**Just Transition Commission**

**CAS Response to Call for Evidence**

**Who we are**

Scotland’s Citizens Advice network empowers people in every corner of Scotland through our local bureaux and national services by providing free, confidential and independent advice. We use people’s real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.

**Does your response relate to a specific sector?**

Citizens Advice Scotland (CAS) covers a wide range of policy areas which are relevant to the transition. This response focusses mainly on prevalent consumer issues in the energy and water sectors.

**What do you see as the main economic opportunities and challenges associated with meeting Scotland’s climate change targets?**

The Scottish Government has committed to ending its contribution to climate change by 2045 and effectively eliminating fuel poverty by 2040. Achieving these outcomes in isolation would be a challenge for any administration. However, designing programmes to deliver these outcomes concurrently, thus ensuring that one is not achieved at the expense of the other, is likely to present significant challenges, alongside opportunities. CAS would argue that meeting both sets of targets would be the realisation of a just transition.

Meeting Scotland’s climate change targets will require significant buy-in from citizens to move away from high-carbon forms of heating and water / sewerage service provision to lower-carbon technologies and also to engage with forthcoming energy efficiency regulations across all tenure types. There is generally strong support and good awareness of the impact of climate change and of the need for industry to reduce carbon emissions, but low awareness of what individuals themselves will need to do to contribute[[1]](#footnote-1).

CAS believes that consumers must be placed at the heart of the transition, but there are concerns that the required changes will come at an unaffordable cost to households. For example, natural gas is widely used and relatively cheap, so transitioning onto greener alternatives will have a significant impact on the affordability of heating for many households. It is likely that electric heating will become more commonplace, which will have demand implications for the electricity network. In terms of cost, electricity is around four times more expensive than gas, with many social and environmental costs currently levied against it[[2]](#footnote-2). Households on electric heating are disproportionately represented amongst the fuel poor[[3]](#footnote-3), with many at a competitive disadvantage due to the complex metering arrangements that some of these systems have. Therefore, the poverty premium on electric heating needs to be tackled to make it a more attractive option for domestic heating.

New technologies that provide the same level of thermal comfort, at affordable prices, have so far proved elusive as regards to replacing gas at scale. A lack of a common vision on replacements for gas increases the likelihood of a late push as we move towards target dates, which could mean failing to cut emissions sufficiently in the short-term, and increased prices and pressure on the supply chain in the longer-term.

In addition, Scottish Water has committed to net-zero emissions by 2040. This will require customer charges to increase beyond inflation over the next 20 years by between CPI+1.5% and CPI+2%. In its response to the Scottish Government’s Investing and paying for your water services from 2021: Final Consultation[[4]](#footnote-4), CAS stated:

‘*We acknowledge the need to ensure customer charges generate sufficient funding for the industry to deliver against its commitments. However, we are concerned that included amongst the groups of consumers being asked to pay for the industry’s targets, in achieving a just transition to net-zero, are society’s most vulnerable. We do not think this is reasonable and does not support Just Transition Commission’s findings[[5]](#footnote-5) which states that the poor should not carry the burden of a transition to net-zero. Flat rate increases often fall disproportionately on those on lower incomes, resulting in significant detriment. Many households are already in debt for water and sewerage charges and we anticipate that more will become indebted, or indeed fall further into debt, if prices rise beyond any increase in their income, particularly for those on social benefits. Transition to net-zero within Scotland’s water industry needs to be just in order to protect society’s poorest and retain policy credibility*.’

**What do you think are the wider social (health, community, etc.) opportunities and challenges associated with meeting Scotland’s climate change targets?**

The opportunities presented by climate change targets are clear. If climate targets are met, and those most vulnerable to change are protected, a just transition will have been achieved. The aversion of unsustainable temperature increases, and the preservation of support systems essential to life, will ensure prosperous and fulfilling living conditions for future generations. The recovery from the COVID-19 global pandemic presents an opportunity in this regard, with talk of a green recovery[[6]](#footnote-6) gathering momentum amongst lawmakers and civic organisations.

Despite this, CAS is concerned that the least resilient households will be disproportionately affected by this transition, such as those in vulnerable circumstances, or those excluded by the cost of low-carbon technologies. Living in fuel poverty is proven to be detrimental to both physical and mental health[[7]](#footnote-7), therefore, it is vital that policymakers fully consider how the transition is funded, to ensure that the burden does not fall on those that can least afford to pay. Similarly, low-income households should not be required to fund technologies that they will be unlikely to have access to, which is a particular consideration in the development of electric vehicle (EV) infrastructure.

CAS is concerned that there is currently insufficient protection for consumers when it comes to, for example, changing their heating system or undertaking an energy efficiency upgrade. Advisers in our network are all too well familiar of the scams which have dented consumer confidence, such as the mis-selling of Green Deal[[8]](#footnote-8). We are also seeing too many cases of bad installations, or consumers simply not being shown how to work their new heating systems, resulting in extortionate bills.

