

Submission to the Scottish Government's consultation on the Draft Energy Strategy & Just Transition Plan

Reform Scotland

Reform Scotland is delighted to have the opportunity to contribute to the Scottish Government consultation on the [Draft Energy Strategy & Just Transition Plan](#). Our responses are based on our report, [Powering Ahead: Decarbonising Scotland's Energy](#) and are more focused on demand-side issues. The responses made are linked to questions referenced below.

1. What are your views on the vision set out for 2030 and 2045? Are there any changes you think should be made?

Reform Scotland welcomes the importance that the Scottish Government has placed on reaching net zero and the ambition contained within the strategy. However, particularly with regard to the consumer demand side, we fear that there is a gap between the rhetoric being used and the policy and regulatory reality which is required if that vision is to be achieved.

The Draft Strategy references at least 18 other visions and strategies driven by the Scottish Government. There is a real danger that so many 'strategies', 'plans' and 'visions' are creating a messy policy landscape that is both confusing and near impossible to track. For example, we noted the following as linked to the energy strategy:

- Renewables Export Plan
- Hydrogen Action Plan
- Innovation Strategy
- Scotland's National Marine Plan
- Bioenergy Action Plan
- Green Datacentres & Digital Connectivity Vision & Action Plan
- Offshore Wind Policy Statement
- Onshore Wind Policy Statement
- Solar Vision
- Marine Energy Vision Statement
- Climate Emergency Skills Action Plan
- Heat in Buildings Strategy
- Public Engagement Strategy
- National Transport Strategy
- Just Transition Plan for Transport
- Local Heat & Energy Efficiency Strategy & Delivery Plans
- Sectoral Marine Plan Iterative Plan Review
- Energy Networks Vision

- A further commitment to a review of best practice for community benefit and shared ownership opportunities.

While there may be importance and relevance to each of these, they are creating a confused route map towards achieving the goals set out for 2030 and 2045 in the draft energy statement.

This cluttering of policies reflects a point made in our report, Powering Ahead: Decarbonising Scotland's Energy - that we had identified 45 additional targets on the way to net zero. Targets and visions themselves do not guarantee delivery and without transparent and accountable tracking, there is a danger they could become largely worthless.

We would call on the Scottish Government to create a public timeline indicating all of the government's targets and policies alongside the progress being made towards each of them. There is a huge job to be done in convincing the population of the scale of the challenge and of what each individual and household must personally change. Politicians need to be honest with the electorate and ensure there is sufficient time and education invested in order to enable the necessary adaptations to take place. A clear timescale of regulatory change can help build trust and understanding among the public and business, and can also help build consensus. The changes being undertaken are for the long term and need wide buy-in so that they cannot be abandoned on a political whim.

Linked to this, the Scottish Government also needs to be open about the potential upfront costs that consumers and the public purse could face. Undoubtedly, fiscal savings can be made in the long term, in addition to the goal of managing and mitigating climate change. However infrastructure, in terms of district heat networks, ground source pumps and carbon capture and storage are all required.

We also recognise that some elements of energy policy are reserved and back the Scottish Government's call for the UK Government to break the link between the gas and energy prices.

15. Our ambition for at least 5 GW of hydrogen production by 2030 and 25 GW by 2045 in Scotland demonstrates the potential for this market. Given the rapid evolution of this sector, what steps should be taken to maximise delivery of this ambition?

We welcome the ambition set out around hydrogen but would argue that a number of choices need to be made, particularly in regard to the priority given to the use of hydrogen. While heating homes may seem an obvious answer, there are increasing international studies suggesting that this could be expensive and inefficient. Given the need for the Scottish Government to ensure the public is on board with changes, such conflicting messages will no doubt exacerbate challenges around decarbonising domestic heat.

And if heating is not the priority for hydrogen use, then additional work is required around heat pumps and district heating so that the 2030 target for heating in homes is achieved.

25. Should there be a presumption against new exploration for oil and gas?

As has been shown by the recent SNP leadership contest, this is a contentious issue between and within political parties.

If we are to hit net zero then it is essential that we move away from fossil fuels. However, we cannot transition overnight, and are attempting to do so at a time when there is great instability in the world. The very act of transitioning requires fossil fuels to fulfil that process. It would be a ridiculous position for Scotland to find itself in if it ends up having to import fossil fuels for a period while simultaneously boasting about a decline in domestic production, all the while losing skilled workers.

