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WWF Scotland evidence to the Energy, Economy and Tourism Committee – Report on Proposals and Policies 2

WWF Scotland welcomes the opportunity to provide evidence to the EET Committee for its consideration of the second Draft Report on Proposals and Policies (RPP2). It is very disappointing that the current draft does not provide a credible plan of action to meet the emissions reductions targets under the Climate Change (Scotland) Act 2009. The plan must be a blueprint for a low carbon Scotland, providing a clear direction of travel, and removing uncertainty for stakeholders on the future direction. Achieving emissions reductions required by the Act would be a job-creating, health-improving commitment to a fairer Scotland for all. In our evidence, we highlight those areas that fall under the remit of the EET committee that we believe require the greatest attention.

WWF believes the document needs to be strengthened, and call on the EET committee to recommend the following changes:

- Reduce the reliance on proposals by encouraging the inclusion of new policies in the final RPP2. The Draft RPP2 suggests that only one target will be hit if policies alone are implemented. In order to hit all targets it is necessary for the EU to raise its level of ambition and for all the listed policies and proposals to be delivered.
- Reduce the reliance on action post-2020. For a number of sectors, significant abatement is not expected until beyond 2020, and very little detail is provided on what action will drive the suggested emissions reduction.
- Reinstate milestones for 2015, 2020 and 2025 unto RPP2. Unlike RPP1, RPP2 does not include milestones that allow the Parliament and interested stakeholders to monitor progress
- Encourage consistency in the presentation and inclusion of material between RPP1 and 2 to allow it to be possible to compare between the two

General overview

In order to provide an assessment of the RPP2, WWF Scotland has considered the overall ambition, credibility and transparency of the whole package.

Ambition - In a letter to the Climate Minister, the Chair of the UK Committee on Climate Change (UKCCC) stated that 'new policies will be needed to sustain the progress that has been achieved' and that 'even with these new policies either a tightening of the EU ETS or additional effort in the non-traded sector will be required to meet targets.'¹ Despite this advice, it is not possible to identify any new or increased policy effort in the

¹ January 2012

<http://downloads.theccc.org.uk.s3.amazonaws.com/Scottish%20report/Adair%20Turner%20to%20Stewart%20Stevenson%2031%20Jan%202012%20-%20FOR%20WEB.pdf>

non-traded sector in RPP2. For instance, the housing sector plans to achieve only 78% of the savings RPP1 set out to make (between 2013 and 2020); an actual reduction in policy effort rather than an increase.

Although there is a welcome recognition of the importance of renewable heat in the RPP2, this does not signal an increase in ambition, rather a re-iteration of existing policy. The 2020 target and 2030 milestone are the same as they were in RPP1 and there are no new policies in RPP2. The outline of a draft heat vision is welcome and the intention to produce a heat generation policy statement has potential to shift the sector forward. However, it is disappointing that neither will be subject to the scrutiny of RPP2 and are still at a stage of development.

Credibility - WWF Scotland is concerned that RPP2 does not present a credible package of measures to enable emissions reductions targets to be met. As with RPP1, there remains a significant overreliance on both the EU raising its ambition and the full implementation of a large number of 'proposals'. For instance, in 2020, 41% of savings from the homes and communities sector is to come from proposals, for transport the figure is just over 30%. This balance of effort between committed policies and 'propositions' (para 2.11.2 of RPP2) does not provide a credible blueprint to a low carbon economy.

The table below is from page 168 of RPP2 and shows how only one target will be achieved if the Scottish Government implements only policies. Even if the EU raises its ambition, all proposals would have to be implemented to the levels described if all of the legally-binding emissions targets are to be achieved.

EU shifts to 30%	Yes	Yes	No	No
All proposals implemented	Yes	No	Yes	No
All policies implemented	Yes	Yes	Yes	Yes
Outcome for annual targets 2013-2027	Hit all 15 targets	Hit seven targets (2013-19) and miss eight (2020-27)	Hit eight targets (2013, 2021-27) and miss seven (2014-20)	Hit only one target (2013)

RPP2 also provides very little evidence of the effectiveness of existing policies and as a result the Committee does not have the information needed to judge the credibility of emissions reductions attributed to different policies.

Transparency - Rather than providing greater transparency of data, the RPP2 provides less information than the first RPP. It no longer distinguishes between UK, EU and Scottish policies as clearly as did in RPP1, nor does it provide estimates of costs for proposals as RPP1. This lack of information will no doubt frustrate future attempts to scrutinise the Scottish Budget against the requirements of RPP2. In a number of cases, proposals are described in vague catch-all terms such as "Low Carbon Heat" (p120), but no explanation is provided as to what this proposal would mean in practice. This has the effect of attributing significant carbon savings to poorly defined statements of possible future activities.

For the 'energy' section, RPP2 does not include any detail on annual emissions reductions of energy policies or proposals, unlike other sectors, such as homes and communities or transport (RPP2 Annex A). Instead, there are references to existing documents. While the RPP2 cannot repeat the content of multiple other actions plans, we believe it would be strengthened by the inclusion of key policy measures and the

associated emissions savings, acknowledging that ETS accounting rules mean these are not counted until after 2020.

In addition, unlike the first RPP, RPP2 does not contain percentage reductions per sector compared to the 1990 baseline. This makes it difficult to analyse the level of savings being attributed to meetings targets or to judge the relative contribution from different sectors. It would be straightforward to include these percentage figures and to refresh the milestones included in RPP1.

