

## REPORT TO SUSTAINABILITY COMMITTEE – 19 FEBRUARY 2020

### CONSULTATION - SCOTTISH GOVERNMENT'S LOCAL ENERGY POLICY STATEMENT

#### 1 Reason for Report / Summary

- 1.1 This report is to inform the Committee that a response was made to the Scottish Government's consultation on its Local Energy Policy Statement.

#### 2 Recommendations

**The Committee is recommended to:**

- 2.1 Acknowledge Aberdeenshire Council's response to the Scottish Government's Local Energy Policy Statement at Appendix 1, which was submitted under delegated powers and following consultation.**

#### 3 Purpose and Decision-Making Route

- 3.1 The Local Energy Policy could have an impact on Aberdeenshire Council and officers working across different Services would be required to be aware of the policy and potential implications on practice. As such, it was decided that Aberdeenshire Council would submit a response, led by the Corporate Policy and Strategic Community Planning Team, collating views of officers. The questions were emailed on 22 October, 2019, with a closing date of 20 November, 2019. Responses were collated prior to the submission closing date of 4 December, 2019. Responses were received from Business Services and Infrastructure Services.
- 3.2 A response to the questions posed in the Scottish Government consultation was submitted, following consultation with the Chair, Vice-Chair and main opposition group spokesperson under point A.22 of the Scheme of Governance, Part 2B - List of Officer Powers. This delegation permits the Chief Officer to submit any response to a consultation where the timescale does not permit approval by the relevant policy committee and requires that the response be reported to the next policy committee meeting. This report details Aberdeenshire Council's response to the Scottish Government's Local Energy Policy Statement.
- 3.3 As specified within the Scheme of Governance, due to the timetable of Sustainability Committee meetings, the draft response was sent to the Chair, Vice-Chair, and main opposition group spokesperson of the Committee for review and approval. The response, on behalf of Aberdeenshire Council, was approved by the Head of Economic Development and Protective Services (Appendix 1) and submitted on 3 December, 2019, prior to the consultation closing date of 4 December.

## 4 Discussion

- 4.1 The purpose of the Local Energy Policy Statement is to set out the approach which the Scottish Government wishes to see embedded in the practice and behaviours of all stakeholders as Scotland’s energy system becomes increasingly decentralised. The Policy Statement outlines 10 principles under five themes. This consultation process provided stakeholders with the opportunity to help shape these principles to ensure they are achievable and fit-for-purpose. Details can be viewed [here](#).
- 4.2 In summary, Aberdeenshire Council welcomed the opportunity to respond to this consultation. The Policy Statement is broken down into five sections relating to People, Places, Networks and Infrastructure, Pathway to Commercialism, and Opportunities. The response highlights issues with the Policy Statement but also recognises opportunities for collaboration and an awareness of the challenges in relation to customer and stakeholder engagement, as well as costs and infrastructure. The response refers to the lack of clarity in this version of the policy in relation to how stakeholders can understand how this approach is different to the current development of energy systems, how their roles may differ within any local development and how they will be encouraged to be involved in the process.

## 5 Council Priorities, Implications and Risk

- 5.1 This report helps the delivery of the following [Aberdeenshire Council Priorities](#) -
- Have the right mix of housing across all of Aberdeenshire
  - Work to reduce poverty and inequalities within our communities
  - Protect our special environment, including tackling climate change by reducing greenhouse gas emissions.
- 5.2 The table below shows whether risks and implications apply if the recommendation is agreed.

Subject	Yes	No	N/A
Financial		x	
Staffing		x	
Equalities		x	
Fairer Scotland Duty		x	
Town Centre First		x	
Sustainability		x	
Children and Young People’s Rights and Wellbeing		x	

- 5.3 An equality impact assessment is not required because this is a response to a consultation and does not have a differential impact on any of the protected characteristics.
- 5.4 The following risks have been identified as relevant to this matter on a Corporate Level:  
Changes in government policy, legislation and regulation - this is controlled through COSLA membership, SOLACE membership and membership of professional bodies at both corporate and individual level.

