

Scottish Government consultation on Proposals for a Scottish Climate Change Bill

Submission by the ENERGY SAVING TRUST April 2008

This is the submission of the Energy Saving Trust to the Scottish Government's consultation on *'Proposals for a Scottish Climate Change Bill'*. We welcome the opportunity to respond. Please note that this response does not necessarily represent the view of Energy Saving Trust members.

The Energy Saving Trust was established as part of the Government's action plan in response to the 1992 Earth Summit in Rio de Janeiro, which addressed worldwide concerns on sustainable development issues. We are the UK's leading organisation working through partnerships towards the sustainable and efficient use of energy by households, communities and the road transport sector and one of the key delivery agents for the Government's climate change objectives.

We have offices in each of the countries in the UK, and have had a dedicated office in Scotland since 1998. Our work programme in Scotland is funded by the Scottish Government.

Our response follows the format and order of the consultation document.

TARGETS

1. Should a Scottish target be based on carbon dioxide only or the basket of six greenhouse gases?

Given that the greatest proportion of Scotland's greenhouse gas emissions is CO₂ we believe it would be sensible to have an initial focus on CO₂. However, it will be important that the Bill includes provisions to allow the inclusion of other greenhouse gases in the future.

2. Should the Bill contain provisions to alter which gases are included, for example if the reliability of data for a particular gas improves or if science changes in the future about which gases cause climate change?

Yes, as noted above we believe it is important that the Bill contains such provisions.

3. The Scottish Government wishes to ensure that the Bill gives sufficient incentives to invest in energy efficiency and renewable electricity. Should the targets be based on source emissions; an end-user inventory; or on individual targets for energy efficiency and renewable electricity? Do you have any other suggestions?

We believe it is important that the targets are set in such a way as to encourage actual emissions reductions in Scotland. As such, for the reasons outlined in paragraphs 5.30 and 5.34 of the consultation document we do not favour having targets based on source emissions or on energy efficiency and renewable electricity, and believe that targets based on an end-user inventory might be the most appropriate way forward. However, we note that this will have an impact on the CO₂ savings attributable to microgeneration technologies and careful consideration needs to be given to such consequences.

We would also like to highlight our support for the Scottish Government's intention that the Bill must provide a strong *'incentive to reduce overall energy demand'*. The

priority in meeting future energy requirements in a secure, efficient and environmentally friendly manner must be to reduce the level of demand. Demand side activity can be implemented far quicker than changes in the supply side and will allow delivery of carbon reductions with lower levels of low carbon supply. Energy efficiency also helps improve security of supply by reducing the demand for primary energy, and hence dependence on supply side investment and energy imports. In addition, most energy saving options are more cost effective than investing in any new supply capacity.

4. Do you agree that the Bill should allow the means of measuring the target to be changed through secondary legislation to reflect international developments or unforeseen consequences of the Bill?

Yes, because it is impossible to predict future circumstances, we believe it would be sensible for the bill to permit changes to way the target is measures to be changed through secondary legislation.

5. Should the emissions reduction target take account of the abatement effort made by companies under emissions trading schemes? If so, how?

As noted in our response to question 3 above, we believe that it is important for the Scottish Climate Change Bill to result in actual emissions reductions in Scotland. However, it is out with our remit and out with our area of expertise to comment on how the emissions reduction target should take account of the abatement effort made by companies under emissions trading schemes.

6. Do you agree that international credits should be counted towards Scottish targets? Should there be limits on credits counted towards Scottish targets?

Ideally, we believe that the focus should be on reducing Scotland's emissions, although credits from international projects have a role to play. However, these need to be robust and deliver real long term additional carbon savings. In this respect we note that major concerns have been expressed by many environmental NGOs on international projects, which has led to the creation of the CDM gold standard. In our view the best projects are energy efficiency and renewable projects that can be replicated elsewhere to deliver long term sustainable benefits to developing nations.

We see no reason why sectors that do not face international competition should not secure emission reductions in the Scotland, for example all reductions required of the household sector should be made by the Scottish household sector. We therefore support the Scottish Government's intention that the '*primary focus must be emissions from within Scotland, and that international credits should only be a minority of our emissions reductions*'. However, we believe that the Scottish Government should go further than proposed and set a limit on credits counted towards Scottish targets. This would ensure significant emissions reductions in Scotland. However, consideration needs to be given to the current framework of the EU Emissions Trading Scheme and the ability to use non-UK credits. We therefore believe that the use of international credits to meet Scottish objectives should be limited to between 5 and 10 per cent, although we would like to reiterate that ideally Scottish carbon budgets should be delivered by Scottish carbon reductions. We would strongly advocate that the use of non-Scottish credits is reported in a transparent manner.

