

## **Written views to the Transport Infrastructure and Climate Change Committee**

**The CCBDG welcome the opportunity to give evidence to the Transport, Infrastructure and Climate Change Committee on the Scottish Climate Change Bill.** We have previously set out principles we believe should guide thinking on climate change in Scotland. We have been consistent in promoting those principles and believe they are worth repeating here.

### **Action on Climate Change – strategic importance to Scotland**

Scotland has an international reputation founded upon a perception of a clean and green environment. Scotland's attractiveness as a great place to visit, study, work and do business in part depends upon that image. Therefore it is of strategic importance to Scotland as a whole that efforts on climate change lead, rather than lag, world effort.

### **Carbon saved today is better than carbon saved tomorrow**

Early reductions in carbon emissions are more important than reductions in years to come. The objective must be to ensure that the cumulative amount of carbon released into the atmosphere is as low as possible, as quickly as possible. In other words the greatest imperative must be on the tasks to be undertaken now to shift Scotland smoothly to a low carbon economy and society.

### **Consistency with the UK, EU and UN frameworks**

Scottish businesses trade on a local, national, UK, European and global basis. Therefore it is important that the Scottish framework on climate change is consistent with UK, EU and UN frameworks. The greater international co-operation there is the better, and consistency between economies will ensure no new barriers to trade are erected.

### **Delivery**

The powers of the Scottish Parliament, while substantial do not represent all the powers that can deliver carbon emission reductions. Therefore, to meet the aspiration of Scotland leading in the UK and Europe it follows that the powers that do lie in Scotland need to be used more effectively, more quickly and to a greater magnitude than anywhere else in Europe. We believe it is vital to ensure that this will be the case without putting Scottish business at a competitive disadvantage in the short term. In the long run we believe that making the right investments now, will put Scotland at a competitive advantage by becoming an advanced low carbon economy early, for example by making the most of the significant renewable resources we have on our doorstep.

### **Climate Change – priorities for action**

1. First and foremost, the CCBDG believe the greatest role for government in Scotland is to help bring about a change in consumer behaviour in order to reduce overall demand for energy.
2. Beyond reducing overall demand for products and services that emit carbon, the three critical areas for reducing Scotland's carbon emissions are decarbonising electricity, heat and transport. Despite all its challenges and the progress yet to be made, delivering renewable electricity looks relatively positive compared to the challenge that must be met in **heat and transport**.
3. Decarbonising **energy for heating** is one area where there has been little progress. The potential carbon savings are great and there is a clear role for government to stimulate markets. The UK wide Renewable Heat Incentive will clearly provide a

market intervention that should help the expansion of renewable heat. Nonetheless the CCBDG believe the Scottish Government must act to make sure heat in Scotland sees a dramatic revolution in the way it is generated. Government itself can take a lead in incorporating renewable heat and Combined Heat and Power systems into its own estate.

4. There remains a long way to go in delivering **low carbon road transport**. While we acknowledge that fiscal powers relating to VED and product standards lie with Westminster, there are international and UK examples where municipal and regional policy has stimulated a market for lower carbon combustion engine vehicles and electric vehicles. There is much the Scottish government could do, particularly in partnership with local authorities to move Scotland to the leading edge of low carbon road transport. For example procuring electric vehicles for public sector fleets which will stimulate both the infrastructure required and a market for electric vehicles in the UK.
5. Finally, we recognise the potential for conflict between Government priorities, particularly in terms of development and carbon emissions. The aim to deliver 35,000 new build houses a year is challenging in itself, and without absolute clarity and certainty in relation to policy it will be impossible to achieve. Planning policy, building standards, affordable housing policy and policy on future energy generation and consumption must become much better aligned. We believe that the incorporation of **zero carbon home** standards into new build social housing in advance of 2016 is an important lead the Scottish public sector can take now – particularly in this difficult economic climate.

#### **Response to Call for Views**

**Q1 The Bill creates a statutory framework for greenhouse gas emissions reductions in Scotland by setting a 50% reduction target for 2030 and an 80% reduction target for 2050.**

**What are your views on the 2050 target and a 2030 interim target proposed in the Bill?**

In principle, the CCBDG believe scientific evidence should determine the rate of emissions reduction. We support targets and a framework consistent and aligned with the scientific recommendation of what is required to ensure global average temperature does not increase by two degrees Centigrade, widely acknowledged as a dangerous tipping point resulting in drastic impacts across society, nature and the economy.