## **6 Scheme of Governance**

- 6.1 The Monitoring Officer and Head of Finance have been consulted in the preparation of this report and their comments are incorporated within the report. They are satisfied that the report complies with the [Scheme of Governance](#) and relevant legislation.
- 6.2 The Sustainability Committee is able to note this report in terms of Section 1.1b of Part 2A of the List of Committee Powers in the Scheme of Governance, as this Committee has the remit to respond, on the Council's behalf, to the Scottish Government and other relevant bodies regarding sustainable development and climate change issues. The Chief Officer can submit a Council response to an external consultation on any policy matter, according to Section A.22 of the List of Officers' Powers in Part 2B of the Scheme of Governance, where the timescale for responding does not permit an opportunity for approval by the appropriate policy committee. Any response submitted under this delegated power shall be made following consultation with the Chair and Vice-Chair and main opposition group spokesperson of the appropriate committee, where possible, and must be reported to the next committee meeting.

**Ritchie Johnson**  
**Director of Business Services**

Report prepared by: Caroline Hastings, Policy Officer, 13 January, 2020.

### **List of Appendices**

Appendix 1 – Aberdeenshire Council Response



Submitted to **Scottish Government's Local Energy Policy Statement - Consultation**  
Submitted on **2019-12-04 16:53:16**

## Key Principles

### 1 Are you clear on the purpose of the statement?

Don't know

#### Please explain your view.:

Aberdeenshire Council are happy to have been given the opportunity to respond to this consultation but believe the Policy is not clear on its ultimate aim. We feel that there is inherent confusion between Local Energy Networks and the existing generation and distribution network and how one will evolve into the other. The current network provides a lot of economies of scale and resilience within the current market. If Local Energy Networks move away from the grid model, it is likely that costs will increase whilst resilience will reduce. If the value of the Grid is accepted, then the Policy needs to more clearly articulate how it will integrate with this. The policy needs to be clear on expected outcomes so that clear pathways to those outcomes can be developed. The policy should also seek to operate in partnership with, rather than opposition to, the existing energy systems.

### 2 What are your views on the 10 principles?

#### Please explain your view.:

The ten principals are wide ranging. However, engagement and localism are to be commended. The use of existing technology is short-sighted. Is the confidence provided by non-local solutions appropriate for regional and national solutions? A "just" transition for those currently working in the energy industry is probably an impossibility.

Principle 1 needs to be clearer about what it means by "Consumers". A project in isolation may well serve a small group of consumers to the detriment of a wider group of consumers and vice versa – indeed this approach could drive us towards a large number of disconnected mini-grids rather than one large grid comprised of many local generators. This risks increasing cost whilst reducing resilience. The Policy also needs to be clearer on the distinction between a consumer (solely as an end user) and a consumer with a vested interest in the generation and transmission infrastructure – these stakeholders will have very different motivations for participation and engagement.

Principles 1-6 also need to be clearer on how they fit within the context of the current generation network. The Policy will be most effective when it clearly articulates how and where it augments or diverges from the current infrastructure, frameworks and philosophies. Currently this is ambiguous and not clearly defined.

Principle 7 does not consider or address how technologies and frameworks may meet the criteria of the principle. Without adequate support this will be a significant barrier to progress.

Principle 8 – The phrase "Low Regret Opportunity" is not widely understood and open to misinterpretation. A more positive phrase such as "High realisation potential" may send a more positive message whilst being more widely understood.

Principles 9 & 10 are sensible but provide little detail of how this may be achieved in practise.

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

#### Please explain your view.:

For any stakeholder to adopt these principles, it must be clear how they can interface with the development of energy systems. This requires visibility and access to information, expertise and support. The government should develop these resources.

It is also necessary to support access to existing and new funding opportunities – as this is likely to be a significant barrier to uptake.

Planning processes need to be dovetailed to match the intention of this policy, supported by access to information and expertise.

Finally, a way to encourage adoption of the principles by the stakeholders would be to reduce risk to individuals and generate confidence in the new systems being developed.

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

#### Please explain your view.:

We think this version of the policy has not provided sufficient clarity for any stakeholder to understand how this approach is different to the current development of energy systems. How their roles may differ within any local development is not clear. There also needs to be more clarity around how stakeholders will be encouraged to be involved in the process.

## Chapter 1: People

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

#### Please explain your view.:

This policy fails to recognise the fundamental conflict that exists between stakeholders. Local Energy Systems are likely to be less cost effective than Delocalised Energy Systems. The majority of capital and expertise to develop energy systems sits with current generation and network providers. Forcing them to move to a local model is likely to affect availability of capital for further development further pushing up costs. This will open the door for Local Energy Systems to develop but will shift the financial and technical risk unfairly. Consumers without access to capital will be at risk of unfair practices to ensure they have access to energy. This could be overcome by access to Government controlled funding and support.

