

Scottish Government's Draft Energy Strategy and Consultation on Local Heat and Energy Efficiency Strategies (LHEES) and District Heating (DH) Regulation

COSLA Response

April 2017

Principal Issues

1. We welcome the opportunity to respond to the Scottish Government's Consultation on Local Heat and Energy Efficiency Strategies (LHEES) and District Heating (DH) Regulation. We note that the Scottish Government has marked this as a 'high-level policy scoping consultation' and our response will be accordingly on the main issues of the policy proposals contained in the document.
2. We fully recognise that dealing with Scotland's energy sector is a key task in achieving the wider goals of the Scottish Climate Change Plan (CCP).
3. Leaders have shown their fullest support for the ambitions set out in the CCP and are ready to engage in more focussed discussions on how progress can be made over the next few decades, including tackling the reduction of energy demand and fostering low/no carbon energy production. Leaders are clear that local communities, local action and partnerships and effective coordination at the local level are at the heart of progress here.
4. COSLA is keen to develop jointly with the Scottish Government practical policies and action for Scotland's energy sector. LHEES can form a crucial part here, and have the potential to become a key platform from which to transform how local communities use, and where appropriate produce, energy.
5. We want to explore more fully the potential scope and format of LHEES and district heating regulations, and the role that local authorities can play to move this agenda forward, with the Scottish Government.
6. Local government has extensive experience in driving this policy agenda and is well placed to play a leading role. The experience from the successful HEEPS:ABS area based energy efficiency programmes offers an excellent foundation to build on. In addition, local authorities are well placed to provide the key requirement for LHEES, i.e. local coordination and strong leadership at the local level.
7. Given the timing of this consultation and local government elections in May 2017, local authority leaders and a new administration will wish to undertake a fuller assessment of the issues raised here, and form a clear political view on the issues involved. Councils are submitting their individual responses, reflecting the different levels of involvement and engagement with this policy agenda.
8. Taking consideration of the above, this submission sets out a number of observations intended to contribute to the development of this policy discussion.

DETAILED CONSIDERATION

9. Below is our response focussed on the key high level policy question posted in the consultation document.

Consultation questions

Q1. Do you agree that local authorities should have a duty to produce and implement a Local Heat & Energy Efficiency Strategy (LHEES) as outlined above? Please explain your view.

Q1b. What are your views on the appropriate geographical scale for the preparation of LHEES? Should each local authority produce a single strategy for its area, or would it be possible for local authorities to work together to prepare strategies jointly for a wider area?

Response

10. As outlined above, local government has a key role in developing Scotland's energy and low-carbon agenda and LHEES have the potential to offer a powerful platform for bringing about significant progress, especially where taken forward with dedicated local political commitment.
11. Local authorities are well placed to develop and be at the centre of LHEES. We consider the development of LHEES a significant opportunity for local government to coordinate local engagement in the low carbon agenda and make a significant contribution to Scotland's wider energy agenda.
12. We are keen to develop a clearer understanding of the full implications, including the link to existing statutory and non-statutory powers. Any new responsibilities here must not be treated in isolation.
13. As we have said local government is committed to tackling climate change and has supported the ambition shown by the recent draft CCP. We believe that the best way to delivery policy is through agreement and by building on existing political commitment. For this reason, we caution statutory and mandatory measures as we see these as a last resort and a poor substitute for reaching a broad, political agreement on the delivery of any policy. We are keen to focus on how this area of work can be developed and resourced, to achieve pro-active engagement and timely progress. As part of this, we would look for any new responsibilities to be fully scoped and funded, as well as bringing to the table the unique expertise and local knowledge that authorities currently hold.
14. We therefore propose that we work closely with the Scottish Government over the coming months to develop and better understand Government's expectations from LHEES and district heating regulation, and that we scope out opportunities, feasibility, resource requirements and opportunities for local LHEES pilots. LHEES can build on positive and effective area based approaches undertaken in all local authorities. We hope for a constructive discussion with Government that will allow us to debate the potential implementation of LHEES COSLA politically.
15. We understand that local capacity and experience in authorities will vary. Any new strategies and approaches need to take account of this, offer the required flexibility and support to local authorities.

16. We expect that the establishment of LHEES will need take some time and require regular collaboration from professionals from a range of departments within councils – and with external partners - including functions around Sustainability, Energy, Property Services, Planning and Housing, and as such would require considerable resources and technical knowledge.

Consultation questions

Q2. Do you agree with the proposed scope and content for LHEES? In particular do you agree LHEES should (a) set targets for energy efficiency and decarbonisation and (b) include a costed, phased delivery programme that will meet local targets? Please explain your views.

and

Q34. What support and resources will local authorities need to produce LHEES and implement the potential local authority role of district heating regulation, and which organisations do you think these are best placed to provide these? Please explain your views.

Response

17. As stated above, COSLA is keen to undertake more detailed work with the Scottish Government and local authorities to develop a clearer understanding of a realistic scope and content of LHEES. This work will also lead to more clarity for potential ambitions, phasing and delivery programmes.
18. We believe that whole system approaches taking account of local opportunities and challenges, a strong focus on long term outcomes, quality scoping and adequate resourcing are key to success. Individual/local targets are not an effective policy instrument.
19. There is a firm understanding that LHEESs should focus on socio-economic benefits and positive health outcomes as well as physical measures. Best energy solutions for each local area need to be scoped out, requiring a case-by-case analysis and behaviour change must be an integral part.
20. District heating are one of many options available to achieve the wider objectives of LHEES. It can be a very successful solution in high density areas, but less so in less densely populated ones. Assessing alternative approaches such as District Power Networks (DPNs) or micro-renewables must be part of LHEES. Underlying all new heating systems, there needs to be a focus on the 'fabric first' approach, i.e. on making homes more energy efficient.
21. As LHEES are an innovative policy instrument, there is a need for effective mechanisms for developing and sharing good practice. Importantly, the current funding landscape must be de-cluttered. Projects developed around certain funding criteria do not necessarily present the most effective long term solutions or offer best value for money. SEEP offers itself as a potentially effective and flexible funding mechanism, however, core and mainstream funding should be seen as a prerequisite to any new responsibilities here.

22. In addition, we need to be aware that policy in this area requires changes to the wider context in which LHEES exist, especially current regulatory regimes, tax system and duties on energy companies, and that LHEESs must gain good support from the private sector. Highlands and Islands Enterprise and Scottish Enterprise have an important role to play here.

23. Lastly, it is vital that the Scottish Government develops a clear technology route map. It is not possible for individual authorities to plan effectively without clarity at the national level as to the types of energy that will be predominantly available in the years to come.

Response to questions relating to section B5 - Technical Standards, Consumer Protection and Licensing (Questions 25 ff)

24. The regulation of district heating is a highly complex area. It is fair to observe that it would not be effective for individual authorities to deal with detailed legal issues without support from and reference to a clear national framework.

25. Predominant considerations are currently focussing on the installation of district heating systems to be based on voluntary action, rather than mandatory or forced connections. Where installed, there needs to be a set of clear guidelines and a strong code of practice.

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