

# **Energy Efficiency and Microgeneration**

**Achieving a low carbon future  
A Strategy for Scotland**

**The Scottish Government  
Response**



## **Introduction**

A draft Energy Efficiency and Microgeneration Strategy for Scotland was published for consultation by the previous Administration in March 2007 in order to gather views from all sectors on current and future energy efficiency and microgeneration policy in Scotland. A Consultation Analysis Report of the responses was prepared providing a breakdown of respondents and an analysis of the main findings from the responses. This report sets out a summary of the issues raised during the consultation and gives the Scottish Government's response to each of those issues. The response details the steps or actions we have taken or plan to take since the publication of the draft strategy.

## **Next Steps**

As set out in our Manifesto, the Scottish Government is committed to improving energy efficiency and increasing microgeneration across Scotland. We see this as a key element of Sustainable Economic Growth. During this year we will develop an Energy Efficiency and Microgeneration Action Plan providing an overview of the actions we are already taking and those new ones we plan to take during the current spending review period and beyond.

This Action Plan will allow the Scottish Government to report on the progress we are making across all the programmes and initiatives across all Directorates. It will include relevant milestones and targets, and where possible will show anticipated carbon savings from these actions.

**The Scottish Government**  
**June 2008**

## **Energy & Climate Change**

**Issue: That the Scottish Government should take the lead on energy and climate change - by developing strong, ambitious policies to tackle climate change and setting meaningful, ambitious targets for energy efficiency and reductions in energy demand.**

**Response: We are already taking the lead in this area.**

The Scottish Government's focus on sustainable economic growth provides a clear framework for our approach to energy, which is to reduce carbon emissions and contribute to Scotland's wealth. We have taken action to promote clean, green energy and reduced overall consumption. The Government's actions have produced, for example, a commitment from the Office of Gas and Electricity Markets (Ofgem) and the National Grid to a review of transmission charging, 13 determinations for energy-generation developments, the Saltire Prize for marine renewables and the tripling of funding for community generation and microgeneration. We will soon publish our overarching Energy Policy Statement providing an overview of our intentions for policies in this area. In addition to this, we will also produce, in partnership with FREDS, a Renewable Energy Action Plan, setting out how we will go beyond our existing targets and how we will meet the EU target of 20% renewable energy generation. We will consult on this during the summer and intend to publish the Action Plan in Spring 2009.

The Scottish Government's proposals for an ambitious Scottish Climate Change Bill include setting a challenging statutory target of reducing Scotland's emissions by 80% by 2050. We recently consulted on our Bill proposals and further details can be found at: <http://www.scotland.gov.uk/climatechangebill>. The Bill will set a clear, long-term legal framework thereby allowing businesses, organisations and individuals to invest in energy and carbon saving technologies with certainty. The consultation on the Bill closed on 23 April 2008. Over 21,000 responses were received and four consultation events were held. Written responses and the outputs from the events will be analysed and a full report on these will be published during the summer. The Scottish Government will respond to the consultation following the analysis report and plan to introduce the Scottish Climate Change Bill into Parliament before the end of 2008.

In order to ensure we can deliver on those targets, the Scottish Government is carrying out significant work to map out both the existing and new policies that are needed to help us meet our short term goal of reducing emissions by 2011 and our long term targets for 2050. We will seek independent advice and expertise, including the UK Climate Change Committee, to inform the policies needed to meet the targets as we move forward.

We want to make sure that the policy decisions we take in the future are climate change sensitive, therefore we are currently developing tools and guidance that will help policy makers to assess the carbon impact of policies. This will enable the identification and quantification of specific carbon impacts and timescales during policy evaluation and will therefore ensure that climate change impacts are considered as part of the policy development process.

We expect that energy efficiency and microgeneration will play an important part in meeting our emissions targets.

**Issue: That the Scottish Government should establish a statistical baseline to monitor future energy use.**

**Response: We are working to establish what data is needed, over and above what is already available.**

High level indicators of energy use in Scotland and in each Local Authority are already published by the Department for Business Enterprise and Regulatory Reform (BERR).

Volumes 1 to 3 of the Scottish Energy Study provide data on energy demand, supply and usage. These can be found at:

<http://www.scotland.gov.uk/Publications/2006/01/19092748/0>. The baseline year for these data is 2002. Volumes 4 and 5 of the Scottish Energy Study which include a forward look on possible future energy usage patterns are due to be published in the Summer.

