



Introductory Section

Scotland's Energy Efficiency Programme: Second Consultation on Local Heat & Energy Efficiency Strategies, and Regulation of District and Communal Heating

RESPONDENT INFORMATION FORM

Please Note this form **must** be completed and returned with your response.

Are you responding as an individual or an organisation?

- Individual
 Organisation

Full name or organisation's name

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The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
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Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

No

1. ABOUT US

The Consumer Futures Unit (CFU), part of Citizens Advice Scotland, uses research and evidence to put consumers 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.

INTRODUCTION

Scottish Government targets imply a transformational change in how heat is generated and used. The Energy Strategy sets a high level target of 50% of heat, transport and electricity being met from renewable sources by 2030. While significant progress has already been made in decarbonising electricity, the majority of heating in Scotland is still derived from fossil fuels. In response to this challenge the Scottish Government's aim is for 94% of non-domestic, and 80% of domestic buildings to be supplied using low carbon heat technologies by 2032.

The often cited energy 'trilemma' between affordability, decarbonisation and security of supply is particularly relevant in the transition to low-carbon heat, which will likely involve difficult decisions and trade-offs. Gas, supplying the majority of Scottish homes, is currently a largely popular, cheap, storable, safe fuel, so this transition will involve significant infrastructural and indeed attitudinal change.

Against this backdrop, it is an appropriate time for the Scottish Government to be considering and consulting on Local Heat and Energy Efficiency Strategies and the regulation of district heating. Both Scottish and UK Governments expect growth in the number of district heating schemes and for the technology to play a significant part in the decarbonisation process.

As this change occurs there has been an increasing recognition that district heating consumers should not lose out whether on the grounds of price, information, reliability, comfort, or safety, compared to gas and electricity consumers. The nature of district heating schemes with supply, distribution and generation all often owned by the same organisation, means they tend to be monopolistic, limiting consumer choice at a time when regulators, government and advice bodies are all encouraging switching for gas and electricity consumers.

We note the Association for Decentralised Energy's recommendation of a regulatory regime that 'sets binding customer protections,' and the CMA's investigation into district heating, so recognise the growing interest in consumer protection, both at a UK and Scottish level.¹ The research the CFU commissioned last year highlighted the pressing need for, and possibility of, consumer protection in a Scottish context, which is set out in the response below. Overall, there is a growing body of evidence of consumer detriment when district heating protections are not consistent, and strengthening protections now should forestall wider negative experiences as the sector grows.

The consultation adds a welcome level of detail to the original proposals set out in the Scottish Government's first consultation. If local authorities are appropriately supported, LHEES and better use of district heating data should provide a clearer, more targeted approach to the decarbonisation of heat, more responsive to the needs of local communities.

¹ CMA, *Heat Networks Market Study: Statement of Scope*, 7 December 2017, [link](#); Association for Decentralised Energy, *Shared Warmth*, January 2018, [link](#).

The focus on socioeconomic assessments is similarly welcome, and we hope the Scottish Government takes the opportunity to make affordability and tackling fuel poverty central priorities.

While this consultation seeks views on a wide range of topics relating to LHEES and the proposed district heating regulatory regime, including planning and consents, due to our remit, we have focussed our responses on issues that relate directly to consumer impacts.

Question 1

Do you agree with our proposed overall approach to LHEES? Yes

Please explain your answer in the text box provided, including any available evidence or examples.

Yes, we believe local authorities, if effectively supported, can play a valuable role in meeting national aims and that a duty on local authorities to develop LHEES will help to ensure a comprehensive approach to low carbon heat and energy efficiency. LHEES should provide local authorities the opportunity to work towards clear targets and milestones.

Our recent research report *Warming Scotland up to Energy Efficiency* found that consumer buy-in is key if SEEP is to be successful, so quantifying the benefits and impacts of delivery plans is an opportunity to inform and transform public opinion of energy efficiency measures.² This objective could be further realised through engagement with community planning partnerships, as set out in the consultation document, and also engagement with further community groups where appropriate. LHEES should recognise local variation while linking to the overall goals set out in SEEP.

