

## LOCAL ENERGY POLICY STATEMENT

### CONSULTATION QUESTIONS: SUMMARY

#### General

#### 1. Are you clear on the purpose of the statement? Please explain your view.

Broadly, the purpose of the policy statement is clear. We support establishment of a guide setting out the practice and behaviours required from all stakeholders. This is essential if localities and Scotland, as a whole, are to deliver on our energy ambitions and, above all, climate commitments.

However, we suggest that there is a degree of opacity in the relationship between different objectives. At page 3, for example, it's stated that 'we must not lose sight that our overall approach to energy is driven by the need to decarbonise the whole energy system.' That's right, but we think that this really isn't as clear as it needs to be. As acknowledged deep in the document, notwithstanding the long-term benefits of a shift to a zero-carbon and a circular economy, there are likely to be costs (at the very least upfront costs) and some trade-offs between objectives will be necessary.

We believe that the best way of addressing this tension is to be absolutely explicit that decarbonisation is the **overriding priority** and all other priorities sit within that paramount objective. The reason for this, as acknowledged in the Programme for Government, the Climate Change Plan and other commitments, is that significant and grave though other issues are (e.g. fuel poverty), the climate crisis (together with the loss of biodiversity and ecosystems) is both an existential threat, and a timed test. In short, if we don't take appropriate action, we will pass a series of irrevocable tipping points with catastrophic consequences.

A further broad point is that, as we move forward, local energy policy, and its relationship with national energy policy will need to be developed into a harder set of requirements and targets. This will complement guidance in the Climate Change Plan and Climate Change Acts which will need to set out the vertical alignment of public sector bodies' and other sectors' efforts with national emissions inventories and emission reduction plans. If these connections are not made, then it will not be possible to deliver the carbon reductions essential to responding to our climate change responsibilities.

The policy statement does not clearly prioritise energy efficiency as a critical aspect of effective and resilient local energy systems. Reduction in demand is critical to the success of the energy transition to decarbonisation, but key questions around behaviour change of consumers, both domestic and business are not given sufficient profile in the document. There must be honesty about the conflicts between continuing to promote economic growth and seeking to manage its environmental and social impacts. Failing to acknowledge these conflicts means that we will certainly fall short. Marginal gains will not be enough. Fundamental changes in expectations and behaviour will be needed if we are to have any prospect of responding to the high level targets identified in the Climate Change Bill.

Much emphasis is placed on consumer protection within the development of local energy systems. However, this must be based on a partnership between active consumers/prosumers who take clear responsibility within their own areas of control, to firstly reduce their energy consumption to agreed levels within the community.

#### 2. What are your views on the 10 principles?

Please see our response to question 1. We suggest that the key principles need to be expressly set within the overriding priority of responding climate change by means of decarbonisation. We accept that this is acknowledged in other places (e.g. Climate Change Plan; Climate Change Bill), but consider that it needs to be expressly set out on each and every occasion, including in relation to the Local Energy Policy Statement.

In this way, it then becomes clear that, for example, placing consumers 'at the centre of local energy systems development' is a guiding principle for stakeholders in responding to the overriding priority.

Beyond this caveat, for the most part, there is little to take exception to among the key principles. They appear to reflect the kinds of things we should aspire to in terms of good practice.

The exception is that we do have a concern over the phrasing of key principle 9. This states: 'Local energy systems should support the creation of quality jobs, which are secure and sustainable, as well as the development of the Scottish supply chain.' In respect of the reference to development of the Scottish supply chain, it simply needs to be recognised that as a matter of geography, the Scottish Borders (and Dumfries & Galloway) border England. Supply of goods and services in energy has, as with other sectors, the potential to be cross-border. The point is reinforced by the commissioning of an Energy Masterplan within the Borders Inclusive Growth Deal, which includes the three most northern English local authorities (Northumberland, Cumbria and Carlisle City) as well as the two most southern Scottish ones Scottish Borders and Dumfries & Galloway). Scottish Government and UK Government supported, the Energy Masterplan aims to develop a whole system approach to the generation and utilisation of energy across the significant geography of the region (c9000 sq. miles), using a range of technologies and commercial and community investments in existing and future capacity. Clearly, from a Scottish Borders (and Dumfries & Galloway) perspective, we would not wish developments within the Energy Masterplan to conflict with the key principles of the Local Energy Policy Statement.