As Scottish Government policy on energy and climate change develops and evolves, we will consider what further data is required, and what baseline should be used for this. For example, as well as monitoring future energy use, we will also be monitoring the change in emissions from Scottish Government policies. For the proposed target of reducing emissions by 80% by 2050 the Scottish Climate Change Bill consultation suggested using the same base dates as the Kyoto Protocol. This would be 1990 for carbon dioxide and, if the target were to be based on the basket of greenhouse gases, 1990 for carbon dioxide, nitrous oxide and methane, and 1995 for F-gases (hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride).

**Issue: That the Scottish Government should consider the benefits of decentralised energy, renewable heat and transport alongside energy efficiency and microgeneration.**

**Response: We plan to, but these were not the focus of this consultation.**

The proposed Renewable Energy Action Plan mentioned earlier will cover renewable power, heat and transport. This plan will reflect the recommendations of the FREDS Renewable Heat Group report - "*Scotland's Renewable Heat Strategy: Recommendations to Scottish Ministers*" which was published in February 2008. This can be found at: <http://www.scotland.gov.uk/Publications/2008/03/11102501/0>.

Work is also being carried out across the UK to consider how to support and encourage greater decentralised energy. The UK Government's Energy White Paper and the Review of Distributed Generation published alongside it, contained a number of proposals and measures to assist more widespread deployment of electricity and heat generation in the UK. One of the key barriers identified was the costs and complexities associated with the technical and regulatory aspects of the electricity system. Ofgem and the Department for Business, Enterprise and Regulatory Reform (BERR) have since issued a joint consultation paper outlining a range of options for reducing these burdens.

We will continue to seek what steps we need to take to better support and promote decentralised energy and renewable heat, including those actions that involve close working with the UK Government.

The Strategy consultation touched on transport issues, but did not fully cover this as the issues were being dealt with under Scotland's National Transport Strategy (NTS). The National Transport Strategy was published in December 2006 following lengthy consultation with a wide range of transport stakeholders and the general public. This can be found at: <http://www.scotland.gov.uk/Topics/Transport/NTS>. A NTS Delivery Plan is currently in development, and this will be a comprehensive statement of Scottish transport priorities,

policies and initiatives to support this Government's purpose, deliver the national outcomes and realise the NTS strategic outcomes. This will include the development of a Carbon Balance Sheet by 2010, which will be used to monitor and review progress towards the strategic outcome of reducing emissions from the transport sector. Our approach to this will be transparent and open, showing the greenhouse gas emissions of the Scottish transport sector over time and explaining which policies and projects have had, or will have, the most significant influence on changes in carbon emission levels.

## **Changing Our Behaviour**

**Issue: That the Scottish Government should increase awareness raising activities on energy issues, in particular through Eco Schools and the school curriculum.**

**Response: We are already carrying out a range of activities aimed at raising better awareness and encouraging more sustainable behaviour.**

The Scottish Government's "Greener Scotland" campaign will seek to inspire people to adopt pro-environmental behaviours to help address climate change and support ambitions for a greener, more sustainable Scotland. We support a range of organisations and agencies to raise awareness of, and engage and encourage action on climate change and pro-environmental behaviours. This includes: the Energy Saving Trust and the Carbon Trust for energy saving activities; the Business Environment Partnership for business resource efficiency; and Envirowise and Waste and Resource Action Programme (WRAP) for waste and water advice.

The new Energy Saving Scotland advice network which went live in April will increase awareness raising on a range of issues and will double the number of people it advises, taking this to over 250,000 in Scotland each year. In addition, from Autumn 2008 we will be rolling out a Home Help service which will enhance awareness and understanding about microgeneration by helping householders make the right choices about microgeneration. The service will involve home visits, surveys, help with planning applications and hand-holding to installation, familiarisation with the new system and after care. This will help to build consumer confidence by providing independent advice from a trusted source.

Over 90% of local authority schools are involved with the Scottish Eco-Schools Programme and from April 2008 we enhanced the energy module within the programme. We are also improving awareness of energy issues in schools through joint working with Eco Schools and Learning and Teaching Scotland to ensure that sustainable energy matters are included as part of the outcomes in Curriculum for Excellence. In addition, we are supporting Careers Scotland to raise pupil's awareness of renewables in the context of climate change and as a potential career path through our initiative "The Path is Green" which was launched on 12 May 2008 and aims to highlight the range of renewable and green jobs which will be increasingly available in Scotland. Further details of this can be found at: [http://www.careers-scotland.org.uk/GreenJobs/Home\\_tpg.asp](http://www.careers-scotland.org.uk/GreenJobs/Home_tpg.asp)

We will further raise awareness of the potential of renewables in schools by funding dedicated Schools Development Officers to assist Local Authorities in installing renewable and energy efficiency technologies in schools across Scotland.

