

The Energy Efficiency and Micro-generation Bill Proposal

Strathclyde and Central Energy Efficiency Advice Centre /The Wise Group - Response to Consultation Questions

Background

The Wise Group

The Wise Group is one of the UK's leading employment and regeneration agencies, and operates throughout Scotland and the North East of England. We are a not-for-profit organisation, whose central mission is to help those outside of, or disadvantaged within, the labour market to change their lives through improving their labour market position and to contribute to the wider regeneration and sustainable development of the communities in which we work.

The Wise Group, through its Sustainability Advice Department, delivers a number of sustainable energy projects and has operated the **Strathclyde and Central Energy Efficiency Advice Centre** since its inception in 1994. We deliver a comprehensive energy efficiency advice service to residents across 12 Local Authorities alongside a range of other services, all of which play a pivotal role in reducing energy demand. These include:

Sustainable energy advice - We provide advice to domestic clients on areas including energy efficiency, renewables and some limited sustainable transport advice (the latter area being a planned element of medium term development). The sustainable energy advice service is crucial in delivering the energy efficiency message to the public and therefore reducing demand.

Sustainability education - We deliver sustainable energy and recycling education to primary, secondary and tertiary education establishments and believe that educating the younger generation is an essential component of encouraging behavioural change in society.

Strategic support for Registered Social Landlords - Both Local Authorities and Housing Associations can have a huge influence on the domestic sector. The Local Energy Support Programme provides support on sustainable energy matters and helps to instigate projects that reduce energy demand.

The Scottish Community and Householder Renewables Initiative - We deliver locally on behalf of this Scottish Executive programme providing a one-stop shop offering grants, advice and project support to assist the development of new community and household renewable schemes in Scotland.

EST Business Advisors - Staff in the department market the Scottish Executive's resource efficiency programmes, which focus on energy efficiency and waste minimisation and are aimed at the business sector with a particular emphasis on Small and Medium Enterprises.

Loan and grant scheme management - We administer commercial and domestic interest-free loans to encourage take up of energy efficient technology.



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Our role both as a key provider of energy efficiency advice and support and as a agency that delivers individual support to the most disadvantaged unemployed individuals in Scotland (those most likely to also suffer from fuel poverty) puts us in a strong position to offer valuable comment on this consultation document.

Response to Consultation Questions

1. What do you consider are the benefits of the legislative approach in promoting small-scale renewable energy production in both existing buildings and new developments?

The legislative approach seems an appropriate and effective means of ensuring a growth in the take up, affordability and future development of small-scale renewable energy production. Legislation will help to stimulate the market, as manufacturers will have confidence to invest in larger scale productions, which will bring down costs. It will also encourage more private sector research and development thus improving the efficiency of the technologies.

In addition this approach will help to 'mainstream' this type of technology, removing the perception of these technologies as 'novel' and further promoting a sustainable long-term approach to meeting our energy needs.

2. What disadvantages, if any, do you think there might be in this approach?

The effectiveness of this approach will be determined by the degree to which a 'joined up' approach to energy efficiency and renewable energy is taken at a governmental level, as currently energy efficiency and renewable energy sit within different departments of the Scottish Executive.

The Scottish Executive's recent Regeneration Policy Statement emphasises the horizontal importance of regeneration and its impact across portfolios, with overall responsibility being firmly placed under one Minister (Malcolm Chisholm). We believe that energy should be afforded the same level of priority and considered a horizontal theme to be factored into decisions made under various Executive portfolios and at a Scottish, regional and local authority level.

It is critical that energy efficiency should always be considered in tandem with renewable energy options. Promoting renewable technology through new legislation carries the risk that the focus on simple but highly effective energy efficiency measures is lost.

It must also be considered that some buildings will not lend themselves to micro-renewables. This must be taken into account in the setting of realistic targets.



3. What are your views on the following specific measures as outlined in the paper?
- i. amendment of building standards
 - ii. setting targets and annual reporting of progress
 - iii. encouragement of local authority measures
 - iv. administrative and financial incentives

Building Standards - We believe that there is a need for a comprehensive improvement in the standards of building regulations and that current standards are not at a level appropriate to ensure the levels of energy efficiency needed to have a meaningful impact on carbon omissions (for example the minimum requirement for loft insulation should be increased to 300mm). Any improvements must also be reflected in the Scottish Housing Quality Standard.

Setting targets - We have found target setting to be a highly effective means by which to drive forward energy efficiency programmes and believe that clear targets are crucial to the success of any activity in this area. Monitoring and measuring, as part of any legislation, ensures that targets are met and failures are addressed. However a degree of flexibility in implementation is also essential, as some mechanisms will prove more effective than others. High aspirational targets, such as those set under the Home Energy Conservation Act, for domestic energy efficiency, do not encourage buy-in from stakeholders.

Local Authority Measures - Local Authorities and Registered Social Landlords can play a key role in leading the way in the move towards micro-generation. Local Authorities currently have responsibility in this area as Energy Conservation Authorities. It is anticipated that additional resources may be required to ensure that implementation is effective and appropriate as current HECA responsibilities do not always receive the level of priority required to have a significant impact in this area. As well as the GLA, positive examples from the London Borough of Merton, Woking and Milton Keynes (see q4) show that Local Authorities can be key stakeholders in this process by including micro-generation measures and low-carbon build within local plans.

Administrative and financial incentives - Our experience is that incentives can be highly effective in transforming markets and this is clearly demonstrated by the information provided by the Energy Saving Trust on page 10 of the consultation document. The Executive's Scottish Community and Householder Renewables Initiative (SCHRI), which we help deliver, has also helped to begin the market stimulation process and is already vastly over-subscribed.

