



The Wise Group

Response to the Energy Efficiency and Microgeneration Strategy

Introduction

The Wise Group is one of the UK's leading employment and regeneration agencies, and operates throughout Scotland and the North East of England. We, as a leading social enterprise, have a central mission to help those outside of, or disadvantaged within, the labour market to change their lives through improving their employability and to contribute to the wider regeneration and sustainable development of the communities in which we work.

Our Sustainability Advice Department delivers a number of sustainability projects and has operated the Strathclyde and Central Energy Efficiency Advice Centres (EEACs) since their inception in 1993. We deliver a comprehensive sustainable energy advice service to residents across twelve Local Authorities alongside a range of other services all of which play a pivotal role in reducing energy demand. These include:

Sustainable energy advice - We provide advice to domestic clients on areas including energy efficiency, renewables and some limited sustainable transport advice. The sustainable energy advice service is crucial in delivering the energy efficiency message to the public and is delivered via a range of media including telephone advice, home visits, signposting to other organisations or grants and the provision of informative literature and reports.

EST eco-driving pilot - In January 2007, our Strathclyde & Central EEACs participated in a two-week Energy Saving Trust (EST) eco-driving awareness raising pilot, providing telephone advice during the campaign. Backed by a billboard and radio advertising campaign this pilot was a call to action to motorists to consider eco-driving approaches.

Sustainability education - We deliver sustainable energy and recycling education to primary, secondary and tertiary education establishments and believe educating the younger generation is essential to encourage behavioural change. Our education programme extends beyond the school gates to engage with the wider community through various innovative programmes to raise awareness and encourage positive action.

Strategic support for Registered Social Landlords - Local Authorities and Housing Associations can have a huge influence on the domestic sector. The Local Energy Support Programme (LESP) provides support on sustainable energy and helps to instigate projects to reduce energy demand. It has encouraged and supported Local Authorities to adopt and implement Scotland's Climate Change Declaration.

The Scottish Community and Householder Renewables Initiative - We deliver locally on behalf of this Scottish Executive programme providing a one-stop shop offering grants, advice and project support to assist the development of new community and household renewable schemes in Scotland.

EST Business Advisors - Staff in the department market the Scottish Executive's resource efficiency programmes, which focus on energy efficiency and waste minimisation and are aimed at the business sector with a particular emphasis on Small and Medium Enterprises. In addition to our traditional area in West Central Scotland, the Wise Group is responsible for the delivery of this programme throughout Ayrshire and Dumfries and Galloway.

Loan and grant scheme management - We administer commercial and domestic interest-free loans to encourage take up of energy efficient technology. As Managing Agent for the Scottish Executive's Loan Action Scotland scheme, having been involved in this since its inception, we understand the importance of the SME sector in assisting the Executive to meet its climate change aims and supporting business in delivering cost-effective carbon savings in this hard to reach sector.

The Wise Group's role both as a key provider of energy efficiency and microgeneration advice and support and as an agency that delivers individual support to the most disadvantaged unemployed individuals in Scotland (those most likely to also suffer from fuel poverty) puts us in a strong position to offer valuable comment on this consultation document.

Response to Consultation Questions

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 Wise Group strongly welcomes the Scottish Executive's introduction of the much anticipated Energy Efficiency and Microgeneration Strategy, which, if implemented effectively, will help to guide Scotland toward a low carbon future.

We are pleased to see many of the recommendations made by the Wise Group in our earlier response to the Energy Efficiency and Microgeneration Bill (2005) are included. It is our understanding that the strategy was initially due to be published as an Energy Efficiency Strategy only and it is commendable that microgeneration has now been included. It is extremely important to recognise that when microgeneration is considered, energy efficiency measures are prioritised.

We look forward to the publication of the Implementation and Action Plan, which will be produced to support this strategy and hope that the Comprehensive Spending Review will also give due priority to this significant issue.

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

Key Actions for the Domestic Sector:

- Introduce a one-stop-shop approach to advice for householders on energy efficiency, sustainable transport and renewable energy
- Set energy efficiency targets for housing
- 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 microgeneration for householders and communities.
- Continue our commitment to end fuel poverty by 2016 and test the impact microgeneration technologies have on tackling fuel poverty.

A 'One Stop Shop' Approach

We have assumed the Scottish Executive has endorsed the framework devised by Energy Saving Trust Scotland (EST), which will establish a 'one stop shop' approach, delivered by four Sustainable Energy Centres (SECs). Current plans will result in a four-way split of the funding to deliver the SEC service. This simplistic viewpoint appears, at first glance, to be the most equitable and sensible approach. However, when scrutinizing the four proposed SEC areas and their demography and geography, a far more advisable approach would be to apply a weighting system, which recognizes the needs of each area. This would lead to more accurate targeting of resources and would ultimately provide a more effective service, resulting in increased carbon savings.

