



# Consultation Briefing: The draft Energy Strategy and Just Transition Plan

## Background

The Scottish Government published the [draft Energy Strategy and Just Transition Plan](#) for consultation on 10 January 2023. **The deadline for responses is 4 April 2023.**

The consultation paper sets out plans for the transition to renewable energy (including energy production, transportation and use), how this will support the economy, and protect households at risk of fuel poverty. It includes a route map detailing planned actions to 2030 and highlights where UK Government support is required.

This briefing summarises the sections relevant to the housing sector.

## Scottish Government Vision

Chapter one sets out the Scottish Government's vision for transition to a net-zero energy system by 2045.

*"Scotland will have a flourishing, climate friendly energy system that delivers affordable, resilient and clean energy supplies for Scotland's households, communities and businesses. This will deliver maximum benefit for Scotland, enabling us to achieve our wider climate and environmental ambitions, drive the development of a wellbeing economy and deliver a just transition for our workers, businesses, communities and regions."*

It also sets out the high-level actions required by 2030 to achieve the vision, including the following which relate to the housing sector:

- **Increase access to affordable energy** by urging the UK Government to take stronger and more targeted action for fair market reform, and by continuing to support those most in need to reduce their energy costs.
- **Set out finalised policy positions on fossil fuel energy**, such as onshore conventional

**About this briefing** - This is a new type of briefing exclusively for CIH members. These briefings are designed to inform you about current consultations, highlight potential implications for the sector that you might want to consider in your own response and set out CIH Scotland's position.

and unconventional oil and gas, offshore oil and gas, and coal, as well as nuclear.

- **Reduce demand and decarbonize our energy use** across the heat and transport sectors, including actions to enable rapid decarbonization of buildings through Home Energy Scotland, Business Energy Scotland, and Warmer Homes Scotland.
- **Provide access to support to change the way we heat and use energy in our homes** through the new national public agency – [Heat and Energy Efficient Scotland](#) (HEES).

## Energy demand

By 2030 the Scottish Government aims for households to be using energy more efficiently, and for at least one million homes to be decarbonised. By 2032, at least 50 percent of energy across heat, transport and electricity demand should come from renewables.

There will be a consultation on a **Heat in Buildings Bill in 2023** introducing regulation of energy efficiency and emissions for homes and buildings. A **Public Engagement Strategy** and report from the **Green Heat Finance Taskforce** will also be published in 2023.

A new **regulatory regime for heat networks** will be established through implementation of the [Heat Networks \(Scotland\) Act 2021](#), with appropriate financial mechanisms. A **£300 million Heat Network Fund** is available over the next parliament with [applications open now](#).

Local authorities will be supported to develop their **Local Heat and Energy Strategies (LHEES) and Delivery Plans** by providing capacity support training with Zero Waste Scotland.

Funding streams and support for delivery have been established or expanded. Home Energy Scotland



Grant 2022/23 now includes enhanced support for rural and off gas households. Capacity of Home Energy Scotland advice has been expanded and a new grant scheme for households has been established.

The paper confirms that **hydrogen will not play a central role in the decarbonization of domestic heat.**

It may still be used in specific circumstances such as rural island areas, but this is dependent on strategic decisions from the UK Government. It is made clear that available technologies (such as fabric improvements and heat pumps) should not be delayed.

HEES will operate virtually for the time being and focus on building public understanding of the changes needed in our homes, act as a centre of expertise for green projects, and co-ordinate investment.

The [Heat in Buildings Strategy](#) (HiBS) set a target of 22 percent of non-electrical heat demand in buildings to be supplied by renewables. **The Renewable Heat Target (RHT) alone is now thought to be insufficient** to measure progress and Scottish Government will be considering alternative measures this year.

Decarbonising homes and buildings will be supported by the [Supply Chain Development Programme for Heat Pumps](#) and the [Heat in Buildings Supply Chain Delivery Plan](#) published in 2022.

### Just energy transition

The paper sets out plans to provide access to affordable, clean energy for households with **particular emphasis on those at risk of fuel poverty.**

The paper highlights a range of existing delivery programmes and funding streams that will be continued/expanded. It also calls on the UK Government to do more.

### Workforce skills

The Scottish Government is prioritising actions set out in the [National Strategy for Economic Transformation](#) (NSET) and the [Climate Emergency Skills Action Plan](#) (CESAP) which is due to be updated this year.

Actions include enhancing the Green Jobs Workforce Academy, targeted lifelong learning, and attracting skilled workers from outside of Scotland.

### Supply chain and manufacturing

NSET includes actions to support Scottish supply chains and the Supply Chain Development Programme seeks to maximise impact of public sector procurement spend (£13 billion per year). Priorities include manufacturing of heat pumps, hydrogen electrolyzers and component parts.

### The CIH view

The housing sector has a key role to play in meeting the Scottish Government's target of net-zero by 2045. The Heat in Buildings Strategy estimated that it will cost in the region of £33 billion to bring our homes and buildings up to standard and it is essential that this cost is not passed on to those who can least afford to pay.

We welcome the focus on a 'Just Transition' but it is still not clear where the budget will come from to improve homes across all tenures.

Support for local authorities to develop their Local Heat and Energy Efficiency Strategies will be helpful and must be delivered as a priority as these plans are due to be published this year.

The message that hydrogen is unlikely to play a major role in the decarbonisation of domestic buildings is now clear and we hope that this will help to focus attention on improving the fabric of homes and building capacity in the manufacture and installation of low emission heating systems.

**We will be developing a response to this consultation and would like to hear what CIH members think. You can share your thoughts by emailing [scotland@cih.org](mailto:scotland@cih.org)**