4. Please elaborate on any views you might have on any existing small-scale renewable energy policy initiatives north and south of the border and how these might relate to what is being proposed.

The SCHRI programme has proved to be effective and worthwhile although we would argue that it is seriously under-resourced. In the Strathclyde and Central area, which is managed by the Wise Group, there is significant interest that cannot be satisfied due to a lack of funding. For the period to 31 March 2008, projects being developed would require over £1.5m at a 50% grant intervention rate. There can be adverse effects from stimulating a demand that subsequently cannot be



met, with a danger that potential consumers are 'turned off' from the concept and are more difficult to re-engage a second time.

We welcome the Scottish Executive's recent announcement that the Central Heating programme will run a pilot study to explore the potential of renewable energy technology options for heating in a variety of domestic settings across Scotland with a view to considering including these technologies in the main central heating programme.

As indicated above good practice examples can be found across the UK and Europe that demonstrate the leadership role that Local Authorities can play in the promotion of local energy sources.

Milton Keynes Council's new draft planning policy calls for all new developments exceeding five domestic dwellings or those that incorporate over 1000 square metres of floor space to include the following:

- Energy efficiency by siting, design, layout and buildings' orientation to maximise sunlight and daylight, avoidance of overshadowing and passive ventilation systems.
- Grouped building forms in order to minimise external wall surface extent and exposure.
- Landscaping or planting design that optimises screening and improves individual building's thermal performance.
- Renewable energy technologies.
- Sustainable urban drainage systems including rainwater and waste water collection and recycling.
- Significant use of building materials that are sustainable or recycled.
- Carbon neutrality or financial contributions to a carbon offset fund to enable carbon emissions to be offset elsewhere.

Woking Borough Council has extensively used micro-generation methods - solar panels, small wind turbines, and a static fuel cell - together with energy efficiency measures. As a result it has cut its carbon emissions by 80%, energy prices for citizens have fallen every year since 1991 and the council has released £4.7m in energy savings in the past decade.

These are prime example of what can be achieved with the political will, and of how the shorter term benefits of these systems can be appreciated by residents and voters.

5. What are your views on the financial costs of what is being proposed?

While the initial investment required for this strategy may be relatively high, the resulting market stimulation should ensure that ongoing investment is kept to a minimum and the overall benefit to the economy of Scotland would be positive.

Recent feasibility studies have contended that Scotland could be a world leader in renewable energy technologies and it would be disappointing and expensive if we were to miss this opportunity as was evidenced in the 1970s when Scotland failed to capitalise on its position as a leader in wind technology.



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Moreover the examples cited above, particularly of Woking Borough Council's experience, indicate that the energy and financial savings gained from this approach can be appreciated within a reasonable time-scale.

6. Do you consider there to be any equalities issues raised by what is being proposed? If yes please elaborate

We welcome the recent announcement of the Scottish Executive's Central Heating Programme's pilot study on renewable technologies, but assert that it is crucial that this study is properly and timeously assessed to ensure that this type of technology is mainstreamed as quickly as possible.

The SCHRI programme has been subject to criticism because it does not assist in addressing fuel poverty. This is accurate but we believe that there is a number of ways that these issues can be tackled; there is not necessarily a 'one size fits all' approach to fuel poverty reduction. SCHRI works very well in assisting early-adopters and encouraging low-level market stimulation. For example, the cost of installing a solar water heating system has dropped significantly over the past five years.

In addition a significant rise in investment in this area will clearly be accompanied by a rise in demand for skilled individuals able to install this kind of equipment and whilst many of the jobs associated with this increase would be highly skilled there would also be, as the GLA's Skills and Jobs from Renewal Energy research indicates some demand for trades and semi-skilled crafts men. Moreover the report found that the companies delivering these kind of services are generally very willing to take on unskilled but enthusiastic staff in order to train them up in the skills required by the industry.

This rise in demand for labour could clearly be linked to the inclusion agenda through programmes designed to ensure that unemployed and disadvantaged individuals are able to access opportunities. The Wise Group currently provide training and practical work experience opportunities via our Intermediate Labour Market (or ILM) model. We have successfully used this model in the delivery of home insulation activities and in the provision of energy efficiency advice services. Again a 'joined up' approach at a governmental level should encourage the better consideration of inclusion issues in the development of a micro-generation strategy.

7. Please feel free to raise any relevant issues you consider have not been covered in this consultation.

We agree that energy efficiency is key to addressing climate change and quality advice provision and sign posting is an integral part of the customer journey. The network of Energy Efficiency Advice Centres (EEACs) can play an important role in delivering the information to householders and small businesses throughout Scotland. The anticipated development of EEACs into Sustainable Energy Centres should enhance this delivery.



The Scottish Executive's Loan Action Scotland scheme, managed by the Wise Group, provides interest-free loans to SMEs for the installation of energy efficiency measures. As the scheme currently stands the criteria set for payback do not easily allow for this to be used for the funding of micro-renewables. However despite this, the scheme has assisted several businesses in this manner where the payback criteria can be met. Since 2001 twelve Scottish businesses have benefited from loans exceeding £250,000 for various small-scale renewable technologies. It would be sensible to enhance this existing scheme by enhancing the fund and adjusting the criteria to assist businesses with the installation of renewable technologies.

We welcome the fact that this Bill would encourage a move away from our dependence on large, centralised power stations and would deliver more efficient use of energy at the point of generation.

For further information on any of the issues raised in this paper please contact:

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