



WWF

SCOTLAND

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Briefing: Ministerial Statement 4<sup>th</sup> November

## CLIMATE CHANGE ANNUAL TARGET REPORT

WWF Scotland is disappointed that Scotland has now missed three annual climate change targets in a row, and is not on course to hit any of the annual targets between now and 2020. While the Scottish Government has made welcome moves to introduce a number of new policies, much greater policy effort is needed if Scotland is to hit its Climate Change targets. The Minister must therefore announce new policies and update the second Report on Policies and Proposals (RPP2) to correct for missed targets, changing emissions data and some now outdated assumptions.

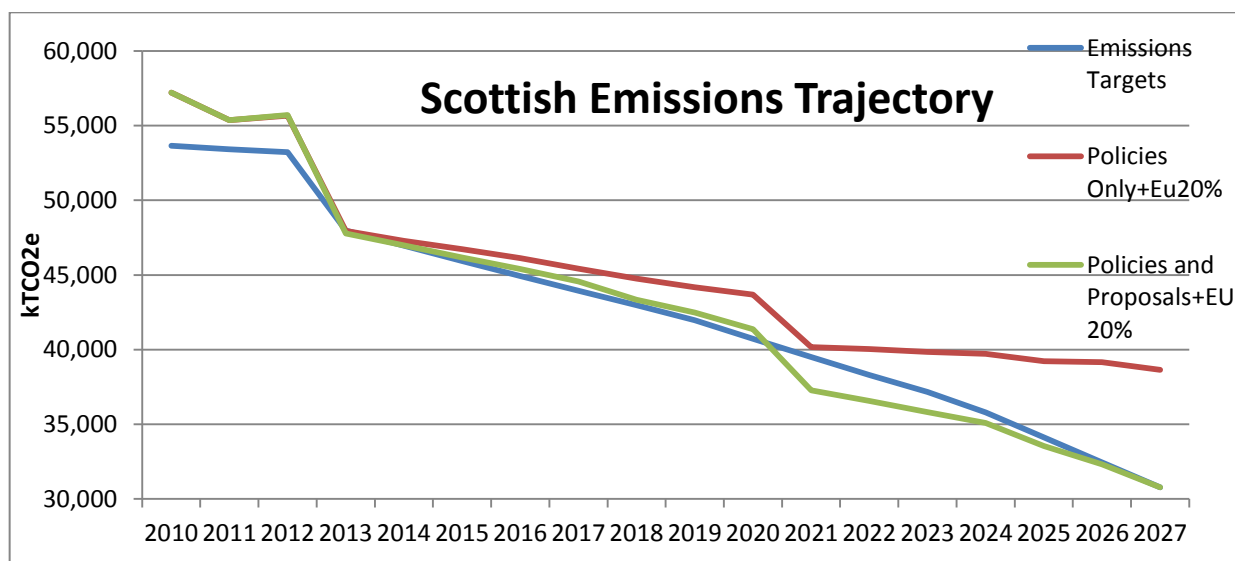
### The Scottish Climate Change Act - annual targets

The Scottish Government's report, The Scottish Greenhouse Gas Emissions Annual Target 2012, shows that Scotland has missed its most recent annual Climate Change (Scotland) Act 2009 annual target by just under 2.5 Million tonnes of CO<sub>2</sub> equivalent. In addition, actual emissions have increased between 2011 and 2012. The first three annual targets under the Act have now been missed. This is due to a number of reasons, including insufficient policy delivery, funding and changes to the historical emissions inventory.

A missed target is not simply a mark on a scorecard, the climate cares about the total volume of emissions in the atmosphere. Each missed target means additional emissions are causing damage to our climate, and accumulating year on year. **More importantly, each missed target erodes not only a sense of pride in our climate change ambition, but also exposes the opportunities that have been missed to make Scotland a better place.** Building a low-carbon Scotland will reap many rewards. Recent research by Cambridge Econometrics has shown that strong climate policies lead to higher household income, stronger economic growth, more job creation and healthier government revenues versus a higher carbon alternative.<sup>1</sup> Having earned global praise for the ambition of its Climate Change Act, it is now vital that Scotland sets a global good example and reaps the benefits presented by a low-carbon transition.

## Scotland's Future Emissions Trajectory

However, looking to the future, Scotland is also off-track with future statutory annual greenhouse gas emissions targets. Analysis by WWF Scotland of data in the Scottish Government's RPP2 (Report on Proposals & Policies), shows that a greater policy effort is still needed, if Scotland is to stay within its future annual targets, shown by the blue 'target' line below. There is only one scenario in which Scotland will hit future targets - if the EU moves to a 30% emissions target for 2020 and if Scotland develops and implements all proposals to schedule. The fact that the EU move to 30% is effectively off the table underscores the need to focus on accelerating proposals into policies.