7. Should the Bill allow the level of the 2050 target to be changed through secondary legislation? If so, should this only be allowed on the basis of independent, expert advice, to reflect international developments or unforeseen consequences of the Bill? Should any changes to the target be limited to an increase in the target?

Yes, we believe that the Bill should allow for the level of the 2050 target to be changed through secondary legislation, but believe that this should be limited to only allow a tightening of the target.

SUPPORTING FRAMEWORK

8. What factors should be taken into account when setting the level of budgets?

The factors listed in the consultation document will, along with others, need to be taken into account when setting the level of budgets. We believe that the Committee on Climate Change should have a role in determining the final list of factors.

9. How long should interim budget periods be?

We support the Scottish Government's intention to '*design a framework which gives strong incentives for early action*' in order to ensure greater absolute emissions reductions. We believe it would be sensible to align the budget periods with UK reporting timescales and as such recommend budget periods of five years be adopted in Scotland.

The Scottish Government might also want to consider the option of rolling targets outlined in our response to the UK Climate Change Bill, but we note this would add a degree of complexity

10. How many years in advance should emissions budget periods be set in order to provide sufficient time to develop infrastructure?

The experience of the UK Climate Change Programme Review has shown that the focus on a particular timeframe (in this case 2010) can result in a sub-optimal analysis of options, including rejection of policies that have minimal impact in the given timeframe (but could have a significant impact beyond that timeframe). This is also well illustrated by the results of our recent microgeneration modelling work¹, which shows that policies implemented now will result in limited savings in the shorter term (even with very supportive policies in place including some form of compulsion) but significant savings in 2050. This is not to say that interim targets are not important, simply that action in the short term should not be at the expense of longer term measures. Rather, it is important that short term actions are considered in parallel with actions that will deliver carbon savings in the longer term.

11. What should be the limit (in terms of absolute quantity or as a percentage of the budget period) on the amount of emissions which the Government can borrow from a following budget period?

We do not support the principle of borrowing, although we do accept the rationale for a limited degree of flexibility to allow for unforeseen circumstances. This should certainly be no greater than 1 per cent.

12. Should the Bill include an interim point target? If so, what year (or years) should it be for (2020, 2025, 2030, etc.)? How should the level be chosen?

We strongly believe that the Bill should include an interim point target, and are very concerned that the Scottish Government '*is minded not to include an interim target*'. As the consultation document notes early action is key in terms of reducing the absolute level of emissions in the atmosphere. We understand that the process of setting emission budgets in advance will provide clear information about the likely trajectory (provided these are set out to 2050) but believe an interim target will help to ensure that a minimum amount of action is undertaken by a set date well before

¹ Generating the Future: An analysis of policy interventions to achieve widespread microgeneration penetration The Energy Saving Trust, November 2007. <http://www.energysavingtrust.org.uk/uploads/documents/aboutest/MICRO.pdf>

2050. We note that paragraph 6.23 highlights that *'action over the next 10-15 years is critical if dangerous climate change is to be avoided'*. Thus, and particularly if budget periods are set at 5 years, an interim point target of 2020 would seem appropriate.

We believe that the interim target should be at least as, if not more (given Scotland's more challenging targets), challenging than the top end of UK's proposed target of 26-32 per cent (i.e. at least 32 per cent).

REPORTING SCRUTINY AND FRAMEWORK

13. Should the Scottish Ministers be required to report on any other issues related to climate change in addition to the requirements already set out. If so, what and how often?

The consultation document sets out a number of 'possible options' for reporting. We broadly support the option of reporting on *'a measure of the energy efficiency of domestic and non-domestic and non-domestic buildings in the public and private sectors'*. However, we believe it would be useful to split this requirement into two, to ensure that domestic buildings were reported on separately. In addition we note that a 'measure of energy efficiency' will not reflect all emissions reductions in the domestic (or indeed non-domestic) sector – it will not for example reflect emissions reductions from the installation of microgeneration technologies. For this reason we believe that it would be appropriate to include a measure of emissions reductions more generally.

We also strongly believe that a measure of emissions reductions from the road transport sector should be part of any reporting requirements. Road transport is responsible for around 30 percent of Scotland's energy demand.

In addition we would like to highlight our support for the inclusion of a reporting requirement for *'Emissions produced by the 'Scottish element' of international aviation and shipping'*.