Decarbonising heat is a long-term goal, so the timeframe of 15-20 years is welcome. We would expect LHEES to align and co-ordinate with existing local government plans, such as Local Development Plans. We welcome the proposal to allow local authorities to discharge jointly their duty to produce an LHEES, as a means to share knowledge and expertise across different geographic areas. The best consumer outcomes from LHEES will only be realised if local authorities are appropriately supported to deliver their statutory duty.

Question 2

What are your views on asking local authorities to report on tackling fuel poverty and climate change in the LHEES rather than the LHS?

It is important that such a move ensures a robust framework for monitoring and evaluating fuel poverty and climate change, and sits alongside the Scottish Government's overall duties around monitoring, evaluation and reporting of fuel

² Consumer Futures Unit, *Warming Scotland Up to Energy Efficiency*, [link](#)

poverty, as set out in the recent fuel poverty consultation.

Our 'Taking the Temperature' report and further forthcoming work on fuel poverty suggest that some aspects of previous energy efficiency and fuel poverty schemes have lacked this, making it harder to determine the exact impact of schemes on consumers.³

There is a potential tension between decarbonising heat on the one hand and trying to tackle fuel poverty on the other. As our response to the latest Scottish Government fuel poverty consultation stated, low-carbon fuels will not necessarily be the most cost-effective for fuel poor households, particularly given the relative affordability of gas.⁴ BEIS' consumer survey in England and Wales suggested a large range in the prices district heating consumers pay, despite affordable prices for some. The UK Energy Research Partnership Report on Heat also found that low-carbon heating options are likely to be more expensive than natural gas.⁵ In decarbonising heat it is therefore important to strike the right balance between short-term and long term affordability to avoid any rapid increase in consumer bills in line with technological changes, particularly amongst those least able to pay.

Question 3

Do you agree with our proposed overall approach to zoning? Y/N

Please explain your answer in the text box provided.

We do not take a view on this

Question 4

What are your views on the proposed district heating consent process?

In particular, what are your views on:

a) the appropriateness of any potential options for a relevant body to act as 'the developer of last resort', to ensure completion of development?

b) options for ensuring that district heating operators have similar or the same rights as other statutory undertakers for permitted development and wayleaves

Please provide any appropriate evidence to explain your answer.

³ Consumer Futures Unit, *Taking the Temperature*, [link](#).

⁴ Consumer Futures Unit, *Consultation Response – A Fuel Poverty Strategy for Scotland*, [link](#).

⁵ BEIS, *Heat Network Consumer Survey: Executive Summary*, [link](#); Energy Research Partnership, *The Transition to Low-Carbon Heat*, [link](#).

a) The existence of a developer of last resort should act as a useful safeguard to future consumers who may be impacted by a failed scheme. However, it is important that technical standards, and resulting consumer outcomes, are not undermined by the use of multiple developers, and also that developers are accountable if their district heating scheme fails. There may also be capacity issues with a limited pool of developers to choose from to intervene in a struggling scheme. A robust system for monitoring schemes should be developed so that if a developer does not meet high standards, then remedial action is taken as swiftly as possible. The well documented consumer experience of poor workmanship around the Green Deal shows the potential for detriment when monitoring is not sufficiently robust.⁶ As called for in our research, compulsory minimum technical standards for district heating schemes should be included in a licence, improving the future viability of a scheme by encouraging high standards for developers.

b) We do not take a view on this

⁶ *Scottish Parliament Cross Party Group on Consumer Protection for Home Energy Efficiency and Renewable Energy*, [link](#)elec

Question 5

What are your views on the proposals for socioeconomic assessment?

A socioeconomic assessment should be used to focus on areas where there is the greatest potential for addressing fuel poverty. At present energy prices, this will be people using electric heating in urban areas, and in rural, off-gas areas where there is sufficient density of housing.⁷ Distinct challenges in areas likely to have high rates of fuel poverty, such as the tendency to lack appropriate anchor load sites should also be acknowledged in assessments, and where feasible, addressed.

We note the proposed 3 tier approach to making socioeconomic assessments – at strategy, project and building level - and it is important that these plans complement, rather than contend with each other. Areas with high rates of fuel poverty are often not the most profitable for developers, so it is critical that assessments have a practical use and align with the Scottish Government's overall objective of reducing fuel poverty. The roll-out of low-carbon heat technologies should not solely focus on district heating, but be responsive to the distinct circumstances in a particular area.

Question 6

What are your views on the proposals for data for LHEES?

