



# From the Scottish Energy Strategy to new policy?

SCOTTISH ENERGY ASSOCIATION®

10th Energy Scotland Conference 2017

'The Scottish Energy Strategy and Opportunities for the Industry'

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# Challenging targets, multiple plans, strategies, statements and reports

- January 2017: publication of the Climate Change Plan followed by the Energy Strategy
- By 31<sup>st</sup> January, 10 documents in total, 864 pages
- Up to and including, launch of that fracking consultation
- Do we know how/if we are going to be able to do this?





# CEP comment so far....

- <https://www.strath.ac.uk/research/internationalpublicpolicyinstitute/ourblog/january2017/commentsonthescottishgovernmentsclimatechangeplan/>
- <https://www.strath.ac.uk/research/internationalpublicpolicyinstitute/ourblog/january2017/thescottishenergystrategytheneedtofocusonpeopleifplansaretobecomeexecutable/>
- <https://www.strath.ac.uk/research/internationalpublicpolicyinstitute/ourblog/january2017/thescottishgovernmentsenergyefficiencyprogrammepublicorprivatespending/>
- <https://www.strath.ac.uk/research/internationalpublicpolicyinstitute/ourblog/february2017/scotlandsenegystrategyyanambitiontoofar/>
- Today....

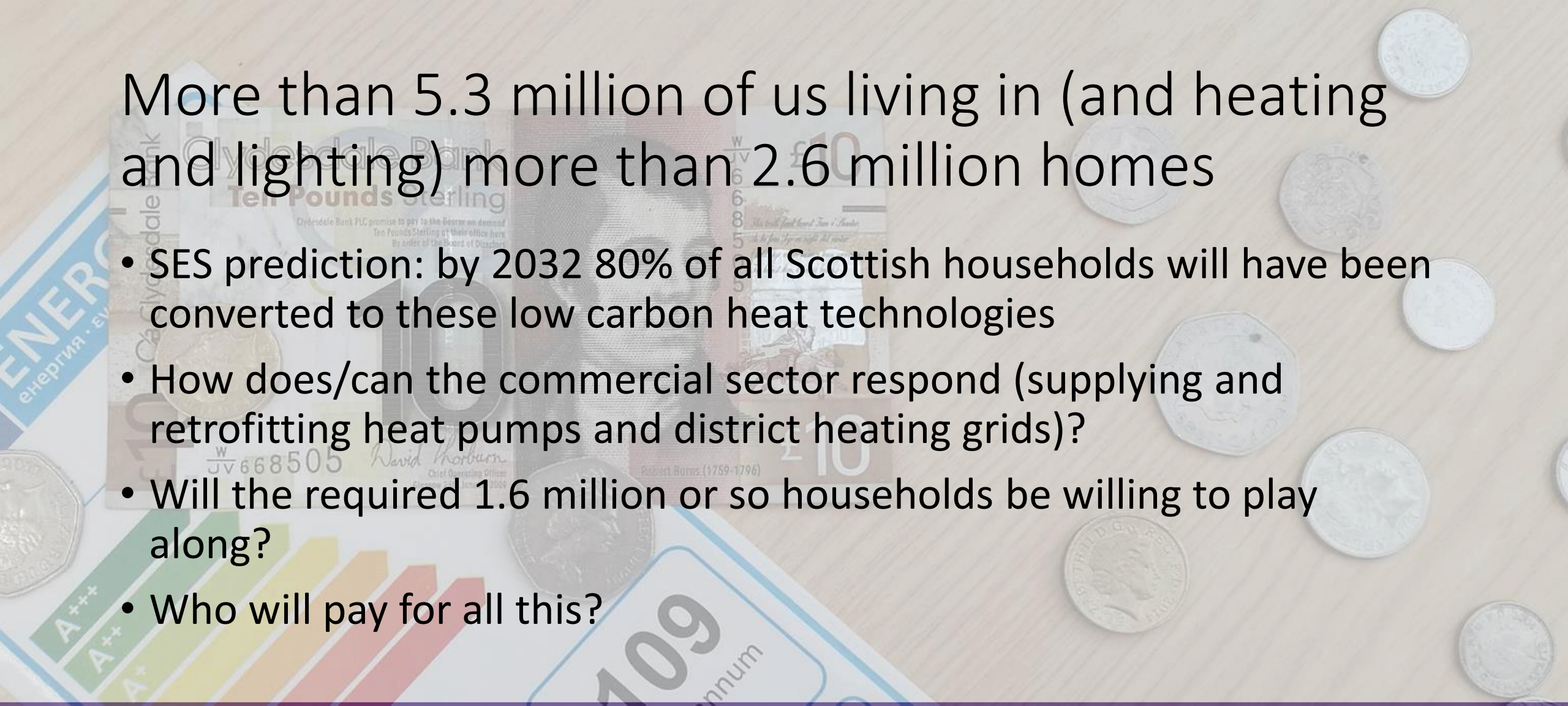
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# More than 5.3 million of us living in (and heating and lighting) more than 2.6 million homes

- SES prediction: by 2032 80% of all Scottish households will have been converted to these low carbon heat technologies
- How does/can the commercial sector respond (supplying and retrofitting heat pumps and district heating grids)?
- Will the required 1.6 million or so households be willing to play along?
- Who will pay for all this?