Our new Climate Challenge Fund went live on 3 June – this £18.8 million fund aims to raise awareness amongst communities in Scotland about climate change issues and challenge them to become engaged in a range of activities which significantly reduce their carbon emissions.

To tackle the issue of transport, we will promote more sustainable travel through a range of targeted Smarter Choices and vehicle efficiency campaigns.

**Issue: That the 'One-Stop-Shop' energy advice centres should have clear Scottish Government branding, they should be staffed with personal advisers, and should offer a clearing house for grants and advice and support for loans.**

**Response: We are already this taking forward.**

The Scottish Government has launched the new one-stop shop for energy advice in Scotland. Managed by the Energy Saving Trust on behalf of the Scottish Government, the new network has been given a clear Scottish Government identity - 'Energy Saving Scotland advice network'. The new network builds on and strengthens the previous network of energy efficiency advice centres by providing a more strategic and consistent single gateway approach across Scotland. Consumer advice on a range of sustainable energy issues will be provided including energy efficiency, renewables and personal transport. Advisers will engage with customers on a longer term basis, ensuring that they have opportunities to explore all the support available to them, including advice and support with loans and grants. The advice network will also deliver the new 'Home Help' service providing independent and face to face support to help households make the right choices about microgeneration and advise on financial support. In addition, from 2009 the Energy Saving Scotland advice network will deliver water conservation advice. We are actively exploring how the network can build on and add value to current initiatives on household waste, such as Waste Aware Scotland.

**Issue: That the Scottish Government should introduce financial incentives to encourage consumers to reduce their energy demand, including improving financial support for SMEs.**

**Response: We will take forward action in this area.**

The principal scheme for supporting households to undertake energy efficiency improvements is the Carbon Emission Reduction Target (CERT). This places an obligation on the major energy supply companies to help households by providing subsidies for energy efficiency measures such as cavity wall and loft insulation, appliances and light bulbs. CERT will aim to deliver £2.8 billion of investment in measures over the next 3 years across Great Britain and the Scottish Government wants to ensure that Scottish households get maximum benefits from the scheme. We are therefore establishing a Scottish CERT Strategy Steering Group with the energy supply companies and chaired by Stewart Maxwell, Minister for Communities and Sport, to develop a more strategic and integrated approach to delivery of CERT in Scotland. In addition, we are funding a dedicated CERT Strategy Manager to support this activity.

Our Warm Deal and Central Heating Programmes aim to lift people out of fuel poverty by improving the energy efficiency of the home. To date, the Scottish Government has spent over £378 million on our fuel poverty programmes. Under the Central Heating Programme, just fewer than 98,000 heating systems have been installed, and all these homes have received insulation measures where appropriate. A further 280,000 homes have been insulated under the Warm Deal Programme. We are committing £45m each year over the next three years to tackle fuel poverty and are currently exploring how we can strengthen the links with energy efficiency objectives – including delivery of CERT.

The Scottish Government recently announced details of how we will triple funding to support community and microgeneration. This additional funding will allow more consumers, not only households, but also communities and small businesses, to access financial support to install

microgeneration technologies and reduce their energy demand. In 2008-09 we will allocate £5.25 million for community projects and £3.5 million for households.

And we will build on our successful SME energy efficiency loan scheme by providing an additional £2 million to boost the funding pot to allow support for microgeneration technologies. This will take the total investment in the scheme to over £5 million.

We want the financial services industry to consider the role of products such as energy efficiency loans and green mortgages and Scottish Ministers have met with senior representatives of the financial services industry to challenge them to take action. The forthcoming requirement to provide an Energy Report as part of the Home Report package when homes are sold will mean that buyers will be better informed about the energy performance of their home at a time when they are likely to want to invest and are able to access funding from mortgage lenders.

**Issue: That the Scottish government should make the information provided to consumers on energy use clearer through bills, displays and smart meters, and that smart meters should be rolled out across the UK with a high profile awareness raising campaign.**

**Response: We are supportive of measures which help to reduce energy demand and we recognise the role that smart meters, better billing and real time displays could play.**

Metering and billing is the responsibility of UK Government and we will therefore continue to work with them to ensure Scottish interests are represented in any future decisions.