14. Is a process of Parliamentary scrutiny the appropriate way of holding the Scottish Government to account if targets or budgets are not met?

Yes, we agree that a process of Parliamentary scrutiny is the appropriate way of holding the Scottish Government to account if targets or budgets are not met. Although we note that it is not clear what sanctions could be applied.

15. What should be the primary source of advice to the Scottish Government for setting emissions targets or budgets and why? Options include: the proposed UK Committee on Climate Change, a new Scottish Committee on Climate Change, an existing public body in Scotland, or the Scottish Government itself.

We agree with the Scottish Government's proposed approach to *'use the UK Committee on Climate Change in the short-term and evaluate within three years the effectiveness of the Committee's advice for Scotland and its unique circumstances'*.

16. If it were to be an existing Scottish public body, which public body is most suited to carrying out this task and why?

We believe that true independence is vital for any body that is to be the primary source of advice to the Scottish Government for setting emissions targets and budgets. For this reason we do not believe this is an appropriate role for any existing public body.

17. Which organisation should be tasked with monitoring the progress of the Scottish Government on reducing emissions and why? Options include: the

proposed UK Committee on Climate Change, a new Scottish Committee on Climate Change, an existing public body in Scotland, or the Scottish Government itself.

We believe that, in the first instance, this should be the UK Committee on Climate Change. However, as noted above we think the effectiveness of this approach should be reviewed within three years.

18. If it were to be an existing Scottish public body, which public body is most suited to carrying out this task and why?

We believe that true independence is vital for any body that is to be monitoring the progress of the Scottish Government on reducing emissions. For this reason we do not believe this is an appropriate role for any existing public body.

19. Should additional independent mechanisms for scrutinising the effectiveness of the Scottish Government's policies in reducing emissions be created by the Bill (in addition to any scrutiny already provided by the Scottish Parliament)?

Again, we believe that, in the first instance, and if appropriate, it might be sensible to use the UK Committee on Climate Change for this function. However, as noted above we think the effectiveness of this approach should be reviewed within three years.

20. If so, which organisation is best placed to carry out this function and why? Options include a new Scottish Committee on Climate Change or an existing public body in Scotland.

We believe that true independence is vital for any body that is to be scrutinising the effectiveness of Scottish Government's policies on reducing emissions. For this reason we do not believe this is an appropriate role for any existing public body. Thus, if this is not an appropriate task for the UK Committee on Climate Change then a new Scottish Committee on Climate Change would seem to be a sensible way forward.

21. If it were to be an existing Scottish public body, which public body is most suited to carrying out this task and why?

As noted above we do not think this is an appropriate role for an existing Scottish public body.

SUPPORTING MEASURES

23. Should the Bill contain enabling powers to introduce a duty on certain parts of the public sector (i.e. local authorities and large public bodies) to take specified actions on climate change or other specified environmental issues? Why?

We believe that it would be helpful for the Bill to contain enabling powers to introduce a duty on certain parts of the public sector to take specified actions on climate change. Local Authorities (LAs) play a vital leadership role within their communities and we strongly believe that climate change and energy saving should be a stronger focus of their work in Scotland. This would help to ensure that LAs play their full part in helping to deliver national climate change targets.

24. What should such a duty (or duties) include?

Because climate change is not considered within the auditing of LA performance in Scotland, LA performance in this area has been patchy. In the absence of any performance indicators, initiatives such as the Scottish Declaration on Climate Change and the activities of the Energy Saving Trust have sought to stimulate interest and encourage LAs to take action. However, significant additional action by LAs on climate change in Scotland is unlikely without a relevant duty or the relevant

performance indicators, or another form of incentivisation in place. We therefore believe that LAs should be required to reduce per capita CO₂ emissions in the community. This would help to embed local government's role as an influencer and community leader, and provide a useful link to central government's climate change initiatives.

25. Should the Bill contain enabling powers to introduce statutory guidance for certain public sector bodies (i.e. local authorities and large public bodies) on specified climate change or other environmental measures? Why? Are there gaps in any existing guidance?

Yes, we believe the Bill should contain enabling powers to introduce statutory guidance for local authorities. Tackling climate change in their communities (as opposed to in their own buildings and housing stock) is a particularly new area of LA activity, and as such additional guidance, support and resources will be necessary for LAs directly and for those organisations providing services to support LAs in meeting their targets. This is particularly the case for those LAs which have yet to engage with climate change.

