleneck to implementation, than current grant schemes alone can possibly achieve.

For the **business sector**:

- Commit up to a further £2 million to a loan fund for small and medium sized businesses.

The loan scheme is a welcome initiative but is insufficient to have significant impact on business energy efficiency, consideration should be given to a significant expansion. The other issue is low take-up in some areas; for many SME's, even after recent price increases, energy is still not a significant cost compared to other overheads and doesn't rate much attention. Other incentives such as adjustments on the polluter pays principle to business rates for energy inefficient premises should be considered.

- Review resource efficiency initiatives and streamline the support available to make it easier and clearer for businesses to take action.

Scottish Enterprise and Fife Council are supporting local businesses to realise resource efficiency gains, minimise their environmental impact and identify new business opportunity through the Green Business Fife initiative. Dialogue with members has identified a single, well marketed, point of contact, with local delivery, for all advice and support, as the most important factor in improving take-up.

This will succeed only if the quality of assistance offered is at an adequate level. Existing provision is variable and sometimes superficial, giving astute business people generic advice that they already know and little more.

For the **public sector**:

- Set environmental performance targets for our NDPBs and agencies and targets for local authorities to reduce greenhouse gas emissions.

Scottish local authorities, including Fife, have demonstrated commitment by signing the Scottish Climate Change Declaration. The support given by the Executive to the Sustainable Scotland Network, and other networks is welcome. However, these initiatives do not, as yet, have impact on the majority of public sector decision making, in the middle layers of public sector management, at the frontline of service delivery, or on the attitudes and behaviour of public sector employees.

It must be remembered that local government has no specific duty or mandate for action on climate change. There are many pressures on local authority budgets and increased workload resulting from ever higher public expectations and increasing legislative burdens. It is very difficult

to find the resources to deliver action on an issue which many see as outside the core business of local government

- Seek ways to better promote energy efficiency and microrenewables through the public sector procurement process.
- Encourage greater energy efficiency and uptake of microrenewables across the public sector estate, especially in schools and encourage every school to register on the Eco Schools Programme.

Eco-schools are worthwhile as an educational initiative, but do not provide a robust enough framework to improve energy efficiency in and by schools themselves. Fife Council has a very high level of Eco-schools registration but this has not been strongly reflected in reductions in energy use.

The Carbon Trust's Carbon Management programme provides well constructed process maps with excellent templates, and good generic guidance. However, it lacks any surety of action plans being implemented, as competition for resources undermines commitment, especially in the long term.

Budget pressures continue to make minimising initial capital outlay the major consideration in capital spending programmes. Political pressures continue to make maximising direct public services the major consideration for revenue budgets. Concern about running costs have combined with higher energy prices to give energy efficiency a higher profile. Nonetheless, the budget and political considerations mitigate against progress in energy efficiency. They are critical barriers to renewable energy, which does not, as yet, present a sound financial case for investment. There are competing demands for funds and no strong enough driver to counteract this.

Fife Council received almost £1 million from the Scottish Executive's Central Energy Efficiency Fund between 2004 and 2006. This was used to form a revolving fund, investing in improvements which are now returning savings of around £200,000 per annum for further improvements. However, this fund has been almost the only source of funds for energy efficiency works and could have been spent many times over.

For this reason, the proposal that local authorities should monitor and report against benchmarks and targets for reducing energy use through energy efficiency is welcome as this will provide a justification for reprioritising spending. [It is worth noting that the benchmark methodology adopted by Audit Scotland for the Value for Money Study (1987) on energy efficiency in Scottish Local authorities has not yet been bettered and can be applied from a single building to an entire authority.]

Separate targets should be set out; for emissions, for purchasing renewable supplies, and for generating renewable energy from the public estate. The public sector may be expected to support government targets and the growth of renewable production through procurement but must be given stronger incentives to counter-balance the higher costs of renewable energy. Similarly, it is insufficient to 'encourage' the public sector to set an example in implementing renewable generation within the public estate. The drivers will have to be stronger to provide a justification for action that is presently costly and does not present a strong enough economic case, even with grant assistance.

