Local Government and Communities Committee

The Draft Climate Change Plan (RPP3)

Submission from WWF Scotland

SUMMARY

- Overall the Draft Climate Change Plan (Draft CCP) is a significant disappointment, and a missed opportunity to secure the benefits of a low carbon economy. WWF Scotland developed a set of criteria against which to judge the Plan (MATCH – Measurable, Ambitious, Transparent, Credible, Holistic). The Draft CCP particularly fails to meet our Measurable, Ambitious, and Credible criteria:

1. **The Draft CCP is not CREDIBLE**
   Although the plan presents an often strong description of a low carbon economy in 2030 there is a consistent absence of sufficient specific policies to ensure we operate within the carbon envelopes required by each sector. Several sectors within the Draft CCP are weakened by a reliance on existing policy effort despite the Draft CCP assuming a step change in emissions reductions in the coming years.

2. **The Draft CCP is not AMBITIOUS in the policy intentions it describes**
   Despite repeated advice from the Scottish Government’s independent advisors (the UK CCC) that more policy action is needed if future targets are to be hit, the Draft CCP does not present increased policy effort, apart from extensions to existing policy goals in forestry and peatland. In addition, in our view, the weakest sections of the Draft CCP are the Transport, Agriculture, Residential and Services chapters, these are the same sectors where emissions have reduced least since 1990, and where the CCC has repeatedly said the need for new policy is most urgent.

3. **The Draft CCP does not describe MEASURABLE change**
   The Draft CCP does not describe what contribution each individual policy and proposal is expected to make to the policy outcomes. In addition, many of the policies and policy outcomes are not SMART and cannot be monitored. This makes the plan very difficult to analyse, and, unless corrected, it will frustrate the ability of the Scottish Parliament and stakeholders to scrutinise its implementation.

- **Recommendations**: The Scottish Parliament should recommend specific actions that would fill the many policy gaps that exist in the Draft CCP. Priority suggestions within the LGC Committee’s remit should include:
1. **Energy Efficiency:** Set a transformational goal of supporting all homes in Scotland to reach at least a ‘C’ EPC standard by 2025 and commit to new policies to support it, including additional funding and regulation. This would also help tackle fuel poverty and its associated health impacts, whilst creating thousands of jobs.

2. **Low-Carbon Heat:** Include new policies for early delivery, helping low-carbon heat and related industries in Scotland expand in the near term. The Scottish Government must move from its very welcome consultation on district heating regulation to comprehensive legislation; buildings standards must ensure all new developments are connected to a low-carbon heat source.

3. **Services:** Building standards should be revised to require all new buildings to be fitted with low carbon heating, and the proposal to review building regulations in both the residential and services sectors should apply to policy outcome 2 (low carbon heat) in the draft CCP.

- **The final Climate Change Plan must also be complete.** All policy outcomes must be described according to the definition in the Draft CCP, i.e. they should be a measurable change on the ground and it should be clear what role each policy is expected to play in achieving the policy outcomes included in the Draft CCP. The final monitoring framework should ensure all policies are presented with the predicted policy output indicator that is specific and measurable. The final CCP should present complete policy outcome tables and the necessary cost data to inform implementation and allow for effective scrutiny.

**INTRODUCTION**

The Committee on Climate Change has highlighted buildings as a key area for a ‘strengthening’ of policies to enable future targets to be met. These emissions are addressed in the ‘residential’ and ‘services’ sections of the draft CCP, which sets out a vision for homes, offices and public sector buildings which are highly energy efficient with most heated by low carbon sources by 2032. However, the significant gap between this stated ambition and the policies and proposals to get there casts significant doubt on the credibility of the draft CCP to deliver the changes envisaged.

**RESIDENTIAL**

The ‘residential’ section of the Draft CCP focuses on existing homes, rightly reflecting the fact that around 80% of today’s homes will still be standing in 2050. The chart below compares the overall emissions reduction from homes in the draft CCP with the current rate of emissions reduction (based on an average of progress over the last five years).
Emissions from homes: current trend versus Climate Change Plan

Historic emissions adjusted for annual temperature variation (CCC, Letter to Roseanna Cunningham July 2016)

Current trajectory based on average % annual reduction between 2004 and 2014

We have several concerns regarding the pathway outlined above, which are explored in more detail in the rest of this briefing:

- From 2017 to 2020: no near-term policy changes are confirmed in the plan either for energy efficiency or low carbon heat yet emissions reduce at twice the speed than current policies are delivering year on year.
- From 2020 to 2025: emissions flat-line, with no policies to continue the take-up of low carbon heat in homes.
- 2025 to 2032: the proportion of low carbon heat in homes rises from 18% to 80% in seven years, driven by an unspecified policy and unspecified technologies.