Lastly, at key principle 4, we assume the reference to 'local energy plans' is reference to LHEES, or are we talking about something else? A bit of clarity about some of these relationships would be helpful.

### **3. How can the Scottish Government encourage stakeholders to adopt the principles set out within this document?**

The principles are generic in nature and appear broadly to support features of good practice.

Probably the most significant single step that could be taken to encourage stakeholders to adopt the principles would be for Scottish Government to specify who they think the key stakeholders are and to consult with them directly. Other important steps will be appropriate levels of funding support, and a consistent long-term approach to energy policy and regulation.

In terms of the role of Local Authorities, and particularly their statutory planning functions, there must be clear requirements set out, with resources identified to support delivery of such activity. Policy integration across all service areas within Councils, and other public bodies, is essential to set out clear requirements to develop and deliver local energy plans. This should be developed at Community Planning Partnership level, bringing in additional partners, such as utility companies, as required. Consideration of penalties for lack of delivery is not considered clearly, but in order to ensure the necessary changes in operation, it is suggested that this will be essential. There is also a vital caveat: the efficacy of penalties depends critically on adequacy of funding in the first place. If

funding is insufficient, then penalties will simply create a vicious cycle further depleting the resources to needed to deliver.'

#### **4. Are you clear about the roles of all the different stakeholders who may be involved in the development of local energy systems?**

We think so, but there are likely to be skills/capacity issues in some localities, which militate against progress. Funding and the provision of capacity nationally from which we and others can draw on will help us respond to these issues.

#### **People**

#### **5. How can we ensure that all socio-economic groups in all regions across Scotland will benefit from the transition?**

It is clear from the principles and the supporting document that stakeholders are expected to place people at the heart of developing effective carbon-friendly energy systems (within the overriding priority). This will entail responding to consumer, householder and community expectations as well as shaping their behaviours towards a net zero carbon future. That will necessitate different kinds of interface and forum. We believe that the generic phrasing of the key principles should be left to maintain flexibility, but we would expect careful assessment of data (including SIMD) and interaction through surveys, drop in-sessions and engagement events, promoting as far as possible the co-production of solutions, and ongoing feedback in the context of implementation and post-implementation.

The greatest challenge in all of this is likely to be reaching those individuals and communities who have limited time to interact. There is no single methodology for reaching them. We need to be willing to develop contacts through a range of less typical face-to-face interactions in health, housing, work/skills/benefits contexts, as well as using digital means, such as social media.

Finally, decarbonisation communications must be prioritised by all public bodies in their engagements with clients. Being able to personalise messages will be essential, but should be within the ability of practitioners who are already engaged in the tailoring and prescribing of support for clients.

#### **6. How can we ensure that people and communities across the whole of Scotland can participate in local energy projects?**

This is closely linked to the points above. Using existing partnerships and structures to deliver decarbonisation/energy efficiency/demand reduction actions. In addition, comprehensive integration of behaviour change messages must be taken forward by the education system. All too often this area of work is side lined. In busy schools, with curriculum demands, it can be a teachers struggle for teachers to support Eco Schools activity. Senior management commitment is essential, and Scottish Government should seek to support this through resources and some direction. Education on lifestyle issues, such as healthy eating, has had much attention starting at nursery and pre-school ages, the same level of commitment must be shown for energy consumption. This should be universally and consistently delivered across all communities.

## Places

### **7. What do you think the wider benefits of developing local area energy plans might be?**

Reduction in fuel poverty levels, local employment opportunities in the development and management of local energy systems, reduced spend on energy - facilitating retention of spend in the local area, benefits to local businesses and public buildings acting as anchor loads/bodies in local communities, greater appeal of local area due to efficiency of homes, business premises, public buildings, greater sense of community value and cohesion and therefore civic contribution to community wellbeing, etc.

### **8. How can we encourage greater collaboration between the key parties involved in the development of local energy plans?**

Develop a legislative requirement for parties to contribute, through procurement and planning processes for public bodies. Highlight benefits to local businesses through support for training for the construction sector for example. Produce more and publicise better, some key case studies very quickly to demonstrate benefits and methodologies. SG should strategically identify phases of local energy plans and systems (wider than LHEES perhaps) and work with local bodies to ensure implementation. Councils should work together in peer groups clustered around similar typologies to develop solutions for sets of like conditions, e.g. off gas, rural, 500-1000 population, local school, etc.