The strategy states that the Scottish Executive plans to promote sustainable transport options including travel planning, consumer transport advice and eco-driving campaigns. Having already delivered a successful eco-driving campaign, we are acutely aware that providing advice staff with the knowledge to deliver effective sustainable transport advice is of the utmost importance. An effective training mechanism will be required to ensure all SEC staff members are informed to an adequate level to deliver travel planning and consumer transport advice. As part of our quality management procedures all advisers are trained to City and Guilds 6176 (Energy Awareness) level and either hold or are working towards Providing Energy Efficiency Services (level 2 VQ). In addition we are signatories to the Energy Efficiency Advice Code of Practice. There is currently no equivalent qualification or industry code of practice for renewable energy or low carbon transport.

Energy Efficiency Targets for Housing

We welcome the setting of further energy efficiency targets for housing. It is critical that Local Authorities, other Registered Social Landlords (RSLs) and the general public recognise that energy efficiency is the most cost effective way of moving towards a low carbon economy and that the housing sector, which currently equates to around a quarter of emissions, can make a huge contribution. The Scottish Housing Quality Standard (SHQS) and Home Energy Conservation Act (HECA) legislation has certainly helped to prioritise this issue among Local Authorities and other RSLs. The introduction of Energy Performance Certificates (EPCs) and smart metering will help

raise awareness of the importance of energy efficiency amongst homeowners, and would contribute to the achievement of new targets, as would other legislative changes such as the phasing out of inefficient lighting. There are also a series of incentives, both financial and otherwise that can be introduced.

Incentivising Energy Efficiency

Although progress has been made in promoting energy efficiency amongst Local Authorities and RSLs the private sector has proved more difficult to educate and inform on the significant benefits of energy efficiency. Private sector landlords have access to the Landlords Energy Saving Allowance (LESA), although it is unclear how well this is marketed to tenants, who could inform their landlord about this if required.

In our experience, private sector insulation schemes that are advertised by the Local Authority and coordinated by the local EEAC (the two, most trusted, local providers of energy efficiency expertise) are by far the most successful in engaging this sometimes difficult to reach sector. EEC funding combined with private sector grants provides homeowners with extremely attractive prices compared to the average cost of installation. This method also ensures robust data is captured which assists for reporting purposes.

Revolving loan schemes are also simple but highly effective routes for allowing homeowners access to the funding required to install energy efficient heating systems. The loan, which can also include a small grant element to further incentivise homeowners, is repaid within three years and the four schemes managed by The Wise Group are always vastly over-subscribed. The funding was initially sourced from HEC Action (via EST) but Local Authorities have since topped this up with funding from other sources.

A nationwide loan and grant scheme to help consumers install insulation or other energy efficient products such as condensing boilers is the most obvious way to provide a financial incentive. A feasibility study on nationwide grant and loan schemes was carried out on behalf of the EST but this has not been published. Any loan and grant scheme would need to take account of lessons learned from existing schemes.

Microgeneration & Fuel Poverty

We welcome the investment of a further £2 million in support for microgeneration for householders and communities, although we understand that this will provide funding only until March 2008 when the current Scottish Community and Householder Renewables Initiative (SCHRI) scheme ends. It is vitally important that more substantial, longer-term investment is made, as although incentives can be highly effective in transforming markets this change does not happen overnight and inconsistency can dampen enthusiasm if support is not available throughout this crucial period.

The domestic scale microgeneration market is still developing and there have been a number of teething problems with certain technologies. Despite this, the demand for grant still far outweighs the available funding provided for SCHRI. The DTI's Low Carbon Buildings Programme (LCBP) cannot be expected to pick up the shortfall given that, due to unprecedented demand, allocations ran out within minutes of becoming

available. While another £6 million will be put into the LCBP over the next 3 years, this will raise the total to £18 million, which is still only a fraction of what is required. Lessons must be learned from this and future programmes must be invested in more heavily, to give both manufacturers and consumers more confidence in the sector.

Energy efficiency and microgeneration both have a role to play in reaching fuel poverty targets, the former more so than the latter. Income maximisation is obviously another key element, but is outwith the remit of this consultation. It is fair to say that, in comparison to simple energy efficiency measures such as insulation, microgeneration is expensive to install and has fairly long payback periods. Therefore it seems more feasible that microgeneration is considered at the planning stage if it is to have a beneficial effect on fuel poverty. We await with interest the outcome of the ongoing fuel poverty renewables pilot run by EST Scotland. Our main concern about this pilot, and its anticipated success, is that this scheme was not synchronized with the Local Authority/Housing Association budget cycles as closely as it might have been. We believe that this would have increased its likelihood of success.