ENERGY EFFICIENCY

Sectoral ambition: no transformational pace

We are concerned that the Draft CCP does not aim to deliver all cost-effective energy efficiency measures by 2025, which as well as delivering carbon reductions would eliminate poor energy performance as a driver of fuel poverty in Scotland. A target to bring all homes to at least a ‘C’ energy performance rating by 2025 is supported by a wide coalition of poverty, health and environmental organisations and was recommended by the Scottish Fuel Poverty Strategic Working group. To reach this target will require improvements to at least 127,000 homes per year, whereas the draft CCP sets an objective of 90,000 (table 8-4, p56). It is not clear what constraints or considerations have led the Scottish Government not to include a faster uptake of energy efficiency measures, given that they are known to support
multiple benefits which are recognised in the plan – alleviating fuel poverty, saving money for the NHS and creating jobs.

No new policies & continued under-funding undermines credibility

We are also concerned that the Draft CCP does not put forward credible policies and resources to deliver even the inadequate scale of intervention outlined above and certainly insufficient to support a transformational change in energy efficiency as suggested by a National Infrastructure Priority. There is one proposal to review regulations for existing and new buildings, but this lacks any detail regarding which tenures will be affected, the anticipated timescale for implementation, nor the improvements expected as a result of the proposed regulations. The chart below highlights the degree to which delivery of energy efficiency in the draft CCP rests on this currently unspecified proposal:

Number of residential insulation measures delivered by ‘policies’ and ‘proposals’ in the draft CCP

This proposal is expected to result in a doubling of number of insulation measures installed in homes from 2018 (from 45,000 to 90,000) but there is too little detail to understand what drives this change. Funding for efficiency by the Scottish and UK Governments has now been fixed to 2020/21 (light blue area above) and without regulation to drive investment from the private sector, there is nothing to deliver this doubling of activity. Elsewhere, the Draft CCP refers to a forthcoming consultation on regulation of minimum energy performance standards in the private rented sector. This and the SEEP consultation published alongside the Draft Energy Strategy provide an opportunity to fill some of this detail in – there should be a clear read-across between these documents and the final CCP regarding policies and their expected delivery of insulation measures and carbon abatement.
Energy Efficiency Recommendations:

1. **The final CCP should commit to new policies that will support the transformation** – proposing firm dates for the regulation of all private sector housing in relation to energy performance, establishing dates for implementation and setting out what carbon reduction (or installation of measures) is expected to be delivered from each element of the SEEP programme.

2. **Include the objective of improving the vast majority of homes to EPC band C or above by 2025**, as recommended by the Scottish Fuel Poverty Strategic Working Group, to eliminate poor energy performance as a driver of fuel poverty. This will both drive change in the housing market, and ensure that decisions on Government funding and new regulations are forthcoming.

3. **Increase the future budget for energy efficiency for the remainder of this Parliament** in line with securing the required £10bn of public and private investment to deliver SEEP.

**LOW CARBON HEAT**

**Sectoral Ambition: lacking detail and credibility**

The overall policy outcome for heat is stretching – a switch to 80% of homes heated by low carbon technologies by 2032, compared to 2% today. In the nearer term, the trajectory suggests a flat lining of activity between 2020 and 2025, which creates unhelpful uncertainty to industry. This is attributed to uncertainty regarding the UK Government Renewable Heat Incentive (RHI) which is currently funded until 2021, but the draft CCP proposes no alternative Scottish Government support to complement or replace this.

Efforts are then heavily backloaded to after 2025, at which point there is a scale up from 18% to 80% in homes, which means retrofitting the vast majority of home heating systems over the course of just seven years. This goes much faster than other published scenarios for Scotland. Independent research for WWF Scotland by Ricardo Energy Environment and UCL showed a penetration of 40% renewable heat across all buildings by 2030, while the Committee on Climate Change envisages a 39% fall in emissions from buildings by 2030, around half of which will be from low carbon heat. Having such an ambitious pathway for heat means other sectors are required to pull less weight to reduce emissions. It is hard to assess the credibility of this pathway in the absence of information on the technology mix foreseen by 2032 – we don’t know the respective roles of heat pumps, district heating or the commercialisation of CCS for hydrogen production. This sets the plan up to fail and sends an unhelpful signal to the low carbon heat supply chain. It is not clear why the plan cannot present a more gradual expansion, detailing activity that the Committee on Climate Change recommends should be carried out as a priority now: electric heat pumps in off-gas grid areas and heat networks in urban areas, with a slower pace for on-gas grid homes to allow time for solutions to be trialled. This approach is likely to be more cost-effective, help with public acceptability and support gradual supply chain growth.
Policy gap: No new policies to deliver transformational change

We have no confidence that the policy outcomes on heat will be achieved, as the rapid scale up in low carbon heat after 2025 has no new policy to underpin it. Similarly, the modest acceleration in activity anticipated to 2020 has no new policy foundations – the draft CCP outlines no changes to current policies (new build standards, the RHI and heat network support) that could be expected to speed up the current rate of technology deployment.

