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CAS' Response to the Scottish Government's Local Energy Policy Statement Consultation

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Who we are

The policy teams at Citizens Advice Scotland use research and evidence to put people at the heart of policy and regulation in the energy, post and water sectors in Scotland. We work with government, regulators and business to put consumers first, designing policy and practice around their needs and aspirations. We aim to represent the views of different consumer groups using evidence of consumer views and supporting research wherever possible.

Citizens Advice Network in Scotland

Citizens Advice Scotland (CAS), our 59 member Citizen Advice Bureaux (CAB) and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Advice for Scotland provides information on rights and helps people solve their problems.

In 2017-18 the Citizens Advice Service network helped over 295,100 clients and dealt with almost 800,000 advice issues for clients living in Scotland. With support from the network clients had financial gains of almost £142.2 million and our self-help website Advice in Scotland received approximately 3.2 million page views. On energy consumers' issues in particular, we advised on over 41,000 energy-related issues in 2017-18, generating over £1.8m in client financial gain.

Our extensive footprint is important in helping us understand how issues impact locally and nationally across the country and the different impacts that policies can have in different areas.

Overview

Citizens Advice Scotland welcomes the opportunity to respond to this consultation. We support the broad aims of the principles laid out in the policy statement, but urge that much more must be done to strengthen consumer protection and ensure that communities are involved in the process in an inclusive, sustainable way that meets their needs.

Citizens Advice Scotland was a member of the Short Life Working Group on the Local Energy Systems Policy Statement. We have therefore already contributed to the shaping of the statement but welcome this opportunity to share further thoughts. Many of the ten principles echo our own principles, namely that consumers should be at the heart of policy-making and that policies account for differences in communities in order to tailor solutions that will support people.

Response to Questions

1. Are you clear on the purpose of the statement? Please explain your view.

We agree that the purpose of the statement is sufficiently clear. It provides a useful statement of intent in articulating how the Scottish Government wishes stakeholders to support the growth of local energy systems in Scotland. The ten principles are useful in providing a consumer-focused and place-based vision in an otherwise disparate landscape. If this is disseminated well, it should help to galvanise various actors, both in industry, public sector and communities, towards a single vision. It is unclear however how much weight it will hold, if at all, when the principles are not upheld. The statement would benefit from further explanation of how it fits with other relevant policies like the Scottish Government's Networks Vision, Energy Efficient Scotland, LHEES and the forthcoming decarbonisation of heat policy statement.

Underpinning the policy statement is obviously the drive to decarbonise and decentralise Scotland's energy which is likely to impact on consumer behaviour. Our research¹ has found that a gap appears to exist between consumers' awareness of the need to change their personal behaviours and the actual acceleration in changes needed to achieve Scotland's emission-reduction ambitions. A significant public awareness and education campaign will therefore be needed so that people are informed of how to participate in this transition. A policy statement is useful to stakeholders and policy-makers, but the critical part is how this statement can be translated into an understandable message to individual citizens and communities.

¹ <https://www.cas.org.uk/publications/changing-behaviour-changing-climate>

2. What are your views on the 10 principles?

The 10 principles appear to be sensible and put consumers at the heart of the issue so that developments are people-centric and place-based. We agree with all ten principles, however we would like to highlight the importance of consumer protection. The principles must be backed up with strong consumer protection policies and regulation to ensure that consumers are truly protected as the energy landscape evolves. We say this as pinchpoints may arise in the development of local energy systems which could result in consumers receiving a different level of service, or experience periods of no service. The local energy systems must be resilient so that consumers do not experience service shocks as the systems develop, and strong consumer protection must be in place to address any issues if they do arise.

CAS uses seven consumer principles when evaluating policy:

- access,
- choice,
- safety,
- information,
- fairness,
- representation,
- redress

We suggest that the Scottish Government could also use these principles as a framework to ensure that any policies and plans are genuinely consumer-centric.

Furthermore, strong consumer protection policies will help to increase public confidence in new technologies and ways of buying or generating energy and thus encourage people to people engage with the changes.

We believe that the success of projects is strongly linked to how involved the local community is from the very inception of projects, and their continued support and buy-in. With this in mind, we suggest that additional wording is added to the first principle, under the theme 'People', to refer to the need for adequate consumer protection and support for consumers (as in advice and possibly financial assistance). Such as:

"People should be provided with adequate support, advice and robust consumer protection to help them engage with local energy systems."