The UK Government recently consulted on metering and billing. The consultation responses (in general) showed strong support for smart metering with the majority supporting a roll-out within a fixed timeframe. There are still a number of issues to be addressed before finalising decisions, including a good understanding of the costs and benefits of smart meters. A UK pilot is currently underway which aims to provide this information and it makes sense to await the results of the pilot before considering if any Scottish specific action in this area is required.

**Issue: That the Scottish Government should ensure that Energy Performance Certificates (EPCs) include information on energy use, should signpost users to further help and advice and should be complimented by mandatory audits. The Scottish Government should also undertake an awareness raising campaign to give value to a favourable energy performance rating.**

**Response: We are already taking this forward.**

Energy Performance Certificates (EPC) were introduced in Scotland on 1 May 2007 for all new buildings submitted for warrant. The EPC must be affixed to the building by the owners and details from the EPC recorded on the local authorities' building standards register.

As part of the Home Report, from 1 December 2008 all house purchasers will receive a comprehensive energy report on the energy efficiency of a property before they bid. This energy report will be attached to an up to date Energy Performance Certificate and will provide information on energy usage and costs, carbon dioxide emissions, recommendations for improvements and sources of advice, such as the Energy Saving Scotland advice network. The Energy Performance Certificate and the information contained within the home energy report will be made available to a database managed by the Energy Saving Trust thus allowing better targeting of advice and support on energy efficiency and microgeneration.

We want to make sure that energy efficiency is a selling point in the housing market and that home owners are informed about the costs and benefits of improvement measures at the point in their housing careers where they are likely to want to invest and are able to access funding from mortgage lenders. Along with training and awareness events for property professionals, a publicity campaign will run through the autumn of 2008 and early 2009 to ensure that home owners are aware of the changes to the house buying and selling process and to highlight the benefits of the energy report. This will be linked to sources of further help and advice, such as the Energy Saving Scotland advice network, to help home owners follow through on the suggested improvements. More generally, from January 2009, Energy Performance Certificates will be required for all public buildings and for all other buildings when they are sold or rented out.

We do not currently propose to introduce mandatory audits, however, we will shortly be consulting on proposals for improving the energy performance of existing non-domestic buildings.

**Issue: That the Scottish Government should carry out a review of energy efficiency and microgeneration support in Scotland in order to identify any gaps or overlaps.**

**Response: We have carried out a review and the findings of this report are already being used to inform future energy efficiency and microgeneration policy development.**

The Scottish Government commissioned Halcrow to carry out an independent review of energy efficiency and microgeneration in 2007. The final report has been published to coincide with this report and can be found on the Scottish Government's website at: [www.scotland.gov.uk/publications](http://www.scotland.gov.uk/publications).

## **Improving Our Buildings and Our Homes**

**Issue: That Scottish Building Standards should be brought in line with other European countries and we should commit to Carbon Neutral homes, ensuring that these are supported by robust and clear policies, research, regulations and investment and training in low carbon technologies.**

**Response: We are already taking forward this action.**

In August 2007, the Scottish Government appointed an Expert Panel to advise on a Low Carbon Buildings Standards Strategy for Scotland. The Sullivan Report - "*A Low Carbon Building Standards Strategy for Scotland*" was published in December and can be found at: <http://www.sbsa.gov.uk/sullivanreport.htm>. Research presented to the panel included a comparison of Scottish and Nordic energy standards. The panel's recommendations for future building regulations propose that U-values and air tightness for building fabric should be improved in 2010 to match those of Nordic countries.

The Sullivan Report recommends a route map towards the goal of net zero carbon buildings (i.e. space and water heating, lighting and ventilation) by 2016/17 if practical and an ambition of total life zero carbon buildings by 2030. Work is already underway taking forward the workstreams which were identified in the Sullivan report including assessing the potential impacts of the recommendations and to consider the first stage of reducing carbon emissions by 2010. This will be underpinned by robust research to ensure that we fully understand the issues, including the impacts on costs, construction, maintenance and the use of buildings.

**Issue: That the Scottish Government should prioritise energy efficiency and reducing energy demand over the installation of microgeneration technologies, and that it should focus first on improving the existing building stock.**

**Response: We already prioritise energy efficiency and recognise the need to focus on improving the existing building stock.**

The Scottish Government believes that energy efficiency is central to our task of delivering our climate change objectives and any action to promote microgeneration will be taken alongside action being taken to reduce demand. For example, we recently announced that energy efficiency will become a qualifying element of future microgeneration grants and loans, where support will only be awarded to households and businesses where they have or will carry out appropriate energy efficiency improvements.