Please explain your answer, including any available evidence or examples.

There is value in the provision of historic data on the successes or failures of previous schemes. However, data also needs to be 'real time,' for informed decisions about the siting and operation of schemes. There is a difference between modelled and real-world demand from the impacts of previous schemes. An issue with the development of district heating is that there is evidence that modelling does not necessarily reflect the needs of residents. Furthermore, the overall cost of district heating can be under-reported due to local authorities absorbing maintenance costs, making potentially inefficient schemes seem more viable.⁸ There is available data on energy consumption, and so we would like to see modelling based as far as possible on real demand as demonstrated by consumers' bills.⁹ This would help to avoid inefficiencies such as over-capacity. As mentioned earlier, local authorities may need additional support with any new requirements for technical data analysis beyond their current remit.

Question 7

What types of data information would industry be willing to provide a local authority or national delivery mechanism to develop LHEES, so that they can identify

⁷ Ofgem, *Bills, Prices and Profits*, 31st January 2018, [link](#).

⁸ Which? *Turning Up the Heat*, [link](#), p.18.

⁹ Ofgem *Beyond Average Consumption*, March 2014, [link](#).

opportunities (potentially in aggregate) for heat demand reduction and heat recovery, both on and off site?

Please explain your answer, including any available evidence or examples.

We do not take a view on this

Question 8

What data from industry would be most helpful in developing district heating projects?

Please explain your answer, including any available evidence or examples.

Data on schemes which have failed, and conversely those which have been successful, would be insightful. Examples such as Wick District Heating Scheme which was taken over by Ignis Energy in 2012 after the scheme had struggled and incurred high costs, would be worth exploring.¹⁰

Question 9

What data could be provided without compromising competitiveness of these organisations.

Please explain your answer, including any available evidence or examples.

We do not take a view on this

¹⁰ BioPAD, *Wick District Heating Scheme: Rising from the Ashes*, [link](#).

Question 10

What are your views on our proposed approach to district heating licensing?

Please explain your answer, including any available evidence or examples.

The legal opinion obtained as part of our *Different Rules for Different Fuels* research indicated that it is within the Scottish Government's current legislative power to set out existing consumer protections in a compulsory, statutory licence.¹¹ GB-wide studies have shown evidence of detriment as a result of a lack of consumer protections, reinforcing the need for such a licensing regime.¹² Our research further found suppliers to be supportive of many basic consumer protections and that these were not considered to be overly burdensome.¹³

As we state in our response to question 11, we would like more detail on which consumer protections will be codified and we set out those which our research identified as being most beneficial to consumers and that could be drawn from existing consumer protection. National oversight will be crucial to ensure the success of a licensing regime and we believe this would best be delivered by a Scotland-wide body with regulatory responsibilities (as set out in our response to question 20).

We note the proposal for thresholds for requirements for a licence, but have concerns that this could leave gaps in protection for consumers in smaller schemes which can sometimes offer the worst terms. Our research proposed support and advice for suppliers to meet regulatory standards, and specific additional support may be necessary for small suppliers.¹⁴

Robust contingency measures to protect customers in the event of supplier insolvency or failing to meet conditions of their licence would be beneficial as part of wider measures to deal with faults and ensure continuity of supply.

Question 11

Taking into account the limitations of the Scottish Government's legislative competence in relation to consumer protection:

- a) what are your views on our proposals around consumer protection
- b) how do you think could we provide a robust complaint resolution process in relation to District Heating in Scotland?

Please explain your answers, including any available evidence or examples.

¹¹ Consumer Futures Unit, *Different Rules for Different Fuels*, [link](#)

¹² Which? *Turning Up the Heat*, [link](#); Changeworks et al, *Identifying the Fair Share*, [link](#); Changeworks et al., *Delivering Affordable and Sustainable Energy*, [link](#).

¹³ Consumer Futures Unit, *Different Rules for Different Fuels*, [link](#)

¹⁴ Consumer Futures Unit, *Different Rules for Different Fuels*, [link](#)

The legal opinion we obtained as part of our research confirmed that codifying existing EU and UK consumer protections in a statutory Scottish licence is possible and desirable.

