

## **Cross-Party on Renewable Energy and Energy Efficiency**

**18 April 2023, 7.00pm**

### **Minute**

#### **Present**

##### **MSPs**

Sarah Boyack MSP

Brian Whittle MSP

Audrey Nicoll MSP

#### **Invited guests**

Fabrice Leveque, Climate & Energy Policy Manager, WWF Scotland

Paul Steen, Head of Business Development Scotland and North of England, Vattenfall Heat UK

Mike Heffron, Chief Executive, Under One Roof

#### **Non-MSP Group Members**

Anna Gardiner

Barbara Hargreaves

Ben Carter

Bill Rodger

Carolyn Burch

Chris Cook

Colin Campbell

Colin Greenshields

Colin Pritchard

Euan Ingram

Joan Pisanek

Pete Roche

Ryan Smith

Verena Aedo

Scott Hasell

## **Apologies**

Foyso Choudhury MSP

### **Agenda item 1 - Welcome and introductions**

Sarah Boyack welcomed everyone to the meeting. Sarah noted that Paul McLennan MSP and Jenni Minto MSP had offered their resignations to the Cross-Party Group following their Ministerial appointments. She thanked them for their support to the Cross-Party Group.

Sarah also noted her new appointment as the Shadow Cabinet Secretary for Net-Zero, Energy and Just Transition for the Scottish Labour Party.

### **Agenda item 2 - Approval of minutes from the last meeting**

The minutes of the previous meeting, held on 9 November 2022, had been sent round group members in advance and the secretariat received no requests for additions or corrections.

The group agreed that these provided an accurate account of the meeting (proposed by Brian Whittle MSP, seconded by Audrey Nicoll MSP).

### **Agenda item 3 – Presentation from Fabrice Leveque, Climate and Energy Policy Manager at WWF Scotland, on retrofitting the existing housing stock**

Fabrice Leveque began his presentation by highlighting WWF Scotland's recently published 'Affordable Warmth: Next steps for clean heat in Scotland' report. He noted that homes account for 30% of Scotland's energy use and that regulation is key to accelerating action on driving up energy efficiency and clean heat standards.

Fabrice outlined the modelling in the report which sought to answer what are the lowest cost solutions to decarbonise typical Scottish homes; what are the upfront and running costs; and what emissions savings will be achieved. Twelve representative house types were developed for the model from data in the Scottish House Condition Survey (2019).

The report modelling found that heat pumps can be fitted in almost all types of Scottish homes, including smaller and heritage dwellings. Alongside energy efficiency measures (homes brought up to equivalent of EPC C rating), this provides the lowest cost solution for Scottish homes when comparing upfront, running and maintenance costs over 15 years.

The report also found that up to 80% of Scottish homes could benefit from low-cost draught proofing and around 50% should improve insulation with moderate cost measure, costing on average £1,800. The report found that typical homes adopting such measures see their annual energy demand reduced by 30% on average.

Fabrice argued that Scottish Government proposals to set minimum standards of energy efficiency for all homes will make heat pumps more affordable and that the Scottish Government should continue to financially support all households to fit measures. Fabrice highlighted that the report modelling suggests that although the Scottish Government policy proposals should decarbonise homes by 2045, emissions in 2030 could double (2.6 million tonnes) what is required to meet our targets, as set out in the 2020 Climate Change Plan.

Fabrice concluded by outlining WWF Scotland's recommendations, including bringing forward the Scottish Government target of bring all houses equivalent to EPC C rating from 2033 to 2030; that no house purchase with old gas boiler should begin from 2025; and with no new insulation from 2027.

WWF Scotland also recommend that the Scottish Government should provide an upfront grant for owner occupiers and landlords to support energy efficiency and heat pump measures up to £15,000 with a rural uplift as well as a capital grant for social housing up to £9,000 per home. Fabrice argued that this will benefit Scotland's just transition and highlighted that WWF Scotland's proposals would see over half of all houses (1 million) and 45% of flats and tenements (385,000) fit low carbon heating systems by 2030, which could achieve a 68% emissions reduction by 2030 (on 2020 levels).

#### **Agenda item 4 – Presentation from Paul Steen, Head of Business Development Scotland and North of England at Vattenfall Heat UK, on the role of district heating in decarbonising urban areas**

Paul Steen began his presentation by highlighting that The Committee on Climate Change have acknowledged that it will not be feasible to achieve net zero without city-scale district heating. He noted that it is part of Vattenfall's mission to enable fossil-free living within one generation including through district heating.

Paul went on to highlight that Vattenfall are a partner of Midlothian Energy Limited - a joint venture with Midlothian Council. They have approved a business plan to invest £100 million in low-carbon energy projects provide low-carbon heat to over 150,000 homes in the Midlothian and Edinburgh region by 2050 as well as partnering with other Cities.

Paul highlighted the Shawfair Heat Network by Midlothian Energy Limited which will connect 3,000 homes and the new town centre and is expected to save over 2,000 tonnes of CO2 per year, equivalent to taking 1,200 cars off the road.