We are already doing a great deal to promote and encourage better energy performance in existing buildings in both the domestic and non-domestic sectors. With this aim, the Scottish Government funds a range of information, advice and loan programmes designed to deliver greater energy efficiency to the business and public sectors. This includes:

- support provided by the Carbon Trust and Energy Saving Trust.
- an interest free loan scheme for SMEs.
- an energy efficiency fund for the public sector.

In particular, we recognise the need to take action to encourage reduced energy consumption in Scotland's homes. Action we are taking includes improving energy efficiency through increased CERT activity and our fuel poverty programmes, support for microgeneration, delivery of energy advice through the Energy Saving Scotland advice network and the introduction of Energy Reports as part of the Home Report package for house sales. Social housing already has better standards of energy efficiency (and lower rates of fuel poverty) than other tenures and social landlords have programmes to upgrade all local authority and housing association homes to meet the Scottish Housing Quality Standard (SHQS), which includes requirements for energy efficiency such as full efficient central heating and loft, cavity wall and water tank/pipe insulation.

Taking this a step further, as set out in our manifesto we will develop a Scottish Energy Efficiency Design Awards over the coming year. This will make available a total of £1 million in prize money and development incentives.

The Sullivan Report recommended that the Scottish Government should consider what further measures and targets for reducing carbon emissions from the existing stock is needed to help us meet our challenging climate change goals. We will therefore be consulting on proposals for further measures to improve the energy performance of existing buildings, including housing.

**Issue: That the Scottish Government should inform the building industry in advance of changing Building Standards**

**Response: We will take forward this action.**

In order to allow the building industry to prepare for future building standards, the Sullivan Report recommended that the future energy standards should be set in advance i.e. publish the 2010 energy standards in autumn 2008 and the 2013 standards at the same time as the 2010 standards become mandatory.

In order to encourage industry to go beyond current standards, the Sullivan Report recommended the introduction of a reduced or zero warrant fee for those designing to the

future energy standards in advance of their implementation. We recently consulted on proposals for a zero warrant fee incentive and the consultation documents and published report can be found at: <http://www.sbsa.gov.uk/archive/PreviousConsultations.htm> We will consider the responses to the consultation and will outline our plans for changes to the warrant fee structure in the Autumn.

**Issue: That the Scottish Government should actively police compliance with Building Standards.**

**Response: We will take forward this action.**

The Scottish Government wants to see buildings that are designed properly and then constructed in accordance with their building warrant approval thereby ensuring that real energy improvements are delivered. The Scottish Government is therefore proposing to consult on measures to improve compliance with the building regulations in completed buildings and will issue a public consultation in Spring 2009.

**Issue: That the Scottish Government should widen the eligibility of fuel poverty schemes and should make use of energy efficiency and microgeneration, including increased EEC support, to help end fuel poverty.**

**Response: We are committed to ending fuel poverty by 2016, as far as is reasonably practicable.**

As mentioned earlier we remain committed to ending fuel poverty and have committed £45 million each year over the next three years to tackle fuel poverty. To ensure that our programmes are operating fairly across Scotland, we have undertaken a review of fuel poverty programmes in Scotland which we published on 22 May 2008. This can be found at: <http://sh45inta/Topics/Built-Environment/Housing/access/FP/fuelpovertyreview>. The review highlights that the Scottish Fuel Poverty Programmes are not appropriately focussed and are not doing enough to end fuel poverty in Scotland. The Cabinet Secretary for Health and Wellbeing made a statement in the Scottish Parliament on 22 May 2008 setting out the action that the Scottish Government will take to get back on track to meet the 2016 fuel poverty target. This includes:

- prioritising the Central Heating Programme waiting list with immediate effect to give priority to the fuel poor, and allow headroom for reform;
- re-establishing of the Scottish Fuel Poverty Forum under an independent Chair to advise on options for future policy direction;
- extending the benefits health check to Warm Deal applicants;
- establishing a CERT Strategy Group for Scotland; and
- utilising £1.5 million of CERT funds to complement the fuel poverty programmes.

Ministers are asking the Scottish Fuel Poverty Forum to make recommendations on the future action needed to tackle fuel poverty, including the shape of the Central Heating Programme. The Forum will be reconvened with a new independent Chair, Rev Graham Blount, to advise the Scottish Government on how it can improve progress towards the target to eradicate fuel poverty as far as is reasonably practicable by 2016, within the available public resources. The Forum has been asked to report back by the end of the summer with their recommendations on how we should take this policy area forward. We will use this opportunity to strengthen the links with energy efficiency and climate change objectives.