Furthermore, Scottish Government should put in place standardisation and regulation around Energy Supply Companies (or even set up regional ESCO's) to engender the operational framework to create viable larger scale local energy supply in a way that is regulated, audited and trusted by the public.

### **9. How do we ensure that whoever is leading a local energy plan is fully integrated into the LHEES process?**

Make it clear what is expected of a LHEES – what should the outcomes be, clear and costed plans for project delivery, clear benefits to participants and to local consumers. There appears to be a need to set clear boundaries between what a LHEES should be and what a wider energy plan should include. We understand issues over devolved responsibility for certain energy issues, but this shouldn't be an excuse for confusing and delaying development of these processes. Why don't we pursue the development of holistic energy/decarbonisation plans and then pick out the actions which SG can fully support delivery of, being mindful not to commit to projects which may result in unintended consequences, or limit other actions later on.

## Networks & Infrastructure

### **10. What infrastructure challenges are you aware of that present an obstacle to delivering local energy projects? What actions would help solve the issue?**

Rural infrastructure issues, population densities and economies of scale, travel needs, business infrastructure and energy demands, grid access, cost of retrofit and new development installation.

An issue with establishing local energy generation and consumption systems is lack of a regulated and well understood mechanism for transmitting and trading energy. Standardisation and regulation around Energy Supply Companies is required to allow the operational framework to create viable larger scale local energy supply in a way that is regulated, audited and trusted by the public.

Energy markets have been pushed to greater and greater flexibility in consumer energy choices but for local energy projects to be successful and gain sufficient financial and political support they require a long term commitment for energy purchase. This can be achieved for public sector in some cases but generally peer to peer energy supply will be key in the establishment of dynamic local energy supply systems. Private wire systems are expensive and present challenging legal and political issues.

There is a need for grid infrastructure to act as an enabler to unlock potential investment in local energy supply opportunities. By well structuring grid service costs this can drive the relative collocation of producers and consumers.

### **11. What other actions could the Scottish Government take to ensure Scotland will have the necessary infrastructure in place to enable resilient, local energy systems?**

- The future energy model is still uncertain. Although some broad approaches are outlined we have no clear path to achieve these goals and the socioeconomic model that will deliver the changes required. As such we struggle to develop a clear strategy in the long term as the long term ambitions are undeliverable in the current economic model.
- Once we have a clear pathway as described the dialogue between local authorities and DNO (or DSO) needs to improve as it appears to be mainly based on goodwill and happenstance. There needs to be a clear standardised approach to ensuring that infrastructure development is coordinated with local development.
- Private wire arrangements are unsustainable in the long term and raise many issues relating to landownership, legal agreements etc. Peer to peer trading via the grid would allow local energy systems to be established more flexibly. A regulated procedure and market needs to be established to enable this.
- Generally heat networks appear financially unfeasible in rural areas due to low population density. If we are to develop small scale heat networks then there would be a requirement for some sort of financial support mechanism as current models are not self-sustaining.

### **Pathway to Commercialisation**

### **12. What significant barriers are there to the replication of existing local energy projects and systems in Scotland that this policy statement should take account of?**

Huge need for support for communities and local businesses to be able to take part – or lead – the development of local energy plans and their implementation. Communities and consumers are still far too passive and require significant support to become sufficiently active and informed about energy issues and opportunities. Work is being done by Highland and Islands Enterprise and Community Energy Scotland. However, areas like the South of Scotland have struggled to make progress, and are therefore starting from a somewhat disadvantaged position. Capacity and resourcing have been key deficits and continue to require a focus.

### **13. What actions can we take to accelerate the focus on economically and commercially viable low carbon local energy solutions in an inclusive way?**

Support for audits of local communities, their resources and demands, in combination with grid assessment with DNO/DSO. Access to training for local construction sector businesses, support for local businesses to assess potential grid balancing demands, partnerships with utility companies to provide financial support for community/locality energy mentors/facilitators.

## **Opportunity**

### **14. How can we ensure that Scotland capitalises on the economic opportunities from the development of local energy systems?**

This is a rather general question which we suggest has been addressed in most of the other questions.

### **15. Do you have any opinions on the initial focal typologies chosen?**

The typologies as they stand appear to be rather broad and further definition would help alongside a spatial approach to identifying key areas and phased planning as noted in Q8.

### **16. How can local energy considerations become business as usual for industry?**