Paul noted that district heating has worked well in other countries in northern Europe where investment in district heating at scale has been going on since the 1970s. He suggested that experience from these countries shows that it needs to be big, ambitious, and collaborative to succeed.

Paul outlined that for district heating to succeed, it requires demand and supply assurance which he argued will come from consumer protections; lined-up policy thinking that incentivizes early investment in district heating; planning obligations placed on new developments to enforce connection from new demands; incentives for existing buildings to transition onto heat networks, and financial support for these buildings to convert; and to permit obligations on organizations that produce excess heat to transition to making that heat available.

Paul urged for political consensus to drive greater urgency to grow the sector from 3% of homes connected to district heating to the target of nearly 20% of homes. He noted that land access, statutory undertaker rights and zoning are slowing down or holding up projects. He also noted that these issues can be addressed through in secondary legislation over the next few months, including the Heat Networks Act that will set out the market framework for heat networks and regulate consumer protection.

Paul highlighted that Vattenfall have a shared ambition with Scottish Government for the zoning of city-wide heat networks. In conclusion, he argued against the continued pursuit of

individual courses of tactical actions that do not benefit from the economy of scale. He also called for Scottish Government policy and regulation to enable local leadership and to define and protect ambitious heat network zones that accelerate the deployment of city-scale heat networks.

### **Agenda item 5 – Presentation from Mike Heffron, Chief Executive at Under One Roof, on the challenges (and opportunities) associated with flats and tenements**

Mike Heffron began his presentation outlining Under One Roof which is the only charity in Scotland that provides free, impartial advice on repairs, maintenance, and retrofit for tenement flat owner-occupiers, landlords, and housing professionals. Mike noted that tenements are any horizontal building divided into two or more parts.

Mike went on to note that 895,000 properties are legally defined as tenements, 1/3 were built prior to 1919, 1/3 between 1919-1982 and another 1/3 after 1982. He also noted that 25% or mortgaged properties are tenements with most tenement households in urban areas.

Mike highlighted that just under half of housing stock has disrepair to 'critical elements', with this rising to two-thirds for pre-1919 flats of which 5% require 'extensive repairs' (serious/urgent repairs that covers more than 20% of the building).

Mike outlined a number of energy efficiency challenges for tenement owners, including collective decision-making and cost-sharing. These are further compounded in multi-ownership buildings, uncertainty about ownership/responsibility for communal/shared areas, and the high levels of disruption associated with some projects due to a lack of prior inspection.

Mike raised the proposals of the Parliamentary Working Group on Tenement Maintenance, including mandatory owner's associations, mandatory building funds and mandatory five-year tenement inspections. Mike argued that the most immediate, effective way to improve energy efficiency is to keep buildings repaired. With improved organisational capabilities and with repairs under control, Mike argued that owners will be in a better position to consider communal energy efficiency schemes such as external wall insulation and renewable energy technology. Mike suggested that tenements are physically well suited to such measures as you can achieve benefits of scale.

In conclusion, Mike outlined the steps needed to address the challenges identified. These include adopting a fabric-first approach; introducing phased targets with 'no-detriment' financial support; and establishing a one-stop shop for advice and support with low and no-regret options for individual owners. Justifying these recommendations, Mike highlighted that there is currently a lack of up-front engagement, a lack of awareness about the support currently available, and a lack of easy access to redress when issues occur. Mike also discussed issues around financing, such as high upfront costs; eligibility criteria excluding owner occupiers at risk of fuel poverty; lengthy and complex funding applications; and a lack of funding options to support a DIY approach.

### **Agenda item 6 – Q&A**

A range of questions were directed at the panel and included:

Verena Aedo asked about what is being done to overcome supply chain issues and barriers in rural and island communities.

Anna Gardiner asked about what support is available for landlords carrying out heating upgrades that will benefit their tenants and suggested that the provision of more grants would be a game changer.

Carolyn Burch asked about what uses biomass should be prioritised for in the context of heat decarbonisation.

Brain Whittle MSP asked about what opportunities are available in the development of hydrogen for the decarbonisation of heat.

Sarah Boyack MSP highlighted the dozens of community heat network in Edinburgh, including at the University of Edinburgh, and asked about joining this into city-wide networks. Sarah Boyack MSP also noted the development of a heat network in Granton with the commitment from the City of Edinburgh Council to identify other possible district heating zones.

Jack Norquoy noted the publication of Scottish Renewables' Supply Chain Impact Statement 2022/23.

### **Agenda item 7 – Next meeting**

Sarah Boyack MSP noted that the group will meet once more before the summer recess and that the secretariat are looking at dates in early June. The secretariat will be in touch with members once a date has been confirmed.

### **Agenda item 8 – AOB**

Sarah Boyack MSP asked that presentation slides from this meeting be circulated to all members after the meeting. The secretariat confirmed that they would do this.