26. What should this guidance include?

We believe that the guidance should reflect the full range of areas which impact on climate change. However, it will be important that this does not duplicate the vast array of resources currently available. The Energy Saving Trust for example already provides considerable guidance to LAs, see for example: http://www.energysavingtrust.org.uk/scotland/scotland/local_authorities_housing_building_professionals

27. Should the Bill contain enabling powers to create a requirement for certain public sector bodies (i.e. local authorities and large public bodies) to make regular reports on specific measures they are taking to tackle climate change (whether mitigation or adaptation) or other environmental issues? Why? What should be included in such reports?

We believe that enabling powers should focus on requirements for action as opposed to requirements for reporting. However, clearly if requirements for action are introduced then it would be sensible to ensure that progress against specific requirements is reported on.

28. As a potential non-legislative measure, should current Best Value guidance be amended to take specific account of climate change mitigation and adaptation? If so, how should Best Value guidance be amended?

There is currently no mention of climate change in current Best value guidance. Given the critical importance of this issue we believe it is important that Best Value guidance is amended to take specific account of climate change mitigation and adaptation.

29. Are there any amendments to existing legislation or any enabling powers needed to allow for variable charging (for example by local authorities) to incentivise action or eliminate perverse incentives?

The Energy Saving Trust's research indicates that Council Tax might be a particularly effective mechanism² to encourage consumer uptake of energy efficiency measures. Such schemes in England and Wales undertaken in conjunction with EEC have proved very successful in stimulating household demand for insulation. This is partly due to the fact that local authorities hold a high level of trust within their communities.

² Energy Saving Trust (2005) Changing Climate, Changing Behaviour: Delivering Energy Saving through Fiscal Incentives

We estimate that a nationally funded council tax rebate scheme in Scotland could deliver significant carbon savings, and therefore believe that amendments to relevant legislation should be made to allow such rebates to be offered across Scotland.

30. Are there any provisions to help Scotland adapt to the impacts of climate change which should be included in the Scottish Climate Change Bill?

Adaptation is outside the Energy Saving Trust's remit.

31. Should provisions within the Environmental Assessment (Scotland) Act 2005, be amended in order to provide clearer links with emissions reduction? If so, how should this be done?

Yes, we believe that the Environmental Assessment (Scotland) Act 2005 should be amended in order to provide clearer links with emissions reduction.

32. What are the equalities implications of the measures in the proposals for the Scottish Climate Change Bill?

One of the key equalities implications of the Bill is likely to be on levels of fuel poverty in Scotland. Clearly some actions designed to tackle climate change (in particular the installation of energy efficiency measures) will also help to tackle fuel poverty. However, other measures could, in theory, result in higher bills for consumers and as such increase the number of those living in fuel poverty in Scotland. It is important that these issues are given detailed consideration.

33. Is there any existing legislation within the competence of the Scottish Parliament (devolved) which needs to be amended so that appropriate action on climate change can be taken by sectors in society?

We believe that there are likely to be a number of pieces of existing legislation within the competence of the Scottish Parliament which need to be amended so that appropriate action on climate change can be taken by the household sector. Without a undertaking a detailed analysis of existing legislation it unclear what might and might not be possible. However, there are a number of areas where we believe changes are likely to be required. Our recent modelling work (for both microgeneration, and on the housing stock more generally) suggests that additional regulation is likely be necessary in the future to ensure that housing contributes equitably to overall climate change targets. For this reason we believe it is important that amendments are made to relevant legislation to ensure that households can be required to undertake action at specific trigger points in the life of their home for example when:

- moving house, (for example requiring EPC recommended measures to be installed before a house can be sold),
- letting a property (landlords should be required to take action on the cost effective (initially) recommendations on EPCs when letting a property),
- building an extension (for example requiring the energy efficiency of the whole house improves if an extension is to be built),
- replacing a boiler or when replacing a heating system (Building Regulations currently require replacement with a condensing boiler, but in the future, as costs come down, it is likely to be necessary to require replacement with a microgeneration heating technology),
- windows are replaced,
- re-roofing a property (for example requiring a microgeneration technology to be installed at the point of re-roofing),
- when converting a property to (or from) flats (requiring the installation of specific measures).

In addition we believe that further changes should be made to building regulations and planning policies to ensure that all new building developments will have to provide secure bicycle storage, and walkable access to local amenities, as well as easy and effective access to cycle routes and public transport. Another transport related policy that might require changes to existing legislation would be a policy to require travel plans for businesses over a certain size in Scotland.

However, we note that it is difficult to know what policies might be required in the future, and suggest that the Scottish Government give consideration to the introduction of general enabling power which would provide the power to undertake action in support of tackling climate change and override restrictions provided within existing legislation.