The CCBDG therefore support both the Government's minimum targets, although we recognise there may be a benefit in setting a 2020 target in law too.

**Q2 The Bill requires that the Scottish Government sets annual targets, in secondary legislation, for Scottish emissions from 2010 to 2050. It is proposed that these annual targets will be set in batches, the first being for the years 2010 to 2022 inclusive.**

What are your views on the setting of targets in batches from 2010 to 2022?

We originally supported a carbon budgeting approach although we are content with this framework for grouping the targets into batches, provided they are aligned with UK and International targets.

**Q3 The Bill provides that from the year 2020, the annual emissions targets must be set so that each is at least 3% lower than the target for the previous year. Prior to 2020, the Scottish Government has indicated that it intends to set annual targets which build towards delivering emissions reductions of at least 3% each year.**

**What are your views on this approach or any possible alternative approaches?**

The difficulty of meeting a 3% annual target should not be underestimated. Our original preference was for a carbon budgeting approach and an alignment with the UK framework would have been simpler. However, the spirit of what is trying to be achieved is the same and we believe it is more important to 'just to get on with it'.

**Q.4 The Bill introduces the concept of a “net Scottish emissions account” as a point of reference against which the target for reducing greenhouse gases can be measured. It is defined as the net Scottish emissions plus or minus any carbon units credited to or debited from the account. Any units purchased may be used to offset Scottish emissions. Any carbon units generated in Scotland and sold to customers outside Scotland, count as emissions made in Scotland.**

**What are your views on the proposals in the Bill relating to the net Scottish emissions account, and should there be a limit on the number of carbon units which Scotland can purchase?**

While trading has an important role to play in tackling global climate change and should not be artificially restricted, we strongly agree that the focus of this legislation must be to reduce Scottish Source Emissions. We note that the UK Climate Change Committee has recommended a set of figures up to 2020 that specifies domestic, traded and credit purchase. This amounts to a 34% cut predominantly through domestic emissions reduction, and 42% total through domestic emissions reduction and credit purchase. We would support the adoption of this model for the purposes of both consistency and effectiveness.

**Q5 The Bill defines “Scottish emissions”, in relation to a greenhouse gas, as being emissions of that gas which are attributable to Scotland. The policy memorandum states that “Scottish emissions” are defined as being those greenhouse gases which are emitted in Scotland or which represent the Scottish share of emissions of gases from international aviation and international shipping.**

**What are your views on this definition of Scottish emissions?**

We acknowledge the difficulty government has in defining the term 'attributable'. We agree that greenhouse gases emitted from Scotland should be the spirit of this legislation, but we should not ignore the effect of Scottish demand on global emissions. For example, we may no longer manufacture most of the steel needed in the country, but we certainly import it and it is therefore an important factor in assessing pollution generated by the Scottish people. However, we also recognise the necessity for consistent measurement and we appreciate the difficulty in assessing the end to end carbon emissions associated with any given product. Ultimately, we hope that international agreements will ensure that the price of carbon is built into every stage of the production and distribution process.

**Q6 The Scottish Government has indicated that initially it intends to seek independent, expert advice on climate change from the UK Committee on Climate Change. The Scottish Government states in the policy memorandum that if it determines that the UK Committee on Climate Change does not meet all the advice needed for Scotland, the Bill contains provisions which will allow the Scottish Government to establish a Scottish Committee on Climate Change or to designate an existing body to exercise these advisory functions.**

**What are your views on the Scottish Government’s approach to obtaining independent, expert advice on climate change?**

The CCBDG agrees with this approach and believes the Climate Change Committee’s first report has made very instructive reading.

**Q7 The Bill places duties on the Scottish Government requiring that it reports regularly to the Scottish Parliament on Scotland’s emissions and on the progress**

**being made towards the emissions reduction targets set in the Bill. The Bill sets out details of these reporting requirements.**

**What are your views on these proposed reporting arrangements?**

Once again, we agree with the arrangements for scrutiny. Given the extremely long term nature of these legislative targets, it is vital that government is held properly to account for early progress towards them. Parliament has an extremely important job to do in protecting the interests of future generations.

