

# **Reduce energy bills and tackle climate change -The Energy Efficiency and Micro-Generation (Scotland) Bill**

## **Briefing Paper from the Bill Steering Group – Nov. 2008**

A briefing for the debate on Thursday 13<sup>th</sup> November with background to the Bill proposals, the Steering Group and to explain why legislation is needed now more than ever to meet fuel poverty, climate change and renewables targets.

### **Background**

The proposals for an *Energy Efficiency and Micro-generation (Scotland) Bill* were launched in this Parliamentary session by Sarah Boyack MSP on 14th June 2007, gaining cross party support from 51 MSPs in less than a week.

### **Legislation would help cut domestic energy bills and tackle climate change by:**

- Providing incentives, such as reduced business rates or reductions on Council tax, for business premises and domestic households who install new energy efficiency improvements and microgeneration measures.
- Requiring Scottish Government to set targets for energy efficiency and micro-generation and for local authorities to consider such technology by setting targets and strategies to take this forward.
- Requiring all new building developments to ensure energy efficiency measures are installed as standard and include capacity for microgeneration
- Requiring annual reports to Parliament on progress and implementation of these measures.

### **What organisations have supported development of these proposals?**

The Bill Steering Group has brought together organisations with interests in the environment, fuel poverty and industry to work for warm, energy efficient homes and workplaces that are good for people and the planet. Since the Bill was originally launched in December 2005, micro-generation has shot to the top of the political and social agendas. A website (<http://www.microgenscotland.org.uk>) has been established by environmental, fuel poverty and industry groups to push this agenda forward, and keep supporters informed.

### **Why are the proposals contained within the Bill still needed?**

Since September 2007, the Cabinet Secretary for Finance and Sustainable Growth, John Swinney MSP has informed Sarah Boyack MSP that Scottish Government would not be supporting her Member's Bill. He has however suggested that the Scottish Government may incorporate some of the provisions within the Bill in the forthcoming Government Bill on Climate Change but to date there has not been any specific commitment made<sup>1</sup>.

Despite several Scottish Government announcements on energy efficiency and micro-generation, none of these fulfils the proposals set out for this Bill or will ensure that energy efficiency improvements and microgeneration measures are mainstreamed across society by requiring or incentivising such measures in homes or businesses. With no concrete progress evident, at the end of 2007, the Bill Steering Group agreed to support Sarah Boyack in

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<sup>1</sup> *Official Report, Transport, Infrastructure and Climate Change Committee*, 2 October 2007; c 178

moving the Bill to the next stage – to get it formally drafted and introduced into Parliament and supports her still in moving these proposals forward.

Since these proposals were set out, all the other political parties in the Scottish Parliament have continued to indicate support for this legislation. This was reaffirmed through cross party support for the Liberal Democrats’ amendment to the motion on Fuel Poverty which was passed by the Scottish Parliament in March 2008<sup>2</sup>.

**How would these proposals help Scotland fight climate change?** The Scottish Government has set a target of reducing greenhouse gas emissions by 80 per cent by 2050. Research suggests that the widespread installation of micro-generation could provide 30-40 per cent of our electricity needs by 2050<sup>3</sup>, making a substantial contribution to these targets. Microgeneration can also make a significant contribution to Scotland’s heat needs. Microgeneration technologies are now at a stage where they could begin to make a major contribution to the Scottish Governments climate change objectives. However, much of the hardware is expensive, being manufactured only in small quantities. A recent report estimated that there is the potential for 7-9 million installations of microgeneration by 2030, equivalent to 1 million in Scotland.<sup>4</sup> Legislation in this area could kick start the market so volume of production can bring down prices, making the technology accessible to everyone, and encouraging Scottish manufacturers to expand. The sooner we start making progress in this area, the easier it will be to reduce emissions and tackle climate change. The Bill also aims to ensure that all new buildings include some form of micro-generation or low carbon technology as soon as possible to reduce their carbon footprint.

**How would these proposals help reduce fuel poverty across Scotland?** Energy Action Scotland estimate that there are currently 850,000 households living in fuel poverty in Scotland<sup>5</sup>. Domestic gas and electricity bills have risen by 128 per cent and 76 per cent in the past five years. These increases equate to a combined average bill in excess of £1,000 meaning affordable energy is beyond the reach of many households. This year alone the six dominant firms have increased domestic prices by up to 26 per cent for electricity and 55 per cent for gas. Every 1 per cent rise in price pushes 8,000 more households into fuel poverty. This Bill will contribute to the Scottish Government’s target of eradicating fuel poverty, so far as is reasonably practicable, by 2016. Increasing the use of microgeneration – such as ground and air source heat pumps and solar panels - can particularly benefit the 30 per cent of the population who are off the gas network and often reliant on expensive and inefficient oil based systems. Increasing the energy efficiency of the building will help to reduce bills and make energy more affordable for the poorest households throughout Scotland.

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<sup>2</sup> Scottish Parliament: Official report 13<sup>th</sup> March 2008 c. 6913  
<sup>3</sup> Energy Efficiency & Microgeneration: A Strategy for Scotland, Consultation draft. Scottish Executive, March 2007, Para 1.28  
<sup>4</sup> The Growth Potential for Microgeneration in England, Wales and Scotland (June 2008) Element Energy for DBERR et al  
<sup>5</sup> Towards 2016: The Future of Fuel Poverty Policy in Scotland: a report by the Scottish Fuel Poverty Forum, Page 3