

ECONOMY, ENERGY AND FAIR WORK COMMITTEE

DRAFT BUDGET 2019-20

SUBMISSION FROM UNISON Scotland

Draft Budget for 2019-20

Community and Locally Owned Energy

Introduction

UNISON is Scotland largest trade union with members across the public, private and voluntary sectors. We are the largest trade union in the gas and electricity sectors as well as in local government, and other sectors with a specific interest in this issue. All our members have an interest in the wider citizenship impact of Scotland's energy strategy. We welcome the opportunity to respond to the Economy, Jobs and Fair Work Committee's Call for Views.

We have copied the Committee's questions below, with our responses.

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Community and Locally Owned Energy

For further context, please see: the CARES scheme and Local Energy Scotland's involvement in delivering the scheme.

- What are your views on the Scottish Government's approach to financing and supporting community and locally owned energy?

UNISON welcomes initiatives under way but wants to see much greater support for community and locally owned energy. As background, we believe the emissions reduction targets in the new Climate Change Bill should be increased (to net zero by 2050 at the latest and 77% by 2030) for Scotland to do its share to meet the Paris Agreement goals. Delivering action on the scale needed will mean a step change in sectors where not nearly enough is currently being done, including transport, agriculture and domestic heat.

Energy efficiency and community energy have a big role and we have been campaigning with the Existing Homes Alliance and Stop Climate Chaos Scotland for a policy that all homes have at least Energy Performance Rating C by 2025. It is very disappointing that the Scottish Government did not commit to this earlier this year, with all the benefits in tackling fuel poverty, improving health and creating jobs, as well as in reducing emissions.

There is potential for a major expansion in community energy. In particular, we have been calling for local authorities to get involved in municipal energy, generating electricity, managing distribution grids and running energy efficiency schemes and retail sales. As well

as being common across Europe, this would seriously challenge the ownership model in Scotland, which the Scottish Government has been unwilling to do.

- Is there adequate funding to hit the 2020 target of 1GW of community and locally owned energy by 2020 and 2GW by 2030?

No. We want to see increased funding and early investment. Given the ‘win win’ for the economy, locally and nationally, for wellbeing/health and for tackling fuel poverty, these kinds of investments should be prioritised. There has to be a Just Transition to a low carbon economy and we would expect the new Just Transition Commission (which should be put on a statutory, long-term basis in the new Climate Bill) to assess the range of types of public investment required to drive the transition, aligned with an industrial strategy for Scotland.

The Commission would provide strategic advice to plan for and make the changes necessary and to protect overall job opportunities and workers’ livelihoods, ensuring that no communities are left behind, with proper skills training and support for workers whose jobs are affected. The policies to bring about the necessary changes are long-term. The importance of getting these industrial and economic decisions right makes it clear that the Commission must be more than a short term advisory group. It must be in place for the duration of the climate targets. In considering community energy, we urge the Committee to comment on the wider picture on the climate targets and the Just Transition Commission and to support the proposals for the Climate Change Bill from the Just Transition Partnership¹ and from Stop Climate Chaos Scotland.

- Which technologies (heat and/or electricity) have the most potential to transform community and locally owned energy, and are resources being adequately targeted?

There needs to be a mix, including pilot schemes for a range of ways of using hydrogen. We note Fife Council’s involvement in one of these, the Levenmouth Community Energy Project, which, as the Scotsman reported², is based at Methill docks, in Fife and is one of the first of its type in the world:

“It utilises renewable electricity produced locally by a wind turbine and solar panels to create hydrogen from water. Some of the hydrogen is then used to run a fleet of 17 low-emission refuse trucks and vans, while the rest is stored in fuel cells and can be called upon to generate low-carbon electricity when output from the renewables devices is poor.

“A ‘smart’ microgrid controls how much hydrogen gets stored and how much is converted into power to supply businesses. As well as commissioning two specially adapted dual-fuel bin lorries, the scheme aims to help local firms boost their

¹ <http://www.unison-scotland.org/library/Paving-the-Way-for-a-Just-Transition-Briefing-for-MSPs-June-2018.pdf>

² <https://www.scotsman.com/news/environment/pioneering-green-energy-project-switches-on-at-methill-docks-1-4475876>

environmental credentials by offering a range of hydrogen-powered vehicles for hire.”