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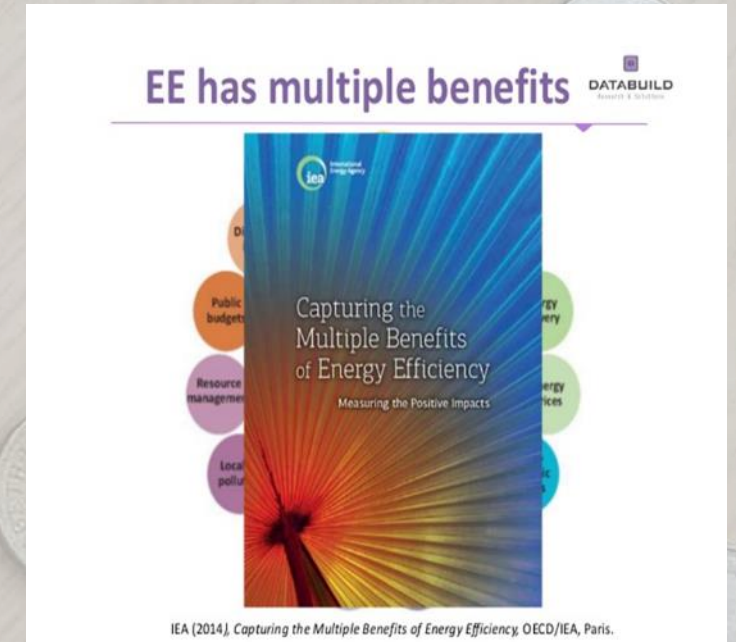
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# The 'simpler' job – increasing energy efficiency

- National Infrastructure Priority

- SEEP: proposes a £10 Billion investment over 20 years in energy efficiency improvements in Scotland's building stock
- Priority – social housing and public buildings
- What about the rest of us?
- Electrical appliances – EPC standards...✓
- Smart meters and *energy conservation*... ✓...?
- Insulation, double/triple glazing etc. ?



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# Is there a market for energy efficiency?

- Not a desirable 'commodity'?
- How do we make the decision?
- What are the 'product attributes'?
- Fundamental problem: who reaps the 'multiple benefits'?



**Need help?**

## Improve your home

Here you can see the potential reduction in your energy bills achieved through the installation of energy saving measures.

My Budget **£10,000**

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By spending **£9,360**  
You could have an annual benefit of **£670**  
Potential payback period **15 years**

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Your current estimated fuel bill **£1,640** per year  
Your current estimated EPC band **D**

[Find out more about the energy your home uses](#)

[Discover ways to reduce your energy consumption!](#)





# Societal benefits vs. private costs

- Primary aim – reducing carbon emissions
- Multiple other energy system, economic and social benefits
- Key – accrue to society as a whole, not to the individual
- But public purse can't pay for it all

IEA (2014) 'multiple benefits flower'

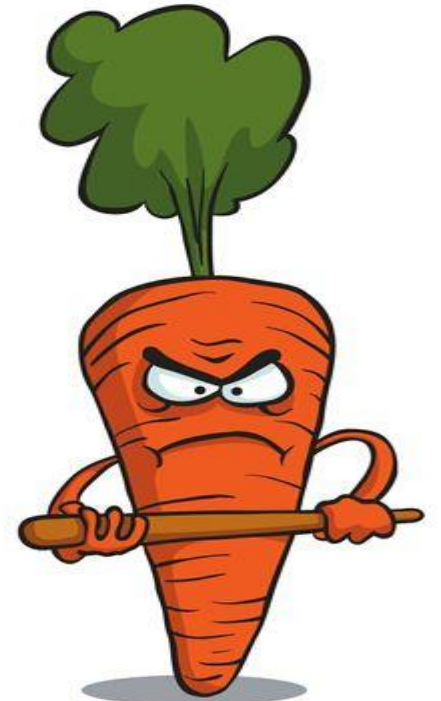




# Incentives vs. standards

- More generally, problem for energy policy: return are predominantly societal rather than private
- Somehow make things compulsory?
- Or offer incentives?
- Problem: devolved powers/tools limited – e.g. tax rebates

The old carrot vs. stick?





# Main conclusions?

- Conversations around further devolution must focus on a wide range of Scottish objectives and targets - do we have the tools we need?
- People must be at the heart of consultations around turning the Scottish Energy Strategy into an executable plan
- Not just households – decision makers in firms
- Not just whether we'll respond the way Government needs us to
- But also – our economic reactions may knock the energy system off the pathways predicted by technical models (rebound effects etc.)

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# Thank you for listening!

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## Town and Gown Lecture

- **Feb 28:** How Not to Run an Energy Policy – the Lessons from Three Decades.  
**Speaker:** Rt Hon Brian Wilson, Visiting Professor, CEP

## The Energy Conversations

- **Mar 23:** Effective but not investible – there is no market for energy efficiency
- **Apr 25:** Community Energy and Central supply – which way to go?
- **May 2:** Heat, Power and Gas – long term Infra structure investment in an energy system in flux (part of Engage with Strathclyde)
- **May 23:** Anyone out there know how to deliver a low carbon energy system?

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