27. What further government action is needed to drive energy efficiency and zero emissions heat deployment across Scotland?

A great deal more action needs to be taken by the Scottish Government to reduce demand if ambitious targets such as decarbonising one million homes by 2030 are to be reached. At the moment the demand side of this strategy is more like a wish list, as opposed to a route map detailing how important goals are to be reached. Difficult policy decisions and vastly improved public engagement and education are required.

Reducing demand will be difficult and it will require changes to the way people heat their homes. Such changes will not always be popular, and it is therefore important that the urgency of these changes is clearly understood.

The Scottish Government's New Build Heat Standard Consultation Part 2¹ highlighted that public awareness around the transition to Zero Direct Emissions Heating in buildings was not widespread and that increased consumer awareness and public education were required.

The scale of the challenge in terms of changing behaviour was also laid bare in private polling that was conducted for the Scottish Government in March and April 2022, where respondents were likely to overestimate the emissions caused by power stations and underestimate those caused by transport and buildings.

The Scottish Government has said that it plans to create a National Public Energy Agency by 2025 and that this new institution will launch a national conversation and campaign around transformational change.² However, we believe that such a campaign needs to start now. It is a matter of regret that the Scottish Government ignored the

¹ <https://www.gov.scot/publications/new-build-heat-standard-consultation-part-ii/>

² <https://consult.gov.scot/energy-and-dimate-change-directorate/new-build-heat-standard-part-two/>

comments of the Local Government Committee in 2021 when it called for improvements to public awareness “as soon as possible”³.

Change will also not happen without regulation, enforcement and a far greater sense of urgency. The Scottish Government has indicated that it will ban gas boilers for new buildings from 2024, but why wait until then? There are undoubtedly problems to overcome in relation to retrofitting existing buildings, but given we know *now* that we need buildings not to be reliant on gas, there is no justification for allowing new buildings to install such systems – systems which would undoubtedly need to be changed before the end of their life in order to achieve net zero.

There is also an opportunity to make other more immediate changes, such as banning new gas cookers - there is a clear viable alternative applicable in all homes via electric cookers. This would be a step that would have a smaller impact on reducing emissions but would be a very visible signal to the public of the direction of travel and the need to shift away from gas. Although the sale of such items is reserved to Westminster, the Scottish Government could use devolved powers under housing and planning to restrict the product’s use in homes – just as it intends to do with changes to the rules about new gas boilers, which are currently due to come into force a year before England.

For existing buildings there needs to be a clear public understanding of the timeline around which restrictions will be implemented and when. This should sit alongside the broader public awareness campaign, which should include advice to people about how to make their homes fit for the 21st century, offer specific guidance for different types of buildings, and also making it clear that after certain dates, or circumstances such as selling, change will be enforced. Such transparency would also offer clarity to industry.

Account must be taken of the different types of housing in the national stock. In 2017 there were 2,603,174 dwellings in Scotland, of which 980,290 (37.7%) were flats; 558,911 (21.5%) were detached; 532,963 (20.5%) were terraced; 511,583 (19.7%) were semi-detached; and 19,427 (0.7%) were classed as other.⁴ However, the proportion of dwellings that are flats varies considerably across Scotland, from less than 10% on the islands, to 67.8% in Edinburgh and 72.6% in Glasgow.⁵ The changes necessary to switch the heating system of an old tenement flat will be different to a newer detached house and will need to be reflected in the information from the Scottish Government.

³ <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-local-government-housing-and-planning/correspondence/2021/retrofitting-housing-for-net-zero>

⁴ <https://statistics.gov.scot/slice?dataset=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Fdwellings-type&http%3A%2F%2Fpurl.org%2Flinked-data%2Fcube%23measureType=http%3A%2F%2Fstatistics.gov.scot%2Fdef%2Fmeasure-properties%2Fcount&http%3A%2F%2Fpurl.org%2Flinked-data%2Fsdmx%2F2009%2Fdimension%23refPeriod=http%3A%2F%2Freference.data.gov.uk%2Fid%2Fyear%2F2017>

⁵ <https://statistics.gov.scot/slice?dataset=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Fdwellings-type&http%3A%2F%2Fpurl.org%2Flinked-data%2Fcube%23measureType=http%3A%2F%2Fstatistics.gov.scot%2Fdef%2Fmeasure-properties%2Fratio&http%3A%2F%2Fpurl.org%2Flinked-data%2Fsdmx%2F2009%2Fdimension%23refPeriod=http%3A%2F%2Freference.data.gov.uk%2Fid%2Fyear%2F2017>

32. What action can the Scottish Government take to ensure that the transition to a net zero transport system supports those least able to pay?