As would be expected of a microgeneration strategy, there is little mention of the benefits of district heating and Combined Heat and Power (CHP), decentralized systems which, if installed correctly, have proven to minimise fuel poverty and lessen the dependence on large-scale power stations. These systems can also reduce the associated inherent inefficiencies this large-scale method of energy production and distribution brings.

Key Actions for the Business Sector

- Commit up to a further £2million for a loan fund for small and medium sized businesses
- Review resource efficiency initiatives and streamline the support available to make it easier and clearer for businesses to take action.

We strongly welcome the announcement of an additional £2 million for the loan fund (Loan Action Scotland) for SMEs. The Loan Action Scotland scheme, which is managed by The Wise Group, has proved to be a highly successful and cost-effective method of reducing carbon emissions in the SME sector. We would encourage the Scottish Executive to support the further expansion of this worthwhile scheme, which delivers substantial carbon savings.

Key Actions for the Public Sector

- Set an ambitious single target for reducing carbon dioxide emissions from the Executive's own activities and estate.
- Invest an additional £4million in the Central Energy Efficiency Fund for the further and higher education sector.
- Set environmental performance targets for our NDPBs and agencies and targets for local authorities to reduce greenhouse gas emissions
- Seek ways to better promote energy efficiency and microgeneration through the public sector procurement process
- Encourage greater energy efficiency and uptake of microgeneration across the public sector estate, especially in school and encourage every school to register on the Eco Schools Programme.

The Scottish Executive - Leading by Example

It is vital that Scottish Executive leads by example and acts as a catalyst to prompt other public sector organizations to play their part. We would therefore strongly welcome the setting of an ambitious target for reducing carbon dioxide emissions from the Executive's own estates and activities.

The Education Sector

Additional support for educational establishments is welcomed and there could also be potential for student involvement in energy saving measures as the scheme is extended. In the Primary and Secondary sectors, students should also be educated on the building design and how it operates empowering them to take control over lighting and heating etc. As an operator of revolving loan schemes we understand the simplicity of the principles behind CEEF and the benefits to recipients and feel that this is an appropriate means supporting the education sector.

The educational value of installing microgeneration in schools should not be underestimated and we believe that the Executive should require schools not only to register on the eco-schools programme, but also set a timeline for them to achieve their Green Flags. There is further potential to coordinate eco-schools with other energy related services such as EEAC/SEC work to assist them in achieving green flag status.

Environmental Targets for NDPBs and agencies

We support the setting of environmental performance targets for Non Departmental Public Bodies (NDPBs) and agencies and it is vital that these targets are stretching but achievable. The Scottish Executive's agencies and NDPBs should be seen as exemplars of sustainable building design, refurbishment and modernisation.

As some of Scotland's largest employers, Scottish Executive agencies and NDPBs should encourage staff to play their role in reducing carbon emissions. The Scottish Climate Change Declaration has targets to improve staff awareness of energy issues through the 'Local Authority Energy Awareness Training' resource, being promoted and delivered by the Local Energy Support Programme and Enviros on behalf of EST Scotland. This resource also ties in with the Carbon Trust's Local Authority Carbon

Management Programme. We would suggest that a similar initiative should be introduced for NDPBs and agencies and that the Scottish Climate Change Declaration be adapted in order for them to become signatories.

The Public Procurement Process

The Wise Group strongly believes that the public procurement process provides the Scottish Executive and other public purchasers with a significant potential level of power to influence change, and that this power not always maximised. Procurement for large scale contracts has been used to require construction companies for example to provide training and employment opportunities (although there is still a lot more to be done here) and a similar approach should be considered for ensuring that energy efficiency, microgeneration and other environmental considerations are built into the fabric of every contract.

Public procurement contracts should require high levels of energy efficiency in building design and operation to ensure that the next generation of public buildings is the most energy efficient and has the lowest possible running costs and carbon emissions. The Scottish Executive should use its procurement policies to cascade its carbon reduction message to suppliers and encourage them to cut emissions.

The Public Sector Estate

The Executive could insist on a set percentage level of microgeneration in all new public buildings. In reaching these demands the public sector will require financial support from schemes such as SCHRI or LCBP. The Local Energy Support Programme (LESP) plays a role in encouraging educational departments and Property departments within Local Authorities to take up environmental support services provided, such as SCHRI and education projects.