To allow headroom to implement the Forum's recommendations at the earliest possible opportunity, Ministers have decided that new applications to the Central Heating Programme will be prioritised on the basis of fuel poverty. The Review has identified that the most at risk

of fuel poverty under the current programmes are those that have no heating system or a completely broken system and are on low incomes or over 80. These will be given priority.

We want to make sure our fuel poverty programmes fit with and complement the work being carried out by the energy supply companies and our CERT Strategy Group will be tasked with taking forward a more strategic and integrated approach that will result in increased support to the fuel poor. We have already secured a partnership with Scottish Hydro Electric which will mean that up to £1.5m CERT funding can compliment the Scottish Government's programmes this year.

In addition, we are in the final stages of a 2 year pilot to assess what role renewables can play in helping low income households off the gas grid. We published interim findings on 23 November 2007. These can be found at:

<http://www.scotland.gov.uk/Publications/2007/11/21152714/0>. The findings suggest that renewables appear to perform well in terms of improving energy efficiency and tackling fuel poverty but the installation costs are significantly higher than for more conventional systems. The final report from the pilot is expected in summer 2008 and this will contain more robust data along with a full cost benefits analysis of including renewables in the fuel poverty programmes.

**Issue: That the Scottish Government should set a minimum standard for the energy efficiency of housing with a requirement that all homes attain a National Home Energy Rating (NHER) of 7.**

**Response: We will consider this action alongside other proposals aimed at improving the energy efficiency of housing.**

The Scottish House Condition Survey shows that the energy efficiency of Scotland's homes has been consistently increasing in recent years. In 2002, an estimated 31% of dwellings achieved a "good" NHER rating of 7 or above. By 2005/6 this proportion had risen to an estimated 47%. Scottish Government programmes have made a significant contribution to this progress, which has been particularly marked in regard to social housing where 67% of all dwellings already have a "good" NHER rating.

Requiring all houses, including the many houses in Scotland that are hard, or expensive, to treat, to achieve a minimum NHER of 7 could have considerable resource implications, not just for Government, but also for many home owners and landlords, particularly those in rural areas. In any case, this may not be the most cost-effective way to save energy and reduce carbon emissions. However, many of the initiatives described above – such as advice, CERT, fuel poverty programmes, EPCs – will continue to drive up housing energy efficiency levels. Initiatives such as the Scottish CERT Strategy and support for community and household microgeneration may play a role in regard to hard-to-treat properties.

## **Public Sector Leading By Example**

**Issue: That the entire public sector should lead by example towards a low carbon footprint and by doing so, commit to participating in a programme of carbon management.**

**Response: We are already taking forward action in this area.**

The Scottish Government's 'Leading by Example' programme calls for the public sector to play an exemplary role in delivering sustainable development policies. The programme aims to lift the pace and level of aspiration by pioneering new environmental behaviours and sharing best practice. A key focus is to look at ways the public sector's environmental

performance can be improved, addressing energy, water, waste, travel, biodiversity and procurement.

We have also built such provisions into specific procurement exercises. For example we recently awarded a national collaborative contract for the provision of desktops and laptop PCs and TFT monitors. One of the mandatory selection criteria suppliers had to meet was that their products comply with the latest EnergyStar standard, introduced in July 2007, which use as much as 60% less electricity than standard equipment. These products are currently being bought by over 50 public sector organisations with energy efficiency savings being recorded in a large number of these public bodies. The national contract also introduced the mandatory requirement that both desktop PCs and laptops have remote management software which allows the Network Manager to switch off or power down all PCs at night.

In doing so, we are working with key stakeholders across the public sector including agencies, NHSScotland and local authorities to identify ways of ensuring a more co-ordinated approach and greater conformity of targets across the whole of the public sector, including our own estate.

In addition, we are also working with the UK Government on implementing the EU Directive on Energy End Use Efficiency and Energy Services. This Directive requires member states to achieve an indicative target of a 9% reduction in energy consumption by 2017 with one of the main drivers being the public sector leading by example. As part of this role the public sector must undertake certain energy saving actions, and must also communicate these to the wider public.

The Scottish Government is already supporting public sector participation in carbon management programmes. Almost all of Scotland's 32 local authorities already have or are currently participating, as well as a number of universities and NHS Boards. We are including our own Government estate within the Carbon Trust's Carbon Management Programme this year, and will actively encourage other public sector organisations to participate and explore what further support these organisations need to implement their carbon management action plans.

