

## INTRODUCTION

Scottish and Southern Energy welcomes the opportunity to comment on the proposed Scottish Climate Change Bill. SSE is headquartered in Perth, is Scotland's largest company and employs over 17,000 people. SSE's core purpose is to provide the energy people need in a reliable and sustainable way; it has set out an investment plan to 2013 of over £3 billion in renewables with much of that investment intended to be in Scotland, representing a timely boost for the Scottish economy. By 2013 SSE intends to have doubled its renewable energy portfolio in the UK and Ireland to 4000MW, maintaining and extending its current lead as the biggest renewable energy generator in the UK, and has set a sector-leading target of reducing the carbon intensity of its entire power generating portfolio by 50% by 2020. By reducing exposure to increasingly volatile prices for fossil fuels in international markets for energy, Scotland should enjoy a long-term benefit from more indigenous energy produced from renewable sources.

**This piece of legislation is of the utmost importance and it is vital for the economy and the wellbeing of the people that we get it right. We strongly support the 80 per cent target by 2050 - but long-term targets are no substitute for short-term action.**

## DELIVERY

Debate on targets must not be a substitute for, or distraction from, adopting accompanying policy delivery actions. The Ministerial foreword to the initial bill consultation document contained ambitious commentary on the issues: now it is time to translate that commentary into DELIVERY, to ensure that ambitions are realised. It is imperative that Scotland puts in place the accompanying actions and policies to achieve the targets and that the legislation drives specific actions by industry, organisations, individuals and government at all levels.

## ACCOUNTABILITY

It is also important that government action to meet targets is closely monitored and that Ministers are genuinely and transparently accountable to parliament on an annual basis for progress. They should be required to demonstrate the progress made in the relevant areas of public policy - such as in renewables, planning, energy efficiency, transport, housing and transmission infrastructure for example - to ensure we don't do too little, too late. Although some early measures may take time to deliver the output of emission reduction, action plans should specify when emissions are expected to be reduced in each sector as a result of the action taken so that appropriate assessment and accountability can take place.

## CLIMATE CHANGE: A PRIORITY ACROSS GOVERNMENT

The question of where climate change sits in a hierarchy of priorities for government agencies and departments is also a crucial question – one which does not appear to be specifically answered. This may be an issue for the duties, aims and objectives of SNH and SEPA, but equally, prioritisation cuts across all government departments and agencies as well as local government, their local plans and approach to developments. According to the Ministerial foreword when the Bill was introduced *'Climate change will change the world we live in. As a society we are at the cusp choosing which world we will pass to our children: a greener, sustainable economy, or a world where mass deaths from droughts, famines and storms and extinction of species is the norm.'* All of Scotland's environmental legislation, including duties which govern the agencies on a statutory basis, needs to reflect this.

**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?**

SSE supports both as minimum targets.

**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?**

In principle SSE has no objection to the grouping of annual targets into batches, as long as the batches are framed within timescales that are consistent with political cycles so that no government will ever be able to revert to the 'not in my term of office' syndrome. The original proposal to set budgets over 4 or 5 year periods makes more sense than a budget to 2022 from 2010. In addition, annual scrutiny of progress towards targets would naturally be referenced at 3% minimum. However, to set one budget for 12 years may allow far too much leeway to project action into the future instead of the early action that is required. The targets and budgets should of course, be 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 targets and framework should be set consistent with international, European and UK commitments, and on a per capita basis, to be aligned with the scientific recommendation of what is needed to keep global average temperature increase to below 2 degrees Centigrade. Early action is needed and it should be possible, if not obligatory, for the government to set the direction and expectation that we must reduce emissions early, regularly and urgently.

**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?**

SSE believes that the Scottish Government should encourage action to be taken which aims to achieve the majority of carbon reduction from Scottish source emissions. SSE also believes that trading has an important role to play in tackling global climate change and should not be artificially restricted. However, measuring the effort undertaken in trading schemes can be complicated and for the EU ETS will differ depending on what allocation methodology is used - increasingly the EU will be moving from allocation to a fully auctioned system.

(Where emissions are grandfathered or benchmarked, the effort undertaken by an installation can be calculated by comparing actual emissions against allocated allowances in the same time period. Where allowances are auctioned effort can only be measured in aggregate by comparing the total number of allowances issued in the auction against actual emissions) For this reason it is more important that the Scottish Government creates the right policy framework to ensure that significant action is taken across all sectors, than that effort is expended on complicated formulae for calculating and monitoring the impact of national and international emissions trading schemes. SSE favours a mechanism in the Bill that will oblige government to deliver 80% of the pollution reduction from Scotland. 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. SSE 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?**

The term ‘attributable’ as a definition may be problematic to assess precisely, but in general a ‘rule of thumb’ approach may be better than attempting to achieve perfection. However, it should be noted that rather than cut emissions over the last 18 years, most of the substantial cuts have simply been exported – for example in closing steelworks and then importing the same product from overseas. It is still Scottish demand that is causing the emissions made elsewhere, and therefore this is an important factor in assessing pollution caused by people in Scotland.

**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?**

SSE agrees with this approach. Additional advice to the Scottish Parliament will be needed when it scrutinises government action, and we would suggest that additional effort needs to be considered, perhaps with the joint efforts of both the Scottish Sustainable Development Commission and Audit Scotland.

**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?**

SSE would broadly agree with the arrangements for scrutiny, but it is vital that the parliament plays a scrutiny role across portfolios similar to the way it operates in relation to the Budget process. Action is needed in every sector. Reporting and Scrutiny will need to do the same. Indeed, assessing the carbon budgets in relation to the finance budgets in a conjoined manner would help the process greatly. Ministers must be accountable for their actions. The process of parliamentary scrutiny enables the successes or failures of political action to be felt keenly in the political arena. With financial or legal sanctions on Ministers being generally difficult to impose as a form of punishment for failure, the key driver for failure or success is Ministerial credibility. Parliamentary committees also reflect a diversity of political parties and would be relatively independent. Ministers would present a report on their ACTIONS and the IMPACT of those actions, as well as reporting the quantified emission levels.