Much of the progress towards an Energy Efficient Scotland is more likely to be achieved in urban areas where economies of scale are in place and energy efficient technologies are more cost effective to implement. Much of the housing stock in rural Scotland is off the gas grid and will be difficult if not impossible to meet the proposed energy efficiency standards. It is important that rural communities can realise the benefits of the energy systems on their doorstep, we are

increasingly aware of the differing requirements in remote rural locations.

A further issue is going to be engaging with existing customers to ensure that new energy generation remains cost effective. Greater emphasis should be placed on section 1.6 (Affordable Energy) of the paper where we need to ensure we consider those in the community on low income or disadvantaged by the changes proposed. It is welcoming that the Scottish Government recognises that achieving its ambitions for tackling climate change will require transformation across our economy and society. Early engagement and local community ownership are to be applauded.

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

### **Please explain your view.:**

Developing financial incentives for reducing carbon emissions that would be relevant and accessible by Local Energy Systems projects. Provide support and expertise to facilitate the development of Energy Service Companies. Reduce barriers to access existing transmission infrastructure. Raise awareness of the support available and how to access it.

The policy fails to address what happens if there isn't participation in local energy projects. Consumers will still need energy so the existing grid networks must be maintained and the cost for consumers protected regardless of the source of energy they are buying from. It would make sense for Local Energy Projects to tie-in to this infrastructure to support national resilience. Maintaining a UK wide grid would then provide opportunity to sell power to the rest of the UK and Europe via existing interconnections generating further benefits to Local Energy Systems. Local areas should not be forced to develop Local Energy Systems.

We recognise that Local energy projects led by community groups or social enterprises are happening across Scotland, but to gain buy-in from more people in local communities they need to see financial benefits from getting involved.

The key elements for the population are going to have to be cost efficiency and practicality, particularly for on-sale of properties in the second-hand market. The aspirations for local energy systems may not be adoptable by all parts of the community due to circumstances of individuals in that community.

We are supportive of assisting customers through the principles, ensuring they are helped by the customer journey and we as a Council need to continue to work in partnership with other agencies to deliver the best service we can.

We will continue to promote funding streams to encourage maximum 'take up' of energy efficiency measures to result in improved thermal comfort in homes within Aberdeenshire.

It is imperative that Local Authorities keep abreast of change and the new policies and procedures to ensure customers can access the maximum funded measures, funding streams and loans where applicable. We believe collaborative working with relevant external agencies and groups will, in turn, ensure householders receive the required support, advice and assistance to ensure their homes are as energy efficient as possible.

## **Chapter 2: Places**

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

#### **Please explain your view.:**

Local Energy Systems are likely to lead to a wider spread of jobs and expertise across the county. If done properly it should lead to greater collaboration between energy generators, networks and communities.

However, this is likely to result in more expensive energy costs and potentially reduced resilience unless the Local Energy Systems are merged into a single transmission network.

The examples given are Island based, where there are the lowest number of people living and a keen memory of power cuts due to insufficient supply. Barra and Watersay account for a little under 1100 people. Generating the same kind of enthusiasm for unregulated power use in mainland Scotland may be substantially more difficult. The step change in our approach to decarbonisation, one that takes a more strategic overview, covering larger geographical areas, and involving partnership arrangements at delivery level between local communities, energy network companies, local authorities, the public, and private sector is likely to be resisted in major population centres.

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

#### **Please explain your view.:**

Greater collaboration can be supported by legislation, regulation, resources and funding. National oversight that links projects that may be unaware of each other may improve knowledge sharing and improve economies of scale, creating a cost-efficient network. Both business and communities are unlikely to want to step beyond the existing confines of energy generation without guarantee of supply. Finally, a clear process for how this is to be achieved will be required.

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

#### **Please explain your view.:**

Despite the advent of planning for heat networks the whole story of planning for a sea-change in energy generation has been almost impossible to promote. Wind energy and hot rock geothermal heat supply has been in place for generations but has very little intervention into the local energy market in this area. Therefore, clear and simple guidance and legislation and consideration for integrating relevant elements into planning processes are required along with sufficient resources and an outline of how this is to be achieved.