**Q8 The Bill contains powers to allow the Scottish Government, by regulations, to impose duties on public bodies in relation to climate change, to issue guidance to those bodies relating to their climate change duties and to require that they report upon the discharge of those duties.**

**What are your views on this proposal?**

The CCBDG believe it is right to impose duties on public bodies with regards climate change, and we recognise there is an argument to do so in primary, rather than secondary legislation. We believe this is particularly relevant to Scotland given the scale and influence of the public sector.

Local authorities and the private sector may benefit from the universal application of policy measures and setting expectations as early as possible. Many of the potential requirements on local authorities for example, could include: a duty to meet specific targets and a duty to consider climate change impacts through all public procurement and planning. The remits of SEPA and SNH might also include an obligation to deliver cuts in climate emissions.

We also recognise the role of the Scottish Government in guiding local authorities in particular to ensure some consistency of approach across Scotland.

**Q9 The Bill places a duty on the Scottish Government to produce a report for Scotland, setting out its objectives in relation to adaptation to climate change, proposals and policies for meeting them and the timescales within which they will be introduced.**

**What are your views on this proposal?**

We welcome this focus on adaptation, believing it has been somewhat overlooked until now.

**Q10 Muirburn is the act of controlled burning of vegetation on open semi-natural habitats such as muir (Scottish word for moor) or moorland, and includes the burning of plants such as gorse, heather and grass. The Bill contains an enabling power to allow the Scottish Government to vary the permitted times during which muirburn may be made where they consider it necessary or expedient to do so in relation to climate change.**

**What are your views on this proposal?**

No specific view.

**Q11 The Bill will allow modification by order of the functions of the Forestry Commissioners to enable the Forestry Commission in Scotland to play a greater role in tackling climate change. The immediate intent of the Scottish Government is to take forward proposals relating to renewable energy development on the National Forest Estate and the release of capital from the National Forest Estate for woodland creation.**

**What are your views on this proposal?**

Given that we believe all of Scotland's agencies and public bodies should play their part in delivering action on climate change it follows absolutely that the Forestry Commission can have a particularly special job to do. We support the Scottish Government's proposals.

**Q12 The Bill requires the Scottish Government to produce an action plan setting out current and proposed measures to improve the energy efficiency of buildings in Scotland, as well as measures to encourage behavioural change.**

**What are your views on this proposal?**

We believe the ultimate aim of energy efficiency must be to reduce energy demand but we are mindful of the complexities of affecting consumer behaviour.

Improving the energy efficiency of existing housing stock is paramount but the current rate of progress is insufficient to meet the carbon emission targets in this Bill. By 2050, only one third of housing stock will have been built between now and then. So two thirds of stock will be 'old' properties. The onus is on this current generation to bring about very significant change. To make that happen every tool at the disposal of the Scottish government (local tax incentives, business rates, planning changes, significant increase in grants for householders, etc) should be used to stimulate both the improved household energy efficiency and develop the potential for microgeneration.

For example, measures could be developed to incentivise local authorities to deliver emission reductions and specific climate-friendly actions such as through procurement strategies, renewable energy development plans and energy efficiency initiatives. Business rates in respect of renewable energy developments such as wind farms could be payable directly to the local authority in which the wind farm is located for example. Permitted development rights could be incorporated in the bill to enable easier installation of low-carbon and renewable devices on buildings.

We also recognise that a 'street-by-street' area-based approach to energy efficiency measures may prove to be more effective and we are concerned that the current approach is inefficient, expensive and is less likely to complete the job efficiently and within the timescales required.

Finally, there is a role for government in ensuring that skills are enhanced in order to deliver the wholesale improvement of the energy efficiency of Scotland's existing homes.

**Q13 The Bill confers powers on the Scottish Ministers to make regulations providing for the assessment of (a) the energy performance of non-domestic buildings; and (b) emissions of greenhouse gases produced or associated with such buildings. The provisions are enabling in nature and the Policy Memorandum provides further information on the Scottish Government's thinking in this area.**

**What are your views on this approach?**

The CCBDG agree with this approach for non-domestic properties. However, we believe there is much more yet to be done for both domestic and non-domestic building standards not least by developing much greater clarity in the standards that are expected.

**Q14 The Bill places a duty on the Scottish Government to take such steps as it consider appropriate to promote the use of heat from renewable sources. The Scottish Government has indicated this provision will enable it to introduce measures it deems appropriate to incentivise the production of heat from renewable sources.**

**What are your views on this proposal?**

The CCBDG welcome the Scottish Government's nominal target of 11% renewable heat by 2020, although we note the UK government has an indicative target of 14%. Nevertheless, an 11% target represents a market expansion of over 1000% in just over ten years. This is

very ambitious. We believe this is the area where the least has been achieved to date, but the area with the greatest potential to deliver significant reductions in carbon emissions.