Meeting the principles will also depend on strong leadership from the Scottish Government. It must use all its levers to prepare the existing energy industry as it moves away from fossil fuels, and support emerging organisations and companies generating renewable energy such as through planning policies.

3. How can the Scottish Government encourage stakeholders to adopt the principles set out within this document?

Again, the Scottish Government should use all the policy and financial/fiscal levers available to them (e.g. providing community grants and support, review of planning regulation and consents, regulation of heat networks resulting from the forthcoming Heat Networks Bill) to signal to industry its own commitment to the ten principles. In turn this should help provide the long term certainty that stakeholders need to invest in infrastructure, as well as demonstrating 'by doing'.

While we appreciate that this is just a policy statement, we are concerned that without some form of tangible backing (e.g. regulation or planning consents) these principles currently hold no weight on their own, and there is little onus on stakeholders to adhere to them in practice. Some stakeholders will also operate under areas which are reserved to the UK Government and so the Scottish Government should work closely with the UKG to reduce confusion for stakeholders. We urge the Scottish Government to follow up the policy statement with a routemap to outline how local energy systems will be supported and expanded, and series of actions on its part to facilitate this. Leadership on its own is not effective unless it is accompanied with long term certainty for all actors involved to move beyond political administrations and short-term funding cycles.

4. Are you clear about the roles of all the different stakeholders who may be involved in the development of local energy systems?

The policy statement indicates a list of involved stakeholders, which while comprehensive, it may prove difficult to balance competing interests. With this in mind, we encourage the Scottish Government to facilitate forums to bring stakeholders together and ensure that a wide range of voices are heard. We suggest an oversight role is necessary to manage stakeholder involvement. Recognition must also be given to the role of community groups and grassroots organisations in any given area, and these stakeholders may not have the resources to attend such forums. We therefore encourage the Scottish Government to consider how it may support these organisations to attend, and/or host forums in that locale.

5. What options should we consider to ensure that the local energy transition is fair and inclusive for all consumers?

CAS believes that early, genuine and in depth consultation with consumers is central to ensuring the transition is fair and inclusive, as well as allowing the process of consultation to

be truly community led. Again, strong consumer protection will ensure consumers are not disadvantaged by the transition.

CAS suggests that an in depth review of current experiences of consumers should be carried out as this may vary regionally and by different consumer groups, and give an insight into local issues.

CAS believes that the transition to local energy should be made as accessible as possible and all communities should be encouraged and supported to participate in it if they wish to. This should ensure that the benefits of local energy can be experienced by a wide range of communities and people. We expand on this point in our response to Question 6 below.

6. How can we ensure that people and communities across the whole of Scotland can participate in local energy projects?

Firstly, there must be a concerted effort to engage with communities who do not generally get involved, and a commitment to genuine consultation and to ensure that people and communities understand the benefit of local energy projects. It is important that the typically disengaged consumers are helped to engage, and this might require extra outreach work with trusted bodies and grassroots organisations e.g. local Citizens Advice Bureaux. It must also be the case that communities have genuine decision making power, and are able to say yes or no to proposed local energy systems, especially if the proposed systems or projects do not meet the needs of the community.

Recent research commissioned by CAS' water policy team into community engagement best practice (as yet unpublished at the time of writing) found that the following elements were key to successful engagement:

- Be inclusive, accessible and representative;
- Ensure communities are fully involved in engagement programmes as early as possible;
- Establish communities' trust and confidence in engagement programmes;
- Tailor engagement methods to individual communities;
- Be flexible to respond to and incorporate community ideas and needs.

There are a number of existing processes which will provide opportunities to reach and engage with people in local communities, such as Local Heat and Energy Efficiency Strategies (LHEES) and planning processes and in these, there will be the need to consider the ability of different communities to pay and engage, and acknowledge that some may need more support than others. Consequently, CAS believes that the fuel poor should be prioritised. Opportunities should also be explored where social benefit can be delivered from innovative solutions. For example there may be opportunity within constrained electricity network zones, which are

identified by energy networks, to develop projects that reduce customers' bills while reducing the need for expensive network reinforcement. For example, see the SMILES project in Orkney and the Nines project in Shetland.

We are aware of pockets of local energy innovation happening already but this is typically within affluent communities with active local leaders. It's important that lessons are taken from these and replicated in less affluent or engaged communities so that they can still benefit from things like solar PV, feed in tariffs and community wind turbines.

We know from bureau evidence that people may require more advice and support than is currently available when transitioning to local energy, for example we are aware of instances such as the case study below where people have had new heat pumps installed, but as they were not shown how to control the heat pumps and therefore didn't know how to use them to best effect, their energy bills increased.