**Issue: That the Scottish Government uses procurement as a means to eliminate energy inefficient products and to set targets for renewable supplies and microgeneration.**

**Response: We are taking forward action in this area.**

The Scottish Government already promotes best practice by providing detailed web guidance to the public sector on the sustainable procurement of goods and services. This includes advice on how to take account of environmental and other sustainable development factors in public procurement activity, including the consideration of such factors as whole life cycle costing and energy use.

The Scottish Government is working to have a national contract for the procurement of electricity across the public sector in Scotland in place by Autumn 2009. The contractual arrangements, which will be agreed on a collaborative basis, will adopt targets that support our policies on climate change, energy efficiency and renewables..

**Issue: That the Scottish Government should obtain accurate consumption data before procuring energy for a consortium of local authorities, and that local authority energy managers should provide technical input to any procurement process.**

**Response: We will take this forward.**

Partnership across the public sector will be key to achieving the national contract for the procurement of electricity, and a Category Forum has been established to develop the national contract. A number of key stakeholders are represented on this Forum including the local authority energy managers.

We recognise that the provision of relevant accurate data is a key process in the procurement of electricity. We will therefore work collaboratively across the public sector landscape to ensure provision of accurate consumption data to support this procurement process.

**Issue: That the Scottish Government set funding conditions to ensure sustainability measures are included in Public Private Partnership (PPP) agreements.**

**Response: We no longer provide funding for Local Authority investment in infrastructure in the form of grants and therefore can no longer set such funding conditions.**

However, the Scottish Government supports a range of activities that ensure sustainability measures are included in new public sector buildings. These include ensuring that our planning and building standards encourage a reduction in carbon emissions from new buildings, and the introduction of EPCs.

**Issue: That the Scottish Government should provide additional funding for the Central Energy Efficiency Fund (CEEF), should streamline the CEEF application process, and should allow renewable technologies and smart meters under the fund.**

**Response: We are taking forward these actions.**

Following the success of CEEF for NHS Scotland, Scottish Water and Scottish Local Authorities, the Scottish Government announced in February 2007 additional funding of £4 million to extend support to Scottish Universities and Colleges. Managed by Salix on behalf of the Scottish Government, the energy efficiency fund for Scotland's Universities and Colleges has been operational since January 2008. The original £4 million investment from Government has been set up to leverage additional funding, now bringing the total funding for energy saving projects to £6.7 million.

In consultation with the Scottish Energy Officers Network, Scottish Water and the NHS Scotland, we are currently upgrading the CEEF website and one of the primary objectives is streamlining the application process.

The Scottish Government has recently reviewed the CEEF criteria and as a result, renewable technologies are now eligible. We are also currently running a smart metering pilot scheme with local authorities which has been funded through CEEF. An evaluation of the pilot in late 2008/early 2009 will determine the value and benefits of smart meters.

## **Supporting Microgeneration**

**Issue:** That the Scottish Government should set targets for microgeneration.

**Response:** We are considering the effectiveness of targets for microgeneration.

The Scottish Government is already committed to challenging targets in this area – 50% renewable electricity by 2020 and our proposed target of 80% emissions reductions by 2050. There are also proposed European and UK targets. In addition, the UK Government is currently considering the merits of setting targets for microgeneration through the requirements under the UK Climate Change and Sustainable energy Act 2006. We will consider the possible benefits of targets for microgeneration in this context and against the need for targets to have an impact on actual take-up.

**Issue:** That the Scottish Government should investigate and remove barriers to the uptake of microgeneration technologies.

**Response:** We are carrying out a significant amount of work to support and develop microgeneration in Scotland, including action to help remove barriers.

The Scottish Government is committed to promoting microgeneration, recognising that it has the potential to bring great opportunities for sustainable economic growth in Scotland. We therefore want to ensure we create the right conditions to support the developing industry and help to build consumer confidence so that we transform the market from early adopters into widespread take-up.

We have been carrying out significant research and consultation which has highlighted a number of barriers to the widespread uptake of microgeneration technologies, relating to the quality of information and advice, suitability of financial incentives, planning, and UK policies and programmes. We are working with a wide range of partners and stakeholders to take action to remove the barriers to the uptake of microgeneration.