The content of any consumer protection should build upon the positive work of the Heat Trust, as recommended by our research. There is currently only one registered participant of the voluntary Heat Trust in Scotland, so despite best efforts consumer protections are not currently reaching most district heating consumers in Scotland. We are not aware of comprehensive evidence on the experience of microbusiness district heat customers, but experience from other sectors would suggest they may experience similar issues to individual consumers. Therefore we would welcome efforts to explore whether protections can also be extended to them.

For a licensing scheme to be effective it should be designed around consumers, and the way they will understand and engage with it. The CFU has recently published *Leading by Example: a principled journey through regulation*¹⁵, which examines the use of consumer principles in developing consumer friendly policy and practice and we believe it could be applicable in the case of a licence in this case.

There is a debate to be had about whether to adopt a voluntary or mandatory code in regulation. In the case of the non-domestic water market in Scotland we recently recommended¹⁶ that a principles-based voluntary code should be adopted initially, though it should become mandatory if uptake was low.

We note the Scottish Government's proposal to draw together existing UK consumer protections into guidance and the expectation that this framework will be complied with. However, in the case of district heat we have come to the view that a mandatory licence would be more likely to be effective at this point. We reach this view for two main reasons. Firstly, there is an existing voluntary scheme operated by the Heat Trust, which has only had low take up in Scotland (only one supplier to date). Secondly, because of the disparate nature of the organisations supplying district heat. It is important that, whatever the nature of their supplier, consumers know that they have the same rights across Scotland.

Our legal opinion suggested that it is within the Scottish Government's devolved competency to go further than setting out voluntary guidance and to enshrine consumer protection in a formal, compulsory, enforceable, statutory licence including measures around areas like billing, support for vulnerable consumers, compensation and technical standards.

Providing further information to consumers through amendments to the

¹⁵ <https://www.cas.org.uk/publications/leading-example-principled-journey-through-regulation>

¹⁶ <https://www.cas.org.uk/publications/tapping-code-recommendations-new-code-practice-scottish-water-market>

Recommendations Report of Energy Performance Certificates (EPCs) would also be welcome, particularly to help explain the nature of district heating. Our recent research into fuel poverty has indicated that some EPC assessments do not identify the most beneficial or cost-effective measures, so it is crucial that the most useful information is communicated to consumers.¹⁷ Best practice would move beyond the provision of information packs through to face-to-face meetings or follow-up appointments.

To provide more detail about possible protections, our research recommended the following measures:

Billing and Pricing

- Publishing of prices – including benchmarking against other schemes – which could encourage pressure from consumers on their supplier for improvements, and allow them to raise concerns about high prices, through allowing consumers and operators the chance to compare performance. This may also allow consumers to understand prices. The Heat Trust currently has a price comparison tool that would help to enable this.
- Minimum standards of regularity and accuracy for billing – This may reduce risk of build-up of large bills or confusion around billing. This may also help to prevent consumers falling into debt.
- Breakdown of prices to consumer – This would give the consumer the opportunity to see what contributes to cost (and what savings could be available by reducing use etc.)

Support for vulnerable consumers

- District heating suppliers should be required to provide a priority services register for vulnerable customers. This would provide additional support through measures including advance notice of service interruptions, provision of alternative heating in emergencies, password protection schemes, and bill nominee schemes.

Minimum standards to support customers in debt

- This could include support such as setting up reasonable and manageable payment plans for consumers to clear debts, ensuring consumers are supported not to get into debt, and setting up prepayment plans.

Access to redress

- Complaints handling – including requirements for easy to navigate complaints procedures to be put in place, including a 24-hour clear point of contact, and timescales for dealing with complaints.
- Ombudsman Services – licensees could be required to abide by the decision of an Ombudsman or equivalent service. Compensation for interrupted supply

¹⁷ Forthcoming research from the Consumer Futures Unit.

- Consumers should be compensated for lack of supply. This would incentivise suppliers to reduce the number and extent of breakdowns, and bring district heating suppliers in line with other energy companies.

Fault handling

- A minimum level of service regarding fault handling and repairs, including response time and ensuring continuity of supply, should be specified.