Renewable generation targets for the public sector will also help drive greater partnership working on small and medium scale renewables such as Combined Heat and Power, which may be more appropriate to the scale of the public estate. It is presently difficult to take advantage of potential synergy across different parts of the public estates. A driver in the form of renewable generation targets for public bodies will push the joint development of projects and supply chains.

As noted above there are constraints on the extent to which public sector bodies feel able to make investment in energy efficiency and renewables. Fife Council is working with the Carbon Trust in the Partnerships for Renewables initiative which aims to overcome these constraints, is supporting the development of Renew, an energy co-operative and investigating the potential for forming an energy company. Further support for alternative mechanisms to finance the implementation of

energy efficiency measures and renewables such as the trading arms of the Carbon Trust, Energy Service Companies and Energy Co-operatives is required.

In our buildings:

- Implement new building standards from May 2007 and investigate the impact of further increasing the energy standards.

It is recognised that the new standards are a significant driver to low carbon buildings and technology. Nonetheless, we still lag behind several European countries. Though it is understood that there would be opportunity to introduce further improvements through future reviews of Part 6, far better would be a forward plan indicating how and when these will be further improved. This would provide market certainty, give the industry opportunity to prepare and would encourage technology development, installer skills, manufacturing growth, and building of supply chains.

- Require energy performance certificates in buildings and use these specifically to enhance performance in the public sector.

The requirement to prepare and display certificates in public buildings is unlikely, of itself, to drive performance improvement unless there is greater support for more rigorous mechanisms of compliance checking and sanctions associated both with failure to display and to improve performance.

- Consult on detailed proposals for permitted development rights for microrenewables.

This proposal is acceptable in principle as the public perception of planning bureaucracy does present a major barrier to the take-up of microrenewables. If, as other programmes encourage take-up, the current requirement to obtain permissions prevents progress, a disproportionately negative view of the technologies may result; so it is to be hoped this consultation will be progressed quickly.

Nonetheless the proposals must effectively address concerns about a proliferation of unsightly, inappropriately placed and operated microrenewable installations. It is expected that the consultation on the proposals will allow further exploration of these concerns.

- Remove barriers to microrenewables giving eligibility for ROCs from April 2007 and continue to support uptake of microrenewables for householders and communities.

This change to the regulatory framework is very much welcomed as it is important to the economic case for microrenewables. As the number of people installing microrenewables increases, it may also help increase public understanding of how the 'new' renewable energy industry works.

- Set microrenewables targets in 2007.

It is not evident what benefit a national microrenewables target would have as it would be exceptionally difficult to monitor, especially if microrenewables becomes permitted development. It would not be a driver relevant to any stakeholder other than the Scottish Executive, which can measure the effectiveness of programmes more directly through uptake.

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?

In a few instances no numerical magnitudes are specified and this makes comment difficult. It is expected that these will be the subject of further consultation.

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

See above.

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

The summary only commits the Scottish Executive to considering options for financial and other incentives. This should be revised so that there is a stated commitment to supporting energy efficiency and microrenewables in specific terms which will give the certainty that developers, manufacturers and financial institutions require if investment is to be progressed.

It is suggested that the word 'microrenewables' is replaced by 'microrenewable' so that it is more inclusive of renewable technologies, such as solar panels and heat pumps, used for water and space heating.

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?

As is noted above, Fife Council is committed to improving energy efficiency and increasing use of microrenewables across the region. The fact remains that this is one pressure amongst many and the resources that can be directed to this work are limited, compared with those that must be directed to statutory responsibilities and answering public expectations. With this in mind, Fife Council would look to the Scottish Executive to provide a stronger framework of support for local authorities in pursuance of this Strategy.

Head of Development Services
Head of Environment Services
Fife Council

BACKGROUND INFORMATION

Within the Energy Act 2004 microgeneration is defined as 'small scale production of heat and/or electricity from a low carbon source' (DTI, 2006). The definition of microgeneration under The Climate Change and Sustainable Energy Act 2006 includes the generation of electricity by equipment relying on wind and which has a power capacity of less than 50kW. Information on microgeneration and microrenewables is set out in the Annexe to PAN45 published by the Scottish Executive in 2006.

BACKGROUND PAPERS

Under Section 50(d) of the Local Government (Scotland) Act 1973 the following background papers were relied upon in the preparation of this report:

Scottish Planning Policy 6: Renewable Energy (2007)