**What would a successful transition to net-zero emissions look like for your sector/community?**

A successful transition would result in communities of well-informed, respected consumers, who are able to engage with future energy systems, empowered by confidence in the corresponding safety nets. These consumers would have access to a variety of schemes, grants and loans, which suit their circumstances, to assist them financially in the transition. Access to holistic support services would be available for those who need it and routes to redress when things go wrong. Every household would have a clean and affordable source of heating tailored to their requirements, a suitable level of thermal comfort, and the resulting good standard of living, health and happiness.

Additionally, and in order for utilities to achieve net-zero emissions and remain affordable for all, adequate and targeted financial support must be made available to support low-income households.

**What actions do you think the Scottish Government should take to manage the opportunities and challenges referenced above?**

As aforementioned, the Scottish Government faces a challenge in meeting targets for both climate change and fuel or water poverty. This difficulty is compounded by the fact that actions to tackle one could end up exacerbating the other. It is important therefore that the Scottish Government implements a cross-portfolio approach to align strategies across energy efficiency, heat and fuel poverty, and water and sewerage affordability measures, whilst working towards its climate change targets.

CAS believes that a ramping up of energy efficiency schemes is required[[9]](#footnote-9) to bring the housing stock in Scotland up to the necessary standard, so we welcome that building on the success of existing energy efficiency schemes, and supporting them to expand, is one of the key recommendations of the Just Transition Commission interim report[[10]](#footnote-10). Warmer Homes Scotland continues to provide essential energy efficiency support to fuel poor households, which is to be applauded. However, CAS has argued that financial support schemes could be better targeted to reach the fuel poor[[11]](#footnote-11).

The UK Government should consider what action can be taken to encourage people onto low-carbon heating technologies, in a cohesive and complimentary manner. There is also a need to raise awareness of the individual behaviours that need to change to meet net-zero.

**Are there specific groups or communities that may be, or feel that they may be, adversely affected by a transition to a net-zero economy? What steps can be taken to address their concerns?**

As aforementioned, CAS is concerned that the least resilient households will be disproportionately affected by this transition. Amongst others, these include:

* Fuel poor households
* Rural communities reliant on oil
* Low income households that struggle to pay for their water and sewerage charges
* The disengaged / households in vulnerable circumstances

CAS has called for an identification tool to identify households for support as part of the Fuel Poverty Strategy, and it could be argued that a similar approach would be beneficial here. Effective community engagement will also be essential in this regard, and the Just Transition Commission must be commended for their varied and broad approach, having met with a variety of different groups across Scotland.

1. CAS (2018): [Changing behaviour in a changing climate](https://www.cas.org.uk/publications/changing-behaviour-changing-climate)  [↑](#footnote-ref-1)
2. CAS (2018): [Hard-Wired Problems](https://www.cas.org.uk/publications/hard-wired-problems) [↑](#footnote-ref-2)
3. Scottish House Condition Survey (2019): [2018 Findings](https://www.gov.scot/news/scottish-house-condition-survey-2018-key-findings/) [↑](#footnote-ref-3)
4. <https://www.cas.org.uk/publications/citizens-advice-scotlands-response-investing-and-paying-your-water-services-2021-final> [↑](#footnote-ref-4)
5. Just Transition Commission Interim Report 4.1 ‘The imperative of a just transition is that Governments design policies in a way that ensures the benefits of climate change action are shared widely, while the costs do not unfairly burden those least able to pay, or whose livelihoods are directly or indirectly at risk as the economy shifts and changes’ 4.2 ‘policies to reduce emissions could impact consumer bills in ways that are unfair to those on lower incomes’ [↑](#footnote-ref-5)
6. CAS (2020): [Response to Advisory Group on Economic Recovery](https://www.cas.org.uk/publications/citizens-advice-scotlands-submission-advisory-group-economic-recovery) [↑](#footnote-ref-6)
7. Wheeler, B. and Sharpe, R. et al (2018): [Modelling the Impact of Fuel Poverty and Energy Efficiency on Health](https://www.fuelpovertylibrary.info/content/modelling-impact-fuel-poverty-and-energy-efficiency-health-1) [↑](#footnote-ref-7)
8. CAS (2018): [Bad Company](https://www.cas.org.uk/publications/bad-company) [↑](#footnote-ref-8)
9. CAS (2019): [The Estimated Costs of Improving the Energy Efficiency of Scotland’s Homes](https://www.cas.org.uk/publications/estimated-costs-improving-energy-efficiency-scotlands-homes) [↑](#footnote-ref-9)
10. Just Transition Commission Interim Report 5.22 [↑](#footnote-ref-10)
11. CAS (2018): [Speaking Up: Understanding Fuel Poverty Support Needs](https://www.cas.org.uk/publications/speaking-understanding-fuel-poverty-support-needs) [↑](#footnote-ref-11)