Technical Standards

- Technical standards could include implementing appropriate safety measures. This may include minimum and maximum temperatures, and pressure levels.
- This should also include suppliers being required to assess the efficiency of their networks annually, against set efficiency standards, and report to the regulator. This would assist the regulator in providing support to improve schemes that are not performing well.
- These should build upon the Heat Network Code of Practice Scheme developed by the Association for Decentralised Energy and CIBSE, although work may be needed to determine how this could be applied to existing schemes. Fair Heat Contracts
- Heat contracts should provide clear information on all of the above, as well as leaving and joining rights.
- Guidance should be issued by the regulator on ensuring that heat contracts are fair.

Our research shows that it is not clear whether or how price controls could be implemented at a Scottish level without new legislation. However, our research confirmed this as an important area of consumer protection. As district heating networks generally operate as supply monopolies, we believe that it is reasonable to exercise some control over pricing to protect consumers from detriment, as they are generally not able to switch tariff or supplier. Therefore, there would be value in investigating whether the following mechanisms could be introduced in a license on a statutory basis:

- Price cap – where prices would be capped at no more than the equivalent cost of the cheapest alternative system in the area.
- Price-setting criteria – To make clear the basis on which prices should be determined based on cost base. This may help to prevent overcharging by ensuring prices for heat supply reflect given criteria such as running costs – comparable to a rate of return approach rather than a price cap. This would have to be combined with technical standards to promote the efficiency of schemes so that prices are not overly inflated by high running costs. This could also give consumers an opportunity to raise concerns about high running costs, and help the regulator to identify inefficient schemes, enabling support to be directed at those schemes where appropriate.

- b) Our research recommended that a complaints process for district heating should be easy to navigate and include a 24-hour clear point of contact and timescales for dealing with complaints. The Energy Ombudsman, or an

equivalent body, could also be brought in to provide adjudication of complaints. Heat Trust rules for Registered Participants also provide a useful framework for dealing with complaints. This includes the duty to inform customers:

- how to contact the heat supplier with a complaint
- the information required to register a complaint
- the steps the heat supplier will take to resolve the complaint and an indicative timescale

The Heat Trust has also produced a customer information sheet on how to make a complaint to the supplier and how to access the Energy Ombudsman.¹⁸

Question 12

What are your views on how consumer advice should be provided for district heating customers in Scotland – what form should this take? Who should it be aimed at? What should be provided?

Please explain your answers, including any available evidence or examples.

In our *Hot Off the Grid* report we recommended that landlords should provide appropriate guidance and support to tenants to ensure effective use of heating systems to maximise heating bill reductions, provision of warmth and tenant satisfaction.¹⁹ This should include:

- demonstrations and in-home explanations on how to use the system
- easy-to-understand and simple written instructions
- follow-up advice to ensure correct understanding
- greater support for vulnerable tenants e.g. elderly tenants
- advice for new tenants when moving into the home, as well as when new systems are fitted
- advice on the most appropriate tariff (and in some cases advocacy to resolve disputes with energy suppliers)

The research also found that consumers may require additional information on how to use newly installed heating systems beyond initial written or verbal instruction, through follow-up advice and guidance.²⁰ While this refers to the replacement of heating systems, it is possible that similar issues may arise when a new tenant or homeowner takes on a district heating scheme. While good quality advice and information should be available as the norm for all district heating consumers, it is particularly important that those in fuel poverty and vulnerable consumers are reached.

¹⁸ Heat Trust, [link](#).

¹⁹ Consumer Futures Unit, *Hot Off the Grid*, [link](#), p. 73.

²⁰ Consumer Futures Unit, *Hot off the Grid*, [link](#), p. 71.

Our *Different Rules for Different Fuels* report recommended support for suppliers to provide advice, where necessary, to consumers on how to best use schemes. The sharing of best practice could be encouraged by the Scottish Government or relevant advice and support organisations. The existing advice provision from bodies such as Home Energy Scotland and Citizens Advice Bureaux should also continue to be supported and promoted.

Question 13

What are your views on the proposed approach to connecting heat users?

The use of district heating in public buildings would help to provide an anchor load and build industrial capacity, so proposals around the public sector and district heating are welcome.

We would welcome steps to encourage connection of new and existing buildings, but there could be issues of timing when considering connection for individual users. As with physically connected broadband services now, we would suggest that the ideal model for district heating roll out would be for the network to be put in place, and for individual consumers to be offered the choice to connect to it at a time of their choosing – perhaps most likely when their existing individual boiler reaches the end of its cost effective life.

