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Dear Convener,

Draft Energy Strategy – EJFW Committee’s Response

I would like to thank the Economy, Jobs and Fair work committee for their detailed and constructive response to the draft Energy Strategy consultation. I appreciate the time and effort that it has taken committee members and other related individuals to debate and prepare the final response paper.

I am also pleased to see that the Committee has spent time visiting a range of organisations and innovative projects that Scottish Government is supporting, such as those supported by the Low Carbon Infrastructure Transition Programme (LCITP) and our Local Energy Challenge Fund. In May, under the LCITP, the First Minister announced £43 million to be awarded to 13 projects at sites across Scotland - demonstrating an innovative and world-leading approach to low carbon energy and supporting our climate change ambitions. This funding represents one of the most significant direct energy investments in the last 10 years. This co-investment in key low carbon projects will deliver social, economic and carbon reduction benefits, leveraging in a minimum of a further £43 million from private and public partners, and demonstrating innovative models to both Scotland and in Europe with a view to future replication.

I have been greatly encouraged by the 252 Energy Strategy public consultation responses received by 30th May, drawn from a wide variety of organisations, businesses and individuals. These responses give a very rich set of views on the Scottish Government’s 2050 vision that we put forward through our draft Energy Strategy consultation. In combination with the consultations on Scotland’s Energy Efficiency Programme, Local Heat and Energy Efficiency Strategies, District Heating Regulation and Onshore wind, we have had a total of more than 500 substantive responses.

These responses are currently being analysed by an independent research company, and alongside the EJFW committee's recommendations, and discussions with the Scottish Energy Advisory Board, they will help inform the development of the final version of the Scottish Government's Energy Strategy which will be published before the end of 2017. The full set of consultation responses and summary report will be available in September.

The Committee has raised some important issues – both in the consideration of the draft Energy Strategy and in its response to the draft Climate Change Plan – which will be fully considered by Scottish Government officials, as the final version of each document is prepared.

As your response highlights, some matters will require close collaboration with others and further detailed analysis of the role of various energy sources and technologies in Scotland's energy mix.

For example, this Government remains committed to supporting the demonstration of Carbon Capture and Storage facilities in Scotland, but previous prospects for CCS in Scotland were badly damaged by the UK Government's abrupt decision to remove £1 billion of funding from the Peterhead project. However, we welcome the recent announcement of EU funding for the newly proposed Acorn Project at St Fergus. This new initiative aims to establish the UK's first full-chain CCS project in Aberdeenshire. By building on past studies and repurposing existing infrastructure, the project aims to demonstrate a lowest-cost pathway for CCS.

On thermal generation, transmission charging and energy resilience in particular, collaboration will remain essential. The Scottish Government is already working closely with National Grid – as well as the Department for Business, Energy and Industrial Strategy, Ofgem and Scotland's transmission and distribution network operators – to ensure that the GB electricity network is future-proofed, able to respond effectively and efficiently to the challenges of decarbonising our energy system and that Scottish circumstances and priorities are taken fully into account. The latest position on this work will be reflected in the final Strategy and I am happy to keep the committee informed of progress in this area.

The committee is right to recognise that the Strategy has to take a high level overview of the whole energy transition and, as such, is unlikely to give complete detail for each element of our approach. Where necessary, therefore, the Scottish Government will set out further detail in separate sector Route Maps, technical papers, and additional policy documents in the coming months – such as the forthcoming consultation on more detailed proposals for Local Heat & Energy Efficiency Strategies, and Regulation of District Heating, and, in 2018, a Route Map for Scotland's Energy Efficiency Programme (SEEP).

Our ambitious plans for energy efficiency improvement will build upon the experience and good practice we have established to date, for example through our Home Energy Efficiency Programmes for Scotland: Area Based Schemes which are delivered in partnership with local authorities. The Scottish Government regularly

seeks feedback from stakeholders and its delivery partners helping ensure that our schemes remain effective and continue to deliver against outcomes.

As well as seeking feedback, to track on the ground delivery of energy efficiency measures, we publish an annual summary delivery report for the Home Energy Efficiency Programmes for Scotland.

We recently announced funding of £4.4m for the second phase of our SEEP pilot programme. This will see fifteen local authorities receive funding to deliver innovative ways to tackle fuel poverty and reduce carbon emissions. These pilots include an intensive monitoring and evaluation component which will seek to identify the most effective approaches to delivering energy efficiency projects and monitor the effect on household heating, CO₂ emissions and fuel bills. As we continue to develop SEEP we will look to build on the evaluation process established in these pilots to ensure that adequate monitoring and evaluation frameworks are built in to track delivery of the programme over its lifetime.

We remain resolute in the task to eradicate fuel poverty from Scotland's communities and ensure that we reach the most vulnerable in society and those least able to afford to adequately heat their home. That's why we plan to introduce a Warm Homes Bill to set a new statutory target for fuel poverty. We will consult on the new powers for the Scottish Parliament for the future delivery of the Energy Company Obligation and Warm Homes Discount, to ensure they are used most effectively to deliver on our dual objectives on fuel poverty and climate change.

Finally, following the horrific Grenfell Tower fire in London in June a Ministerial Working Group on Building and Fire Safety was established to oversee a review of building and fire safety regulatory frameworks, with an initial focus on high-rise domestic buildings. Chaired by the Cabinet Secretary for Communities, Social Security and Equalities and involving Scottish Government officials and the Scottish Fire and Rescue Service, the group met for the fourth time on 9 August. Information on the work of the Group, including minutes, news releases and the Group's work plan, is available online at <https://beta.gov.scot/groups/building-and-fire-safety-working-group/>. The Group's next meeting is scheduled for September at the Scottish Fire and Rescue Service HQ in Cambuslang.

With regard to your request about the safety of energy efficiency measures, external wall insulation on properties in Scotland must be approved by building standards officers as complying with relevant building standards. New cladding on existing high rise buildings must also be made of non-combustible material or meet stringent fire tests. And all works funded through Scottish Government programmes must comply with all applicable Building Regulations and relevant technical standards for external wall insulation.

Once again, I thank the Committee for their thoughtful input to the consultation and I commit to keeping the Committee informed in relation to the progress towards developing the final Energy Strategy. I look forward to engaging with you further on these matters in due course.

Kind regards

A handwritten signature in blue ink, appearing to read "Paul Wheelhouse". The signature is written in a cursive, flowing style with a large initial "P".

Paul Wheelhouse