Clearly, projects like this should be supported and lessons will hopefully be learned from the success of this and others. We mention hydrogen as there is a need for investment now in innovative pilot hydrogen schemes. Committee members may be interested to know that the House of Commons has a new cross party group on hydrogen, which UNISON is supporting.

We have argued that local authorities should have the power to take direct responsibility for implementing district heating plans as part of a municipal energy plan. However, the scale of austerity cuts on local government means that the potential new duty for councils would require funding from the Scottish Government. We hope the Committee will support this. The duty should also specify consultation with communities, voluntary organisations and the workforce.

The new Programme for Government said:

“We have consulted on the potential legislative requirements to underpin Energy Efficient Scotland and the potential for a Bill if needed. This included district heating regulation, an area where Scotland is playing a leading role. We will set out the next steps in the coming year.”

We urge the Committee to recommend increased funding support for municipal district heating schemes and for community energy, with incentives for councils to move quickly on this.

- Are the organisational structures adequate to enable this?
- Is the joint focus on community and locally owned energy the correct approach? How might support for community energy be better targeted? What are the benefits and potential drawbacks of different ownership models?

Local authorities should be encouraged and funded to take the lead themselves, potentially with support via the Scottish National Investment Bank and, perhaps, from the new publicly owned energy company. We strongly believe that the energy company must be more than just a retail white label initiative.

As the Just Transition Partnership said in their June briefing to MSPs, the SNIB should be providing large scale investment to support a Just Transition, including for a national programme of district heating.

We also say, along with the JTP, that the government owned energy company must have an ambitious remit involving generation and transmission as well as supply.

- Are there any other issues in relation to Scottish Government support for community and locally owned energy that you would like to highlight?

Other public bodies also have a role, with Scottish Water the major example. Scottish Water could do far more than it is to generate renewable electricity on its land.

We note the recommendation in a June 2018 report³ for the Committee on Climate Change of the importance of pilot studies across a range of different technologies.

The report, Analysis of UK Heat Decarbonisation Pathways, states:

“Knowledge and experience that will be gained from deployment at scale, i.e. 10,000s of households will provide critical insights regarding the strengths and weaknesses of alternative approaches and technologies involved. Hence consideration should be given to a programme of technology deployment on a pilot trial basis. These initiatives should be designed to encompass all aspects of deployment from production through to the end-users, while including all types of representative buildings within the UK.”

We would support investment in this way, including in hydrogen pilots, but it is crucial to also note how important energy efficiency measures are and these should be prioritised. As the report for the CCC says:

“Energy efficiency is of key importance
Reducing heat demand by improving energy efficiency of buildings can reduce system costs across all pathways.”

Given the scale of fuel poverty and the need to tackle inequalities, we hope Ministers will heed the words of the Existing Homes Alliance Chair Lori McElroy, who in arguing that the Fuel Poverty Bill is a ‘missed opportunity’, said⁴:

“Bringing Scotland’s homes up to a standard of energy efficiency which will tackle fuel poverty and climate change, reduce ill-health, improve well-being, reduce inequalities, and create and sustain jobs across Scotland. It is quite simply one of the best investments that the Scottish Government could make.”

³ <https://www.theccc.org.uk/wp-content/uploads/2018/06/Imperial-College-2018-Analysis-of-Alternative-UK-Heat-Decarbonisation-Pathways-Executive-Summary.pdf>

⁴ <https://www.commonspace.scot/articles/12956/scottish-government-s-bill-fuel-poverty-missed-opportunity-energy-poverty-expert-says>

Finally, we commend to the Committee the 2015 APSE report on Municipal Energy⁵ which concluded:

- For every £1 invested in renewable energy schemes there is a further £2.90 in cashable benefits
- 17 jobs can be created from every £1 million in energy saving measures;
- Energy efficiency and renewable energy can create 10 times more jobs per unit of electricity generated than fossil fuels; and
- The UK local government sector annual energy bill of £750 million could be reduced by up to half by leveraging in spending power and using readily available and low cost technologies in existing buildings.

⁵ <http://www.apse.org.uk/apse/index.cfm/news/2015/municipal-energy-ensuring-councils-plan-manage-and-deliver-on-local-energy/#>