It is our view that the Scottish Government has not exhausted its policy options for addressing climate change, and **we must see a concerted effort to develop proposals into policies and implement new policies to reduce emissions across the economy.** Indeed, based on previous statements, this is a view that is shared by the Scottish Government,

***“We recognise that keeping up progress on tackling climate change will require new commitments and policies to be brought to bear year on year.”<sup>2</sup>***

**Paul Wheelhouse MSP**, Minister for Environment and Climate Change, 1<sup>st</sup> October 2014

This concern was echoed by the UK Committee on Climate Change in its 2014 report where it recommended a number of areas in need of stronger policy action, including more funding for home insulation schemes, more effort on renewable heat and scaling up pilot projects in transport and agriculture.

While we welcome the package of policies announced in June 2014, it is therefore crucial that, in his statement, the Minister restates this sentiment and **commits the Scottish Government to new policies that will reduce Scotland's carbon emissions.** In addition RPP2 is increasingly out of date in terms of emissions reduction, policy assumptions and funding delivered. Therefore, WWF would like to see the RPP2 strengthened to bring it up to date and ensure it can be used by the Scottish Parliament as a credible blue print for the required action. One of the continuing strengths of Scotland's approach to addressing climate change is its strong cross-party support and **WWF Scotland calls on all political parties and MSPs in the Parliament to offer their ideas for policies that will contribute to Scotland's climate change efforts** and help to make Scotland a better place and a better global citizen. We also call on all parties to ensure that climate change is a strong focus of their scrutiny of the draft budget.

## Areas for additional policy effort

While there has been strong progress on renewable electricity, there are a variety of policy areas in which the Scottish Government could make significantly more policy progress in securing reduced carbon emissions. These policy areas would also contribute to making Scotland healthier, wealthier and fairer. WWF Scotland suggests that the following policy areas have strong policy potential and should be considered further by the Scottish Government and MSPs:

### **Energy efficiency**

The carbon emissions of Scotland's homes remain at the mercy of winter cold snaps. For example, in 2009/10 emissions from the residential sector rose 15%, the following year they fell 21% and then for 2011/12 they rose again 11%. Each winter, household money is wasted burning fossil fuels that heat the air outside our homes. As the Scottish Government has pointed out, this vulnerability to Scotland's variable weather could be designed out with improved energy efficiency of homes.

***“This is a regular vulnerability we are determined to design out, through tackling energy efficiency and decarbonisation of electricity and heat generation.”***

**Paul Wheelhouse MSP**, Minister for Environment and Climate Change, 10<sup>th</sup> June 2014<sup>3</sup>

Improved energy efficiency would also address fuel poverty, lead to reduced reliance on gas imports, create jobs and reduced fuel bills, as a recent report for Consumer Focus Scotland showed<sup>4</sup>.

We believe that **improving the energy efficiency of Scotland's housing stock should become a national infrastructure priority project**, putting it on a par with other nationally important infrastructure projects and affording it greater long-term certainty. More immediately, we believe that **the Scottish Government's Budget for 2015/16 should significantly increase Scottish Government funding for fuel poverty and home energy efficiency programmes – sufficient to compensate for Energy Company Obligation (ECO) losses and to meet its statutory targets on fuel poverty and climate change**. The Existing Homes Alliance Scotland (of which WWF Scotland is a member) has in previous years called for the energy efficiency budget to be increased to at least £125m. Given previous under-funding, we now think substantially more than £125m will be needed. **However, the draft budget for 2015-16 currently only commits the same level of funding for energy efficiency as last year.**

### **Renewable heating**

**Space and water heating accounts for approximately 50% of Scotland's carbon emissions<sup>5</sup>**. However, less than 3% of our current heating needs are met by renewables<sup>6</sup> and the most recent report from the UK CCC concluded that the current pipeline of projects “is insufficient to meet the renewable energy target”<sup>7</sup>. Analysis by the Energy Saving Trust suggests that we need to increase the uptake of renewable heating technologies by a factor of 10, to reach over 11,000 properties a year, if we are to meet the requirements of the RPP<sup>8</sup>.