Question 14

What are your views on the proposed phased approach to non-domestic sectors with potentially usable surplus heat?

Please explain your answers, including any available evidence or examples.

We do not take a view on this.

Question 15

Requiring all regulated non-domestic sectors (see Box 1) with potentially usable surplus heat to carry out energy efficiency assessments, including heat (and its recovery, and onsite and offsite use), and implement recommendations where feasible.

Please explain your answer, including any available evidence or examples.

We do not take a view on this.

Question 16

How should energy efficiency (including heat) be assessed across the regulated non-domestic sectors – including consideration for energy efficiency beyond the site boundary?

Please explain your answer, including any available evidence or examples.

We do not take a view on this

Question 17

Could a more consistent approach be achieved within the PPC regime, with the existing energy efficiency requirements for Part A sites being applied to Part B sites?

Please explain your answer, including any available evidence or examples.

We do not take a view on this

Question 18

Which benchmarks or criteria should be used / considered in assessing energy efficiency?

Please explain your answer, including any available evidence or examples.

We do not take a view on this

Question 19

What range of industrial processes should be covered, including size and sector, and why?

Please explain your answer, including any available evidence or examples.

We do not take a view on this

Question 20

What are your views on the establishment of a national delivery mechanism to support local authorities in delivering their proposed functions for LHEES and district heating, and which could support delivery and governance of SEEP more widely? What form should it take? What functions should it have?

Please explain your answer, including any available evidence or examples.

National oversight would be beneficial in ensuring local authorities are fully supported in the development and delivery of LHEES. As the objectives of SEEP and LHEES closely align, it would seem sensible for the same national body to be involved in their delivery.

Our research called for the establishment of a Scottish body with responsibility for the regulation of the district heating market in Scotland. We would therefore welcome consideration of whether such functions could be incorporated into the proposed body to deliver LHEES and SEEP. Such a body could have oversight to ensure high standards of consumer protection are being adhered to across Scottish district heating schemes.

Question 21

Please let us know any views you have on the most cost effective way of supporting schemes that are socio-economically appropriate and in line with the local authority LHEES.

We do not take a view on this

Question 22

We would welcome stakeholders' views on our suggested approach to wider UK heat market reform, and in particular:

- a) any additional evidence that can be offered around the approach that should be taken to decisions on decarbonisation of the gas supply
- b) any views on the issues being considered within the remit of the ADE taskforce

a) Significant progress will have to be made to meet Scottish Government targets of 94% of non-domestic buildings and 80% of domestic buildings being supplied using low carbon heat technologies by 2032.²¹ An estimate of around 5% of heat demand came from renewable sources in 2015, highlighted the extent of work still required.²² There is no silver bullet to decarbonise the gas grid, but a range of technologies are currently being proposed.

Aside from district heating, heat pumps, bio-methane and electric heating, the viability of decarbonising the gas grid using hydrogen is currently being explored. There are a number of barriers that need to be overcome for the full replacement of natural gas with hydrogen, namely: security of supply, production, safety, transport, storage, conversion of infrastructure and appliances, and other consumer impacts.

The cost implications of converting to hydrogen are unclear and the scale and timing of a switch are not known. However, it is worth noting that all of the options for decarbonising heat will require significant investment. Blending small amounts of hydrogen into the current gas grid would not require significant change to infrastructure, but pure hydrogen would require the conversion of appliances such as boilers and cookers, and a full replacement programme would entail large costs. Locally higher bills could occur in regions converting to hydrogen or the costs could be spread by the Government across the country. Any changing of infrastructure would have to be timed to minimise disruption to consumers, perhaps in the summer months.

Significant government intervention may be required during any switch to hydrogen in the following areas: developing new gas regulations on safety, design and metering; supporting new infrastructure and appliances; developing a funding mechanism minimising the impact on bill-payers; maintaining security of supply; and integrating policies on hydrogen with those on carbon capture and storage.²³

b) The ADE Taskforce recently published its report *Shared Warmth: A Heat Network Market that benefits customers, investors and the environment*, along with its market report. We welcome the extensive work the ADE and the Heat Trust have done in the area of district heating. The report's overarching recommendation is that 'heat network growth requires a regulatory framework that reduces investor risk...and sets binding consumer protection standards.' We support the aspiration to set high consumer standards for consumer protection and look forward to seeing how this could be implemented in a Scottish context.