**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?**

All public bodies should be given a general duty to have regard to the targets when carrying out any of their public functions and this could be done on the face of the Bill. For example, Local Authorities, SEPA and SNH should have a duty to have regard to the targets when considering low or zero carbon and supporting infrastructure proposals. Given the scale and influence of the public sector in Scotland, SSE also agrees that there should be enabling powers incorporated into the Bill which can be brought forward as secondary legislation at a future date. 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. Carbon budgets could be set by the same teams that set cash budgets across all sorts of public and private bodies. This will ingrain the concepts. Best Value guidance ought to incorporate climate impact criteria, so that procurement helps deliver cuts in emissions. Although ‘sustainable development’ is reflected to some degree, specifying emissions is likely to be more effective, reflecting a priority and be more easily quantifiable.

**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?**

SSE broadly supports this approach.

**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?**

SSE broadly agrees with the proposal subject to some conditions. As stated previously, all of Scotland's agencies and public bodies should play their part in delivering action on climate change. In principle, the possibility of private and public ventures making maximum use of Scotland's forest estate to deliver renewable energy solutions should be advanced. Concerns over the long term stewardship of Scotland's forest resources have been raised by a number of stakeholders since the launch of the consultation. Some of these concerns, where appropriate, could be addressed through the framing of leases, contracts and management conditions. SSE would readily participate in discussions with other stakeholders to ensure that the twin objectives of sustainable use and management of forestry resources and the delivery of renewable energy solutions are delivered.

**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?**

An action plan on energy efficiency is long-awaited, and welcome. The action plan should also set out emission saving targets through energy efficiency and assessed as part of the scrutiny process. Rapid delivery of insulation and energy efficiency measures is vital. SSE supports an area-based approach to rolling out a nation-wide programme of energy efficiency and insulation measures. We were delighted to see cross-party support for this approach in the recent vote in parliament which *"calls on the Scottish Government to consider a comprehensive and fully funded Scotland-wide scheme on this scale to provide energy audits, insulation provision and financial support for micro-renewables where appropriate."* SSE also supports the energy assistance package proposed by the Fuel Poverty Forum.

**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?**

SSE would support moves incorporated into the bill to require minimum energy efficiency standards to be met within the public and private sectors in Scotland. Given that existing homes will still constitute two thirds of the total housing stock by 2050, a major focus of public policy change should be in improving the fabric and performance of building stock. All avenues should be explored, such as using local and national tax incentives to reward energy efficiency or microgeneration. Just as the local government finance deal has delivered an incentive for local authorities to freeze council tax levels, similar conditions on funding allocations to local authorities could be considered. Measures 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.

**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?**

SSE broadly supports the Scottish Government's nominal target of 11% renewable heat by 2020. This is clearly a challenging target but given the 14% target at the UK level we should perhaps revise this upwards to ensure consistency across the country and ensure Scotland is playing its part. It will require significant developments in energy efficiency as well as in renewable heat technology deployment. Whilst we acknowledge that the bulk of heat use is in the domestic sector, there is significant potential 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. An incomplete appreciation of GSHP capability may also lead to an underestimate of its potential contribution. It should be noted that the GSHP industry has ambitions to install 100,000 installations *per annum across the UK*. GSHPs are also a viable option for community based district heating schemes and this should be suitably incorporated into government action planning. Cooling needs to be considered alongside heat, for both mitigation and adaptation reasons. We would challenge the recent assertion in the Scottish Government's renewables pilot that appears to back Air Source Heat Pumps, not GSHP. We believe the reference data and costs associated with GSHP used in the pilot is out of date and does not incorporate significant gains in cost and output efficiencies and its highly effective application in specific circumstances. We recommend the government revisits this. The UK RES consultation suggests that 7.3million UK homes will be required to install solar thermal technology by 2020, to contribute to a 14% renewable heat target. Although capital costs are high and payback periods long, SSE believe that mass installation of this proven, easily installed technology will be necessary in order to meet any renewable heat target. The scale of the renewable heat target must not be underestimated. It is imperative that all sources of renewable heat are considered and deployed where best suited. If Scotland is to meet its target, then it must ensure that the conditions ensure that all renewable heat technologies can flourish. The cost of this challenge should not be undervalued. The Enviro report used as a foundation to BERR's UK RES consultation estimates the cost to overcoming the barriers to achieve 10.5% renewable heat is nearly £8billion; on a population share, Scotland's share would be £700million. Above all else, Government and stakeholders must develop a strategy for mass deployment on this scale in order to succeed.

**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 recycle;  
Reduction of packaging;  
Deposit and return schemes;  
Charges for carrier bags.**

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

Broadly supportive of these measures.

**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?**

The Bill should have a positive impact on sustainable development as it will reduce emissions and also provide impetus to investment in a low carbon economy.

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

The overall purpose of the Bill should be to accelerate government action and delivery in the short term as well as the setting of targets for the long term. This means that areas such as renewable energy planning, upgrading of the electricity transmission system, the National Planning Framework, the Marine Bill and the formation of Marine Scotland, a Heat and Energy Efficiency action plan, etc are all crucial components and factors that will determine the effectiveness of the Climate Change Bill. This leads to the conclusion that the scrutiny of the bill must also focus on the effectiveness of these delivery mechanisms and associated action plans, and emission reductions across the different sectors for it to be meaningful.