The bigger changes from 2025 rely on a vague proposal to develop a detailed proposal for future Climate Change Plans, which repeats the same commitment made in RPP2 to produce a proposal for low carbon heat deployment to be ready for RPP3\textsuperscript{v}. It is not clear why the Scottish Government would choose to delay action on heat now given the opportunities for companies already active in Scotland (e.g. Star Renewables, Mitsubishi Electric, SunAmp) and the benefits to consumers in reduced bills. We do not need to wait for UK decisions on the future of the gas grid, for instance, to install heat pumps in the 20% of often fuel-poor off-gas-grid homes predominantly reliant on expensive oil fired or old resistive electric heating systems. Nor do we need to wait to scale up the roll out of more efficient urban district heating networks, especially in new developments. We welcome the recently published consultation on the regulation of district heating and local heat planning, which is essential to accelerate this market and give confidence to consumers. Clarity is needed on the timeline for translating this into legislation.

**Low Carbon Heat Recommendations:**

1. Maximising the efficiency of low carbon heat requires will require a ‘fabric first’ approach whereby buildings are insulated to the maximum possible level in parallel – this means going harder on energy efficiency (see previous section).
2. New and accelerated policies should be included for early implementation, initially focussed on low regrets options such as off-gas-grid homes and new developments. This should ensuring that fuel poverty schemes within SEEP prioritise low carbon over gas heating, and reforming building standards to require all new buildings to be fitted with low carbon heating.
3. A clear timetable should be set out for translating the district heating and local heat planning consultations into legislation and policy, to give greater clarity to consumers and industry over the future direction of travel.
4. Transparency, credibility and measurability would be enhanced by disaggregating the TIMES pathway for low carbon heat to outline activity in off-gas grid areas, district heat in urban centres, on-gas grid homes and new builds.
SERVICE SECTOR

Sectoral ambition

The pace of decarbonisation in the services sector (public and commercial buildings) is ambitious, with emissions falling 93% between 2017 and 2032, the steepest sectoral cut after electricity. Although this mirrors other analyses like the CCC’s that suggest the pace of decarbonisation will be quicker in non-residential buildings (due to the more rapid replacement of these buildings) this is still a highly challenging pathway. The pathway for low carbon heat in service sector buildings is similar to that for homes - a slow increase in the near term and a very rapid scaling up from 2025. We therefore have the same credibility concerns about this trajectory – the absence of detail regarding the technology mix and an improbable scaling up beyond 2025.

Policy gap

As with the residential sector, we have no confidence that the policy outcomes in the services sector will be achieved, as the rapid scale up of energy efficiency and low carbon heat has no new policy to underpin it. Although regulations to encourage improved energy efficiency were introduced last year, these only require an assessment, without much of a requirement to take action, and it is not clear that the increased energy efficiency activity anticipated to 2025 is justified. There is a proposal to review these regulations, but no clarity on what they will need to deliver in terms of efficiency measures or carbon reduction. The trajectory for low carbon heat in the sector also lacks a credible policy driver, with most effort delegated to the same proposal (as in the residential sector) for a future policy to be implemented from 2025.

New Buildings (Residential and Services sections)

We welcome the proposals to revisit new build regulations for both residential and service sectors buildings, as is far cheaper to incorporate high standards of energy efficiency and renewable heating into new buildings than to retrofit them to old. However, there is no information in the draft CCP outlining the expected carbon reduction that these new standards are expected to provide – as a minimum these assumptions should be published to set a standard for the next review to aim for. We are also concerned that the proposal to review building standards applies only to policy outcome 1 (energy efficiency) in both the residential and services sectors – it should also contribute policy outcome 2 if new buildings are to be required to have low carbon heating as has been recommended by the Committee on Climate Change\textsuperscript{vi}.
Recommendations

1. **Building standards should be revised** to require all new buildings to be fitted with low carbon heating, and the proposal to review building regulations in both the residential and services sectors should apply to policy outcome 2 (low carbon heat) in the draft CCP.

2. Publish the date by which the TIMES model requires **all new buildings (residential and service) to be zero-carbon**, to inform the review of new building standards when it commences.

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1 The full criteria is downloadable online here: [http://www.wwf.org.uk/sites/default/files/2017-02/A%20Plan%20to%20Match%20Scotland%20s%20Climate%20Ambitions%20FINAL%29%20%28Working%20Copy%29.pdf](http://www.wwf.org.uk/sites/default/files/2017-02/A%20Plan%20to%20Match%20Scotland%20s%20Climate%20Ambitions%20FINAL%29%20%28Working%20Copy%29.pdf)

2 CCC (2016) Scottish Emissions Targets 2027 - 2032


4 Committee on Climate Change 2016: Scottish Emissions Targets 2028-32

5 RPP2, p124

6 Committee on Climate Change 2016: Scottish Emissions Targets 2028-32