Specific points for the Energy, Economy and Tourism Committee

Reducing demand

A contributory factor in the missing of the first target under the Climate Change Act was an increase in energy demand during a cold winter, due to poorly insulated buildings. As the RPP2 states, 'energy efficiency is the simplest and most cost-effective way to reduce emissions whilst seeking to maximise the efficiency of our renewable energy resources' (page 79). Yet, the RPP2 goes no further than reiterating a 2010 commitment to reduce energy consumption by 12% by 2020.

WWF Scotland draws attention to – and shares - the concerns of Stop Climate Chaos Scotland and the Existing Homes Alliance Scotland (to the ICI committee) that not enough is being done at sufficient pace to reduce demand for energy from the domestic housing sector. While we welcome the vision contained within the Sustainable Housing Strategy and the National Retrofit Programme, we believe a step change is needed to improve the energy efficiency of our housing stock. We believe RPP2 falls short of reflecting this 'step change' and puts at risk progress towards both climate change and fuel poverty eradication targets. While we welcome the inclusion of a proposal to introduce a minimum standard of energy efficiency for the private housing sector in RPP2, we have concerns about the timescale. We believe the 2018 introduction date should be moved forward 2014, with standards in place by 2015, in order to help drive demand for Green Deal and ECO schemes.

Decarbonised electricity

The RPP2 includes a welcome reinforcement of the existing Scottish Government commitment to a largely decarbonised electricity system by 2030. The addition of the 50gCO₂/KWh target provides valuable certainty of direction and confirmation of the Government's commitment to a decarbonised power sector. However, this commitment is contradicted by the Scottish Government's support for an Emissions Performance Standard in the UK Energy Bill of 450gCO₂/KWh and an intention to see a minimum of 2.5GW of thermal power operating in Scotland by 2030.

The Government's position in support for the proposed EPS is in stark contrast to its original position that an EPS's 'key objective must be to decarbonise electricity generation by 2030 by incentivising investment in CCS to reduce emissions from both coal and gas plant'.² It also runs counter to the EET Committee's recommendation for 'a revision of the Emissions Performance Standard that does not create incentives which will lead to investment being unduly diverted from renewables to gas.'³

WWF believes an EPS of 450gCO₂/KWh will do nothing to reduce emissions from gas plant and as there are currently no plans to build new coal plants in the UK it will do

² See <http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Infrastructure/Grid-Connections/EMR-consultation-UK/Initial-SG-response>

³ EET, 2012 <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/57013.aspx>

little to incentivise the development of CCS. The RPP2 assumes that by 2025 there will be a total of 1GW of gas CCS in Scotland and just two years later there will be a total of 1.6GW of gas CCS with the same amount unabated. However, RPP2 does not include a single policy measure that provides the necessary assurance that CCS will be retrofitted on existing plant. If the Government's commitment to a decarbonised power sector is to be meaningful, the final RPP2 should include a Scottish EPS that is consistent with achieving a 50gCO₂/KWh by 2030.

Renewable heat

RPP2 includes an important acknowledgement of the need for a more strategic approach to decarbonising our heat generation. However, it does not include any new policies that will increase the installation rate of renewable heat technologies, nor does it increase the level of ambition. If we are to make 'significant progress' by 2030 to decarbonised heat generation the 11% target by 2020 places a considerable reliance on accelerated deployment in the 2020s.

The RPP2 does include two proposals entitled 'Low Carbon Heat' (non-domestic and domestic), but there are no details of what these proposals entail within RPP2, except that it will deliver 101 KtCO₂ in 2020 for the non-domestic sector (p120) and 99KtCO₂ for the domestic sector (p102). By 2027, the low carbon domestic heat proposal has increased its annual abatement contribution by a factor of 6 and is delivering 609KtCO₂ per year. It is concerning that such a significant contribution is predicted without any detail on what will be done to secure this.

Research undertaken for WWF Scotland by Element Energy shows that under a 'medium' emissions reduction scenario, annual sales of air source heat pumps must reach 67,000 or 50% of market share, by 2030. This level of acceleration will require focused support on supply chains, installation expertise, cost reduction and quite possibly regulation. The final RPP2 should come up with proposals and policies to address these challenges, and incorporated into the Heat Generation Policy Statement.

In addition to the important role of individual property technologies, district heating will have an increasingly important role in providing low carbon heat. In a cautious projection of district heating provision, the UK CCC projected approximately 10% district heating in 10 UK cities by 2020. Analysis for WWF concluded that under a scenario of 50% renewable heat provision for the domestic sector by 2030, approximately 350,000 Scottish dwellings connected to district heating systems. The Scottish Government has recognised the future role of district heating and convened District Heating Expert Commission, which has made eighteen recommendations to the Scottish Government to increase the deployment of district heating. It is disappointing that none of these have been adopted in RPP2, a missed opportunity.

Measures for assessing the energy performance and energy efficiency of existing non-domestic buildings

WWF Scotland again draws attention to – and shares - the concerns of Stop Climate Chaos Scotland and the Existing Homes Alliance Scotland (to the ICI committee) about the weakening of energy efficiency standards for new build properties. The RPP2 contains proposals to reduce the ambition and delay the timescale for implementing new build standards, both in domestic and non-domestic buildings.

For domestic buildings, there is a proposal to reduce new-build emissions by around 45% compared to 2007 standards, unlike the Sullivan recommendation of 60% (page 95). For non-domestic buildings, the reduction would be from 75% (Sullivan) to 60% (page 112).

Together with a delay to 2014 for implementation, this is short-sighted, resulting in property owners ending up paying the environmental and economic costs of missed climate targets, higher fuel bills and expensive retrofit programmes in years to come. Given the step change in effort needed, we must adopt a twin-track approach which focuses on improving the quality of our existing housing and building new homes to optimum energy standards.