However, despite widespread support for additional funding mechanisms<sup>9</sup>, **the Scottish Government's draft Budget for 2015-16 does not offer any clear signal of additional commitment in this area**. WWF Scotland has proposed a number of additional ideas for the Scottish Government's Budget, based on the recommendations of the Expert Commission on District Heating's report and its submission on the draft HGPS<sup>10</sup>:

- Establish a Development Fund for District Heating and Combined Heat and Power projects.
- Expand the District Heating Loan Fund in order to raise the cap on the value of a loan from the existing £400,000 level.
- Instigate a Loan Guarantee Fund to cover the early phase financing of district heating projects.

## Transport

**Emissions from transport still languish at 1990 levels** and represent around a quarter of Scotland's emissions overall. The NPF Indicator on increasing the number of journeys to work by sustainable or active travel shows only 0.6% progress on the previous year, and the indicator still remains 0.5% behind the 2006 baseline<sup>1</sup>. Scottish cycling and walking levels remain far behind rates in north European countries with similar, or harsher, climatic conditions. Increased rates of active travel in Scotland would not only help reduce carbon emissions but also improve Scotland's health outcomes, reducing financial pressures on the NHS in Scotland.

**It is therefore concerning that the RPP2 does not include any domestic policies that are intended to reduce carbon emissions from transport.** This is despite the fact the document assumes more than a doubling of abatement from transport between 2014 and 2016. It is clear that the funding proposed in the draft Budget is insufficient to secure these emissions savings, particularly when seen in the context of a draft Budget that increases funding for high carbon trunk roads.

### Summary: Areas for additional scrutiny of the Scottish Government

The following are areas which WWF Scotland hopes that the Minister can address in his statement or in answering supplementary questions:

- How the Scottish Government intends to return Scotland to a trajectory where future annual climate change targets are achieved.
- The process by which the Scottish Government will update the RPP2 to address its current shortcomings. It is increasingly out of date in terms of emissions reduction, policy assumptions and funding currently being delivered.
- The specific policy areas in which the Scottish Government will increase its policy effort.
- How the Scottish Government's draft Budget for 2015-16 will help to deliver future climate change annual targets, as well as how the budget will respond to the increased policy effort required to get Scotland back on track with its climate change targets.

#### FOR MORE INFORMATION, CONTACT:

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1 Cambridge Econometrics (2014) The Economics of Climate Change Policy in the UK: [http://www.wwf.org.uk/what\\_we\\_do/tackling\\_climate\\_change/how\\_we\\_re\\_tackling\\_climate\\_change/our\\_climate\\_work\\_in\\_the\\_uk/the\\_value\\_of\\_a\\_low\\_carbon\\_britain/](http://www.wwf.org.uk/what_we_do/tackling_climate_change/how_we_re_tackling_climate_change/our_climate_work_in_the_uk/the_value_of_a_low_carbon_britain/)

2 Minister for Environment and Climate Change, Meeting of the Scottish Parliament, 1st October 2014 <http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=9536&i=86437&c=1736799>

3 Climate Change Statement, 12th June 2014, <http://news.scotland.gov.uk/Speeches-Briefings/Climate-change-statement-d72.aspx>

4 <http://www.consumerfocus.org.uk/scotland/files/2011/02/Energy-efficiency-in-private-sector-housing-in-Scotland-Regulation-and-the-consumer-interest.pdf>

5 See Department for Energy and Climate Change (DECC) (2010) Renewable Heat Incentive Consultation- [www.decc.gov.uk/en/content/cms/consultations/rhi/rhi.aspx](http://www.decc.gov.uk/en/content/cms/consultations/rhi/rhi.aspx)

6 See <http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-sources/19185/Heat/RHUupdate2014>

7 See [http://www.theccc.org.uk/wp-content/uploads/2014/03/1871\\_CCC\\_Scots\\_Report\\_bookmarked.pdf](http://www.theccc.org.uk/wp-content/uploads/2014/03/1871_CCC_Scots_Report_bookmarked.pdf)

8 See [http://www.scottish.parliament.uk/S4\\_EconomyEnergyandTourismCommittee/Inquiries/Energy\\_Saving\\_Trust.pdf](http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Energy_Saving_Trust.pdf)

9 More than 50% of respondents to the Scottish Government's Heat Generation Policy Statement consultation thought that existing financial support mechanisms were insufficient to support delivery of district heating systems. See <http://www.scotland.gov.uk/Resource/0046/00460648.pdf> (only 5% thought current support was sufficient).

10 See <http://www.scotland.gov.uk/Resource/0040/00408383.pdf>

11 See <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicator/transport>



#### Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature. [www.wwf.org.uk](http://www.wwf.org.uk)