The way we currently charge drivers is bad for the environment, promotes congestion and is unfair on low-mileage motorists and those in more remote areas or with poor access to public transport. It is also unjustifiable that during a cost-of-living crisis with increasing energy prices, owners of electric cars, which are frequently more expensive than average petrol or diesel cars, can often charge their cars for free.

Reforming motoring taxes could help the transition to net zero as well as creating a fairer system for paying for road use. We therefore welcome the comment in the draft strategy that the Scottish Government will “continue to press the UK Government to reform motoring taxes” but would have liked more detail of what reforms the Scottish Government believes would help.

Reform Scotland has long advocated that vehicle excise duty and fuel duty be replaced by a pay-as-you-drive form of road pricing.

Singapore has been using an Electronic Road Pricing (ERP) scheme since 1998. The scheme can charge different prices for the use of different roads and at different times of the day. Cars have an in-vehicle unit with a smart card and when a card passes through one of 93 ERP gantries the system automatically deducts the fee. Prior to the scheme's introduction the Singapore government tested prototype systems and gathered feedback to help develop the final policy. Road taxes are reserved to Westminster, but there is an opportunity for the UK and Scottish Governments to work together to trial a pay-as-you-drive road pricing scheme in Scotland.

All of Scotland's roads would be covered by the scheme but the cost of using each road would depend on a number of factors, including the time of day and congestion levels. This means that many quieter roads, particularly in rural areas, would have no charge at all. The type of vehicle used could be taken into account too, with cleaner cars paying less, incentivising drivers towards lower-emitting vehicles, but, unlike currently, ensuring all cars contribute a fair amount for their road use. Local authorities could work with Transport Scotland to consider the charging levels appropriate for the circumstances in their areas.

40. What additional action could the Scottish Government or UK Government take to support security of supply in a net zero energy system?

There is no context within the strategy of whether 20GW of additional renewable energy is enough. Potentially Scotland needs an additional 100GW of total electricity capacity to take into account electrification of cars and home heating. This means that even if the ambitious target of 20GW was achieved, there would still be a huge gap in capacity.

The ambition of an additional 12GW of onshore wind (current capacity 8GW) seems huge and could be unachievable given the opposition to new onshore wind farms. While some of the additional capacity could come from upgrading existing turbines there remain questions of how this 12GW goal can be delivered – will the Scottish

Government overrule local opposition? Is there even enough suitable land to deliver this target?

While Reform Scotland appreciates that some of these issues may be addressed in the forthcoming Offshore and Onshore Wind Policy Statements, this once again highlights the messy policy environment, where questions remain unanswered or put off until future strategy documents.

Section 3.2.4 makes clear that the Scottish Government does not support traditional nuclear power stations and would not back building a new station due to the cost. However, when it comes to the development of Small Modular Reactors, these are dismissed because they *“use the same nuclear fission technology as the power generating process found in larger traditional nuclear power plants and carry the same environmental concerns”*.

As discussed, Scotland will need a huge increase in electricity capacity. Should we be dismissing Small Modular Reactors so easily? By doing so, are we shutting Scotland out of new developments and investment in technology which may help us on the decarbonisation path? The Chancellor confirmed in the recent [Budget](#) that the UK Government was creating Great British Nuclear, which would launch a competition for SMR to help develop the technology and the UK's role in it. Is Scotland closing the door to being part of this potential sector?

There are currently a number of unanswered questions around storage for renewables which may mean that in the short term we end up relying on imported electricity from England, which will include nuclear energy. This would mean Scotland is still using this technology, still contributing to any environmental impact caused by its use, but not benefiting from it in terms of investment and employment.

48. What are your views on the approach we have set out to monitor and evaluate the Strategy and Plan?

As we set out in answer to question 1, while we agree with the ambition that the Scottish Government has set out, there is a danger that a messy and convoluted policy landscape is being created across the multiple 'strategies', 'visions' and 'plans, all containing separate targets and goals. Simply setting these targets will not bring about change. Reform Scotland believes that the Scottish Government needs to create a public timeline indicating all of its targets and policies alongside the progress being made towards each. Without adequate and transparent monitoring, there is a danger that the ambition is not realised.