### **Building Standards and Planning**

In line with our manifesto commitment to remove unnecessary planning obstacles that stand in the way of microgeneration, the Scottish Government recently consulted on changes to permitted development rights for microgeneration. These proposals would allow householders to install microgeneration equipment without the need for formal planning permission. The consultation closed on 12 May 2008 and can be found at: <http://www.scotland.gov.uk/Publications/2008/03/04090052/0>.

Scottish Planning Policy currently promotes microgeneration by expecting all local authorities to incorporate on-site renewables in development plans with a total cumulative floor space of 500 sq metres or more. In March 2008 we published Planning Advice Note 84 – Reducing Carbon Emissions in New Developments, which provides guidance on how local authorities can achieve this target. This can be found at: <http://www.scotland.gov.uk/Publications/2008/03/06133051/0>

The Sullivan Report recommends a route map towards the goal of zero-carbon buildings. Any future changes to building regulations that set more demanding energy standards will encourage both additional energy efficiency measures and the take-up of low carbon technologies, including microgeneration.

## **Information and Advice**

A lack of specialist, impartial advice for householders and small businesses has been identified. Available advice tends to be too technical or too general and does not consider suitability of technologies for the individual situation. We are therefore establishing an independent, face to face hand holding service for householders to help with all aspects (financial and technical) of microgeneration installations. This service will be launched in Autumn 2008. In April 2008, we have also extended the small business advice service for energy efficiency to include microgeneration.

During 2008 we will be commissioning independent guidance and tools for communities to help them engage with renewables projects and gain maximum economic benefit. The guidance will outline different models of community engagement and what they need to do make these developments happen.

The Scottish Government has been preparing Scottish Building Standards guidance on the safe and sustainable installation of low carbon equipment, including micro-renewables, which will be launched in Autumn 2008.

## **Financial Incentives**

The Scottish Government recently announced details of how we will triple funding to support community and microgeneration. This additional funding will allow more consumers, not only households, but also communities and small businesses, to access financial support to install microgeneration technologies and reduce their energy demand. In 2008-09 we will allocate £5.25 million for community projects and £3.5 million for households. We will provide an additional £2 million in loan funding to allow businesses to invest, for the first time, in microgeneration technologies.

In addition to increasing our own investment in microgeneration, we will also seek to link in and make better use of funds through UK programmes such as the Low Carbon Buildings Programme (LCBP). In particular, we will better market and promote the LCBP to eligible organisations within the public sector. Part of this work will include the establishment of Schools Development Officers to help and advise local authorities and schools on the development of renewables projects.

## **Support to industry**

In order to address issues relating to skills and training and the availability of independent and reliable performance data of different technologies, we are currently working with a range of partners to establish what more industry and consumers need. Key components could include a facility to showcase a range of microgeneration products, an independent testing service for installation and performance of technologies, and better information and provision for training. In addition, the Scottish Government has commissioned the Sector Skills Council, EU Skills, to look at the wider skills issues for the renewables sector, which will include those relating to microgeneration.

## **UK-wide Actions**

There are a number of actions being taken on a UK wide basis, either because it makes sense to take a UK approach or where the UK Government has responsibility.

We are currently considering, with Ofgem and the other UK administrations, how we can make access to the Renewables Obligation (Scotland) even simpler. The Scottish Government has already made changes to this legislation to simplify the Renewable Obligation Certificate (ROCs) accreditation and claims process for microgeneration. In addition, there are currently proposals to “band” the Renewables Obligation from April 2009,

so that microgeneration, regardless of technology, could receive twice the current level of support.

Ease of grid connection for microgeneration, and the financial incentive derived from supplying power to the national grid known as 'feed-in tariffs', could be particularly important for the electricity generating technologies, such as wind and solar PV. The Climate Change and Sustainable Energy Act 2006 states that UK Government can impose a scheme to reward exporters 'fairly' if industry does not come up with such a scheme itself by November 2008. The Scottish Government is supportive of feed-in tariffs and we will continue our discussions with BERR, National Grid and Ofgem to ensure that Scottish interests are represented.

The UK Government is currently developing a robust new accreditation scheme for renewable energy installers in the whole of the UK. The UK Microgeneration Certification Scheme recognises the need for competent and trained installers, and aims to provide assurance to consumers that they are being given an impartial service. The Scottish Government is supportive of the overall aims of the scheme but recognises that there have been a number of issues and delays in developing and establishing the scheme. We will therefore establish a small working group of key industry stakeholders to make sure that the scheme going forward delivers for both Scottish industry and consumers. This will be kicked off during the summer when Jim Mather, Minister for Enterprise, Energy and Tourism, will host a seminar on the future of accreditation in Scotland.

