

# Draft Scottish Energy Strategy

## Existing Homes Alliance Scotland

### Introduction

The Existing Homes Alliance welcomes the opportunity to give evidence to the Economy, Jobs and Fair Work Committee on the Scottish Government consultation on Scotland's Energy Efficiency Programme (SEEP) and related aspects of the consultation on the Draft Energy Strategy. SEEP will deliver the government's National Infrastructure Priority on energy efficiency, and is also the "cornerstone of the Scottish Government's 'whole system' approach to energy policy".

### Long-term vision and plan

The strength of the National Infrastructure approach is that it provides for long-term planning and resource commitments. This means SEEP should provide a positive and stable environment for business, policy-makers, homeowners and landlords to invest. A clear vision, with targets and milestones, can give this certainty for investment. We agree with the proposal for a 2050 vision of 'near zero carbon buildings' but suggest it would be simpler to say 'zero carbon buildings' with the understanding it is zero carbon in use, and allows for technical constraints.

This long term plan should be placed on a statutory footing through the **Warm Homes Bill**, with a statutory target and scrutiny provisions to accord SEEP the necessary profile and political leadership required to achieve the vision of highly insulated homes and decarbonised heat.

### Targets and milestones

In addition to the vision for 2050, clear targets and milestones should be set for the duration of the programme (described as up to 20 years, or 2038). This provides a route-map so everyone understands how they should contribute. We recommend the following hierarchy of targets for the domestic buildings sector:

- **Energy demand target and milestones (outcome)** – there should be *no increase* of energy demand, including any growth in population or households; with an overall *decrease* in energy use by 2032.<sup>1</sup> There should also be milestones set for 2025 and 2032 to measure progress.
- **Energy performance target and milestones (output):** To accompany the energy use target, there should be a target for the energy performance of the housing stock, measuring what SEEP is delivering through its activities. This should be set by Energy Performance Certificate bands, as the data exists and can be more easily understood by building owners and landlords. To achieve the vision of zero carbon buildings by 2050, we believe domestic buildings will need to have reached that goal (with some exceptions) by the

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<sup>1</sup> Research by Ricardo Energy and Environment on the energy pathway to 2030, included a 30% *reduction in energy demand* from buildings to meet climate change targets. For comparison, the Draft Climate Change Plan has an ambition for only 6% emissions reduction from heat demand due to energy efficiency measures.

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end of the SEEP programme (2038) as non-domestic buildings are starting from a lower baseline.

There should also be EPC milestones set for 2025 and 2032. We have called for a milestone of EPC band C by 2025 as we believe that is achievable and necessary to address fuel poverty and the overall vision of SEEP by 2050.

### **Heat decarbonisation and the energy mix**

We are concerned that the Draft Climate Change Plan and the Draft Energy Strategy do not give enough emphasis to energy efficiency. The Scottish Government has all the powers it needs to improve fabric efficiency and should maximise these to reduce demand for heat, as well as improving comfort, warmth and affordability. This means more effort at 'super-insulating' properties, or 'deep retrofit' with approaches such as Passivhaus retrofit standard, or Energiesprong. There is some evidence to suggest that this 'whole house' approach can be cheaper in the long run compared to multiple interventions over many years in some circumstances. Energy efficient properties are also a pre-requisite for achieving the best performance of low carbon heat technologies such as heat pumps and district heating.

### **Regulation**

Much of the success of SEEP will rely on the introduction of regulation of energy performance standards. We welcome the government's consultation on regulation in the private rented sector, and commitment to consult on regulations and incentives for the owner/occupied sector later this year. Regulation should be designed so that the householder is 'better off' – through a combination of payback period, financial support and fiscal incentives.

Regulation will create demand for energy efficiency measures and low carbon heat, and change the way the property industry, home owners and landlords value energy performance. As we have seen in the appliances and cars, the market will respond to regulation and over time, inefficient properties won't exist. We have only to look to the social housing sector, where regulation has been hugely successful - nearly half (49%) of social housing is in band C or better, compared to around a third of dwellings in the private sector<sup>2</sup>.

### **Advice and Incentives**

Alongside regulation, SEEP should provide a package of advice, behaviour change support and financial incentives. SEEP can build on the good practice of Home Energy Scotland, and extend this service to provide more support for behaviour change – how to manage energy use. Fuel poor households should we receive grants for measures, while others should be offered financial support. We recommend a review of loan and other financial support programmes delivered by Energy Saving Trust on behalf of the Scottish Government over recent years to understand what works best for different households. International experience supports the combination of loans (to overcome lack of upfront capital) and incentives (cashback and tax incentives).

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<sup>2</sup> Scottish House Condition Survey Key Findings 2015

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### **Independent delivery body**

We believe there should be an independent body with the remit for delivery of SEEP established through the Warm Homes Bill. The body would be charged with strategic oversight, and delivery of any national programmes, working closely with local authority area based programmes and Local Heat and Energy Efficiency Strategies. It would report to Ministers and the Parliament against the SEEP strategic plan.

The establishment of this body would address concerns that the Scottish Government officials do not have adequate capacity or skills to deliver such a large infrastructure programme and ensure value for public sector investment. This organisation would provide the necessary expertise, drive and leadership for the long term – a programme that will span several governments, Scotland-wide, with a budget of £10bn or more, and a potential role in regulation. This would be similar to the way other infrastructure projects are managed, eg Transport Scotland was established to manage transport infrastructure projects.

### **Consumer Protection**

A good reputation of SEEP will need to be carefully built and nurtured from the start. This will include consumer protection measures, standards and quality assurance, and monitoring and enforcement. We are in the fortunate position that SEEP can build on the success of Home Energy Scotland and the HEEPS programmes. SEEP should learn from this experience as well as the Each Home Counts review and put in place guarantee mechanisms to ensure consumer confidence, such as accreditation systems for installers and clear systems for redress in the event of poor workmanship or faults and sufficient protection and redress should be in place for householders.

### **Summary**

The National Infrastructure Priority on energy efficiency and its cornerstone programme SEEP are very much welcomed. The consultation asks useful questions, though we would have preferred to be further down the road after nearly two years since the announcement of the infrastructure priority. This briefing provides the key recommendations for SEEP (more detail can be found in our full consultation response, which will be made available to the committee when it is submitted). The forthcoming Warm Homes Bill offers an important vehicle for SEEP's legislative requirements. An analysis of these legislative needs should be done at the earliest opportunity to inform development of the Warm Homes Bill.

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