Key Actions for Buildings

- Implement new building standards from May 2007 and investigate the impact of further increasing the energy standards
- Require energy performance certificates in buildings and use these specifically to enhance performance in the public sector
- Consult on detailed proposals for permitted development rights for microgeneration
- Remove barriers to microgeneration giving eligibility for ROCs from April 2007 and continue to support the uptake of microgeneration for householders and communities
- Set microgeneration targets in 2007.

New Building Standards

We support the revision of the building standards for new build but believe that more needs to be done to tackle the issue of existing stock, which is by far the larger proportion of buildings. The SHQS will help to improve existing stock to NHER level 5 but more can and should be done. We would support further tightening of the regulations and a move towards carbon neutrality for all homes.

Energy Performance Certificates (EPCs)

We support the introduction of EPCs, and believe that the Executive should consider

rolling out the certificates to all properties, irrespective of whether it is newly built or being sold on. The EPC would then act as a benchmark for improvement that everyone can have access to, allowing informed decisions to be made in making energy efficiency improvements to property.

However, in order to have an impact, EPCs need to be backed up with support and advice to make the required changes and improvements. In the domestic sector this is potentially a role for the SECs (one stop shops) to develop customer relationships. Funding would need to be made available to make improvements in the domestic sector but this should not be limited to 'priority customers'. A tonne of carbon saved is a tonne of carbon saved regardless of what type of property is improved or the income and status of its occupants. Clarity is required in defining the overall objective of such funding streams (tackling fuel poverty or reducing carbon emissions) in order to ensure that they are appropriately targeted.

There are some issues with the introduction of EPCs that need to be made more transparent. The draft strategy implies that for existing dwellings the certificates will be carried out at as part of a survey when a house is up for sale. Properly administering this will require the establishment of one rating system in order to simplify and clarify the process and ensure customer understanding and confidence. The Scottish Executive must ensure that when the EPCs are launched that they are properly marketed and that the public are well informed on the subject. This may involve providing more incentives for the consumer.

Removing Barriers To and Setting Targets For Microgeneration

The process for the installation of microgeneration equipment needs to be supported by increasing the knowledge of architects, planning and building control officers and by having a Scotland-wide policy on what requires permission and what does not. At present local planning policies implemented via Local Plans lack consistency and illustrate differing levels of technical knowledge.

Changing the criteria for Renewable Obligation Certificates (ROCs) could provide a strong incentive to install microgeneration equipment, however it is vital that the programme remain simple enough to administer. We would recommend the establishment of a loan scheme to run alongside this. The installation costs could be repaid through the ROCs for a fixed period of time, making the installation fiscally neutral. There may also be a need to provide more in-depth advice and support for householders and communities on renewables. At present the advice given via SCHRI and EEAC advice staff (who have undertaken EST renewables training) is still limited and there may be a need for consultant-level expertise to be utilised in promoting uptake of microgeneration equipment.

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 that you believe should be considered?

Our views on targets are included in our response to question 2, above.

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?

We would like to reiterate that energy efficiency should always be the first step before considering the installation of microgeneration technologies and this point should be widely publicised. We would hope that this strategy will result in the production of a sensible and workable action plan as part of an overarching energy strategy for Scotland.

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

The Wise Group, as detailed in the introduction to this response (above), already provides a range of services through its Sustainability Advice Centre that will be important in contributing to the success of the strategy.

The Wise Group would be keen to contribute to the further development and implementation of the strategy, would be happy to provide the Scottish Executive with more information on the services we deliver and the role we could play in the implementation of the strategy. This could involve:

- Development of training and delivery standards for transport support and Renewable Energy initiatives.
- Advice on the set up and administration of loan schemes and energy advice programmes
- The delivery of support to schools to improve the energy performance of their buildings as well as cascading information and advice to the homes of the students
- We look forward to the upcoming tender process for SECs and believe we are well placed, given our experience, to deliver a quality service to householders and small businesses
- As Managing Agent for Loan Action Scotland we aim to continue to deliver this programme which is one of the most cost effective in delivering tangible carbon reductions in this hard to reach sector

For further information on any of the issues raised in this paper please contact:

Billy Sloan
Property and Sustainability Manager
The Wise Group
1212 Edinburgh Road
Glasgow
G33 4EJ
e. billy_sloan@thewisegroup.co.uk
t. 0141 552 0799

Abigail Howard
Head of Policy and Research
The Wise Group
72 Charlotte Street
Glasgow
G1 5DW
e. abigail_howard@thewisegroup.co.uk
t. 0141 303 3131