²¹ Scottish Government, *Aims and Objectives of SEEP*, [link](#).

²² Scottish Government, *Energy in Scotland*, [link](#), p.77,

²³ Houses of Parliament: Parliamentary Office of Science and Technology, *Decarbonising the Gas Network*, [link](#).

Question 23

Please tell us about any potential impacts, either positive or negative, you feel our proposed approach may have on particular groups of people, with reference to the “protected characteristics” listed above.

Please explain your answer, including any available evidence or examples.

While it does not relate directly to the protected characteristics listed above, those in smaller rural schemes may experience distinct issues. Below is a description of one such case:

A farmer spoke to tenants in his 3 farm cottages about installing a new biomass heat network. This was in November and the installation was to be before Christmas, implying the decision had been made well before consultation. The cost was to be £150 per month for hot water.

Question 24

Are there any special provisions/ measures we should consider/ make/ include:

- a) to ensure protected characteristics are taken account of in the LHEES? In your opinion, should the LHEES process specifically include/ address the protected characteristics?
- b) to ensure protected characteristics are taken account of in the socioeconomic assessment? In your opinion, should that process specifically include/ address the protected characteristics?
- c) in terms of the installation of networks in order to minimise disruption to people with mobility problems or any other protected characteristic?
- d) in terms of consumer protection, that would better assist in ensuring that people with protected characteristics will be safeguarded (taking account of our limited legislative competence in this area)?
- e) in terms of communications, that would better assist in ensuring that people with protected characteristics will be kept informed and can fully participate?

Please explain your answers, including any available evidence or examples.

The CAB service which we represent provides free, confidential and impartial advice to everybody regardless of age, disability, gender, race, religion and belief and sexual orientation. We are therefore aware of the diversity of needs across the protected characteristics mentioned and would welcome full consideration of protected characteristics in LHEES, the socioeconomic assessment, installation processes, potential consumer protections, and the approach to communications.

The Consumer Futures Unit is conducting ongoing work on the experiences and perspectives of Scottish consumers in vulnerable situations across the energy, post and water sectors. This will include perspectives on possible alternative registration options, including the possibility of a single registration process. We would welcome the opportunity to engage with the Scottish Government once the research is complete and its findings known. Our initial research for the project indicated that even in regulated industries like gas and electricity, 65% of those surveyed had not heard of registers for vulnerable consumers, highlighting the challenges in getting help to those who need it most.

We also note Ofgem's extensive work on vulnerable consumers in the retail energy market which concluded that, despite progress in areas such as prepayment meters, the experiences of consumers continue to vary widely, particularly for those served by small and medium suppliers.²⁴ While the focus of this research was in the regulated industries, best practice should be shared in district heating schemes.

²⁴ Ofgem, *Vulnerable Consumers in the Retail Energy Market*, [link](#).

Question 25

Please tell us about any potential costs or savings that may occur as a result of our proposed approach and any increase or reduction in the burden of regulation for any sector. Please be as specific as possible.

Please explain your answer, including any available evidence or examples.

Citizens Advice research has found that area-based approaches to energy efficiency have the potential to achieve economies of scale and therefore reduce costs. Appropriate siting of energy efficiency measures through LHEES could therefore ultimately reduce infrastructure costs borne by bill-paying consumers.²⁵

Question 26

Please tell us about any impact on individual privacy/ data that may result from our proposals. If there is an impact on individual privacy, are there any special provision/ measures we should consider/ make/ include that would better assist in ensuring that this privacy impact is lessened/ negated?

Please explain your answer, including any available evidence or examples.

Citizens Advice produced research on personal data empowerment, which is particularly critical at a time when increasing amounts of data are being generated about consumers. This set out a vision where consumers have meaningful control over their personal data and a number of principles including: Attention to the potential risks and detriments of personal data; a clear consumer benefit from data sharing; personal control of data based around an individual's needs; and transparency of data usage.²⁶ We believe there is value in applying such guiding principles to LHEES, district heating regulations and wider government policy.

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²⁵ Citizens Advice, *Raising Standards, Cutting Bills*, [link](#), p. 7.

²⁶ Citizens Advice, *Personal Data Empowerment: Time for a fairer data deal?* [link](#).