## **Chapter 3: Networks and Infrastructure**

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

#### **Please explain your view.:**

There is limited capacity on some parts of the network so new generation projects such as Photovoltaic (PV) arrays are limited in size unless significant grid connection costs are to be incurred. Unilateral improvements to the network or financial support to Local Energy Systems on an "as-needed" basis would reduce barriers.

Lack of existing or planned networks between existing or new domestic properties represent a clear constraint. Even the stipulation in Scottish Planning Policy that energy networks should be provided even if not connected to a low carbon source at this time would seem to have been abandoned, highlighting challenges within planning legislation that contradicts action on this. Planning Policy needs to adjust/be amended to support introduction of renewables.

#### **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?**

**Please explain your view.:**

- Develop planning requirements to meet the needs of the policy.
- Create and continually review appropriate legislation to ensure the development of resilient energy networks is supported at a local and national level.
- Review developments at a national level to ensure funding, resources and expertise is focussed where they will have most benefit.
- Promotion of Energy efficiency and known low energy models should be promoted.
- Scotland wide developer obligations need to align with the policy.

#### **Chapter 4: Pathway to Commercialisation**

#### **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?**

**Please explain your view.:**

There is a lack of finance to improve efficiency of existing buildings – a major driver of our future energy requirements, this therefore limits incentives for many to take action.

Reduction in local authority budgets is reducing our ability to support development and improvement of local infrastructure and will reduce future support for the development of local energy networks.

Non-commercialised technologies will struggle to gain traction without funding and Local Energy Systems will be unlikely to want to adopt the risk without performance guarantees. The government should develop a framework to underwrite these to support a pathway to full commercialisation.

Ensure over-arching national policies e.g. implementing Electrical Vehicle (EV) charging and digital technologies need to be appropriately dovetailed into any local strategies to prevent conflicting drivers.

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

**Please explain your view.:**

- Providing financial support for the development and implementation of these technologies/projects and provide expertise to identify opportunities for implementation.
- Make direct funding of community initiatives more readily available
- Underwrite projects to provide financial certainty and supply resilience in cases where the capital risk places a high burden on local communities.
- Ensure that national and local legislation are appropriate to the delivery of this policy.

#### **Chapter 5: Opportunity**

#### **14 How can we ensure that Scotland capitalises on the economic opportunities from the development of local energy systems?**

**Please explain your view.:**

- Accelerate demonstration projects and develop knowledge bases of the outcomes.
- Support Commercialisation of successful technologies.
- Support creation of ESCOs
- Maintain a grid so electricity can be moved to where it is needed – including sale to other territories, this will augment the economic feasibility of the policy.
- Ensure communities who are able to generate an excess of energy can realise a long-term economic benefit of that capability. However, legislation must not support “generation for generations sake”.
- Promotion of known technologies is appropriate using smart grid solutions - Renewable power to hydrogen and renewable power to heat, all technologies that exist at the present time.
- This work must support and demonstrate the benefits by reducing energy poverty across Scotland and the co-benefits to local areas that this achieves.

#### **15 Do you have any opinions on the initial focal typologies chosen?**

**Please explain your view.:**

It would be beneficial to see the body of work that resulted in these typologies being selected to understand the potential financial and carbon benefits but also to further understand how and when the other typologies may become more attractive investment targets. This information is one of the key resources that needs to be made widely available to support the policy.

#### **16 How can local energy considerations become business as usual for industry?**

**Please explain your view.:**

Legislating and making funding available can kickstart uptake, making it cost effective in the short term, but for any framework to become widely adopted and self-sustaining it must ultimately be easier to use and better value for money than the alternatives. Access to funding, knowledge and expertise are key barriers that the government can work to mitigate.

#### **About you**

**What is your name?**

**Name:**

Caroline Hastings

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**Are you responding as an individual or an organisation?**

Organisation

**What is your organisation?**

**Organisation:**

Aberdeenshire Council

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

Publish response only (without name)

**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

## **Evaluation**

**Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)**

**Matrix 1 - How satisfied were you with this consultation?:**

Slightly satisfied

**Please enter comments here.:**

The consultation was well structured but having a word copy available for use within the organisation in order to collate multiple responses, either for use with MS Forms or just as a MS Word document, would be useful to have upon request.

**Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:**

Slightly satisfied

**Please enter comments here.:**

It is a clear and straightforward platform to use and allows for partial completion with subsequent amendments before submission.