We are not believers in government 'picking' technological winners but given the scale of the renewable heat target we believe that all sources of renewable heat need to 'remain on the table' and deployed where best suited. We do not believe at this stage it is appropriate to be backing one technology over another and believe there will be a role for all the main heat technologies in time, including ground, air and water source heat pumps, solar thermal, biomass and biogas.

Furthermore, we believe there is potential for renewable heat deployment in the industrial and commercial sectors and this should be given sufficient weight in policy development. The economies of scale are greater in industrial and commercial uses of heat and there may also be greater potential for closed loop waste to energy systems in these sectors. We also note that the carbon intensity of heating fuels is higher in these sectors, thus delivering better carbon savings per pound of investment in renewable alternatives.

Finally, we are strongly supportive of a market intervention at the UK level that would incentivise the generation of heat from renewable sources. Without a Renewable Heat Incentive, we do not believe the market will deliver a significant uptake of renewable heat technologies by 2020.

**Q15 The Bill sets out measures aimed at improving waste and recycling. The Bill gives powers to the Scottish Government to make regulations in the following areas: Waste prevention and management plans;**

**Waste data;**

**Deposit of recyclable waste;**

**Procurement of recyclate;**

**Reduction of packaging;**

**Deposit and return schemes;**

**Charges for carrier bags.**

**What are your views on these proposals?**

The CCB DG is broadly supportive of additional measures to improve waste management and recycling, provided that measures are proportionate.

We welcome the very real progress that has been made in recent years, and believe Scotland's dramatic increase in recycling rates over the past seven years is illustrative of what can be achieved by the right combination of a legislative framework and public resources. We are optimistic that further progress will be made in the next few years.

**Q16 What are your views on the adequacy of the Scottish Government's consultation in advance of publishing the Bill?**

Generally positive, there appears to have been significant effort deployed at engaging with stakeholders and the wider public.

**Q17 Do you have any views on the Strategic Environmental Assessment which was carried out by the Scottish Government out on the consultation proposals?**

No specific comment at this stage.

**Q18 Does the Bill raise any equalities issues you would wish to highlight?**

No specific comment at this stage.

**Q19 Do you have any comments on the impact of the Bill on sustainable development?**

No additional comments.

**Q20 Do you have any other comments on the Bill?**

Above all else, the CCBDG is concerned about the potential for speedy delivery. It is fully committed to taking action on climate change, and member companies are investing hundreds of millions of pounds into low carbon technologies. We know first hand of the barriers, the complexities and the difficulties of moving to a low carbon business model.

We would use this opportunity to urge policy makers and government to pick up pace, focus harder on delivery and develop a greater sense of urgency - especially in the areas of renewable energy for heat, renewable energy for transport and renewable electricity.

The combination of measures to bring about energy demand reduction, incentives for renewable heat and renewable transport and further significant progress in waste management and renewable electricity mean it is perfectly possible for Scotland to meet its ambitious carbon reduction targets.

**About the Climate Change Business Delivery Group**

The Climate Change Business Delivery Group formed in early 2007. Representing a broad cross section of Scotland's corporate and business sectors, with 100,000 staff employed either directly or indirectly in Scotland, the membership is convinced that climate change threatens future prosperity in Scotland and every other part of the world.

The group understands how hard it is to grow business and ensure significant year on year reductions of greenhouse gas emissions. They are, however, deeply committed to making a difference both within our businesses and as individuals – and firmly believe that Scottish specific climate change laws can help achieve that.

**Current membership:**

Ian Marchant, Scottish & Southern Energy and Chairman  
Gordon Dewar, BAA  
Brendan Dick, BT Scotland  
Mary Grant, First Scotrail  
Fergus McConnell, Taylor Wimpey  
Peter Lederer, Gleneagles Hotel  
Ian MacKay, Royal Mail  
Grant Hodges, PWC  
Susan Rice, Lloyds TSB  
Ken Ross, Elphinstone  
Satty Singh, MS Namara  
Mike Straughen, Wood Group  
Michael Tracey, William Tracey Ltd  
Andrew Murphy and Lesley Ballantyne, John Lewis