

## Energy UK response to Scotland's Heat in Buildings Strategy - achieving net zero emissions: consultation

Submitted via email to: [heatinbuildings@gov.scot](mailto:heatinbuildings@gov.scot)

30 April 2021

### Heat in Buildings Strategy

Energy UK welcomes the approach the Scottish Government sets out in its Heat in Buildings Strategy (HIBS) and urges the UK government to look to Scotland in this area. The strategy sets out a helpful roadmap of crucial milestones to hit and clear dates by which different policies commence, providing a strong understanding of the government's policy intent and direction of travel. This will enable and encourage much-needed investment and activity from the sector in this space.

We particularly welcome the ambition to introduce standards for new buildings by 2024, a year ahead of the UK. The HIBS appropriately recognises the need to decarbonise heat alongside the swift implementation of energy efficiency measures to enable efficient decarbonisation at most efficient cost to consumers.

Energy UK is further pleased to see the Scottish Government's observations made on the flaws of the EPC methodology; something Energy UK has long been aware of. EPC's and energy efficiency will be an increasingly important factor in what technologies consumers put in homes and businesses, and in how much that would ultimately cost for the consumer. The pragmatic solutions the Government sets out in the consultation seem sensible.

It is positive to see in the HIBS that the Scottish Government has called on the UK government to address the impacts of environmental and social policy costs being recovered across electricity and gas bills, and also to reduce the rate of VAT on heat pump installations. Energy UK welcomes Scottish Government's clarity in identifying areas in which it does not have the powers to change policy, but which would have a key impact on how far Scotland can decarbonise heat within the next few years.

Energy UK is very supportive of the proposals regarding Local Area Energy Planning, championed by the Energy Systems Catapult, and is pleased to see the Scottish Government's approach in the consultation to commit to agree local strategies on electrification with Local Authorities by 2023-2024. It would be hugely beneficial to see this work in practice and will enable Scotland to continue to lead the way for the rest of the UK. We would urge that an overarching national framework oversees these various approaches; whilst we are supportive of local and regional delivery based on nuanced local attributes and needs, there ought to be a national framework to ensure consistency in approach and methodology, and to deliver consistent engagement with the right stakeholders.

The HIBS also sets out some helpful official offers to help industry grow the heat network market, particularly in reducing domestic rates for heat network operators by 90% until 2024. One observation of note, however, is that heat network regulations will not come into force until 2023. This limits the immediate impacts of these changes, and Energy UK would welcome further efforts in conjunction with industry to ensure that changes are implemented where possible ahead of this timeline. We also notice the strategy does not specifically commit Scottish Government to introducing any new grant schemes for decarbonising heat, and that ambiguity remains regarding where the promised £1.6 billion spend on heat decarbonisation and energy efficiency will come from. More clarity on how the Government expects to apportion that public funding and leverage additional private finance would be welcome.

#### Energy UK

First Floor,  
26 Finsbury Square  
London EC2A 1DS

T 020 7930 9390  
[www.energy-uk.org.uk](http://www.energy-uk.org.uk)  
t @EnergyUKcomms

The current Scottish Renewable heat scheme for homeowners offers an opportunity to customers to install a heat pump by using a cashback grant. However, this scheme is only available until the end of the financial year in 2021. In order to promote the decarbonisation of existing homes and grow the market for heat pumps, we would encourage the Scottish Government to extend this scheme for future years. Scottish Government support for heat pumps will help grow vital skills in installation, operation and maintenance of heat pumps, helping to reduce costs, improve installation quality and ensure the skills base of the Scottish workforce can support rising demand and market growth. Electric heating technologies are widely available, and the drive towards zero emission heating and higher energy efficiency standards can help to grow the market for these approaches as developer's demand for electric heating in Scotland increases to enable compliance.

Electric heat pumps offer significant potential to reduce greenhouse gas emissions by displacing existing fossil fueled heating systems. The UK Government have targeted those customers that are off the gas grid as an early market for heat pump adoption, as highlighted in the Prime Minister's 10 Point Plan. Therefore, we support Scottish Government's recognition of the need to convert the majority of the 167,000 off-gas homes that currently use high emissions oil, LPG, and solid fuels to zero emission heating sources, such as electric heat pumps, in order to meet Scotland's interim climate target.

We further welcome the recognition within the strategy of a wide range of low carbon technologies, including BioLPG. The diversity seen across Scottish properties and the high level of ambition set out in decarbonisation targets necessitate the development of a robust competitive market that enables a wide range of solutions to be adopted by consumers. All low carbon technologies have a role to play in delivering rapid decarbonisation at lowest cost to consumers, particularly in harder to treat off gas grid properties.

I trust you find our comments useful. We would welcome the opportunity to discuss further with Scottish Government or any other interested stakeholders. If this is of interest, please feel free to contact me on [melody.carraro@energy-uk.org.uk](mailto:melody.carraro@energy-uk.org.uk).

Kind regards

Melody Carraro  
**Policy Manager**