Case Study: In 2017, a Local Authority installed more air source heat pumps than any other council (1,483). The heat pumps were installed in properties that had previously used storage heaters and two or three rate meters. The Council did not inform clients that a new meter capable of supporting the air source heat pump would need to be installed. Clients were not shown how to use their heat pumps, which meant many of them were not using the technology efficiently and were driving up their fuel bills. One client was topping up her prepayment meter more than £100 a week.

7. What do you think the wider benefits of developing local area energy plans might be?

CAS believe that developing local area energy plans may result in potentially greater public interest in energy which may lead to more efficient use. This may in turn provide government and the energy industry with a better understanding of energy needs, leading to greater ability to plan for the future. Linked to this, locally produced and used energy may reduce energy demand on the network, which will also help network companies to balance the grid.

Lastly, if consultation and collaboration with communities is done right, the approach may give rise to more opportunities for people to get involved in local decision making, thus increasing local democracy and decisions which better meet the needs of the community.

8. How can we encourage greater collaboration between the key parties involved in the development of local energy plans?

As a starting point, the Scottish Government could have a role in setting up and facilitating local discussion forums between stakeholders such as distribution network operators (DNOs), local authorities and community groups, and support the sharing of information and good practice via a portal such as Knowledge Hub. It is important that there are strong feedback loops as well, in order to facilitate improvement and learning on all sides and give a good overview of projects and systems, which is another role the Scottish Government could fulfil.

9. How do we ensure that whoever is leading a local energy plan is fully integrated into the LHEES process?

CAS believes that in order to best integrate local energy plans into LHEES, a local coordinator will be important, both in terms of retaining oversight of local projects and to be a direct point of contact for projects as they grow. This reflects findings from evaluations of the first LHEES pilots that ad-hoc coordinators were particularly useful². Given that LHEES are not yet statutory, it would be timely that work is done now to ensure the integration of local energy systems into the strategies' remit, in preparation for all local authorities adopting LHEES. This additional responsibility and role in each local authority will of course require funding and support from central government.

10. What infrastructure challenges are you aware of that present an obstacle to delivering local energy projects? What actions would help solve the issue?

Firstly, CAS would question whether local electricity distribution systems are ready or able at this point to cope with the necessary change of use that might be required for the development of local energy systems. Projects may require network reinforcements or connections that can be costly and timely. We would encourage Distribution Network Operators to be consulted and involved in the planning of local energy projects from an early stage.

In terms of specific types of low carbon options that may form part of a local energy system, we are unsure if biomass supply chains in particular exist or are fit for purpose. Further, there may be a missing quality control element in regard to biomass feedstock.

There is also the need to develop an accurate and consistent way of recording the impacts and outcomes of the local energy systems and projects, for example to account for carbon savings. There must be a focus on consumer outcomes, not just the number of installations. Our report, Taking the Temperature³, found that there was generally little monitoring and

² <https://heatandthecity.org.uk/wp-content/uploads/2018/11/EES-Pilot-Evaluation-Phase-1-Final-Report1.pdf>

³ <https://www.cas.org.uk/publications/taking-temperature>

evaluation of energy efficiency schemes in Scotland, and it is important that this is done robustly for local energy systems.

11. What other actions could the Scottish Government take to ensure Scotland will have the necessary infrastructure in place to enable resilient, local energy systems?

CAS suggests that the Scottish Government can take action to ensure strong feedback loops, potentially supported by an oversight body.

12. What significant barriers are there to the replication of existing local energy projects and systems in Scotland that this policy statement should take account of?

CAS would point to the uncertainty over the future of the Renewable Heat Incentive as a key threat to existing local energy projects and schemes and their replicability. We would urge that long term clarity over funding and support will be needed critically. We are also concerned that planning restrictions as they stand may pose a barrier to replicating local energy projects and systems.

Lastly, we are also concerned about the barrier posed by a lack of community buy-in. There may be many people in communities who do not want to engage as they may not see the benefit of doing so, or who cannot or do not wish to commit the time to participate. The Scottish Government must support these communities to realise the potential benefits of local energy systems, and work in a way that suits the community and gain their trust and eventual buy-in.

13. What actions can we take to accelerate the focus on economically and commercially viable low carbon local energy solutions in an inclusive way?

The Scottish Government may want to consider actions such as expanding small business loans or tax relief for groups starting up low carbon local energy solutions.