

## Scotland's Heat in Buildings Strategy: Summary

HiBS was published after a full consultation on 7th October 2021. The following were our key 'take-aways'.

### Scotland's statutory emissions targets

- 75% reduction greenhouse gas emissions by 2030
- 90% reduction greenhouse gas emissions by 2040
- Net zero greenhouse gas emissions by 2045

### Strategic Priorities of HiBS

1. Supporting those least able to pay
2. Investing in strategic technologies in low or no regrets areas
3. Showcasing Net Zero leadership and share learning through early adoption in key areas of focus
4. Investing in innovation and demonstration to drive forward competitive advantage

We estimate that the total capital cost of converting our building stock to zero emissions by 2045 is in the region of £33 billion. Public sector funding will be a part of the solution to deliver the scale of transformation needed by 2045, but private investment must also drive progress.

### Commitments

- Refreshed Scottish Energy Strategy and an Energy Just Transition Plan in Spring 2022
- Approach to eradicating fuel poverty in the Fuel Poverty Strategy by the end of 2021
- Islands Energy Strategy (forthcoming) to plan for heat in islands and remote rural contexts
- Bespoke Public Engagement Strategy for heat – led by Public Energy Agency
- Supply Chain Delivery Plan focussed on the development of energy efficiency and zero emissions heat in the buildings
- Establish a Green Heat Finance Taskforce by the end of 2021
- Establish a National Public Energy Agency to accelerate the transformational change – initially virtual, then physical in Sept 2025
- Look at National Planning Framework to provide stronger support for sustainable, low and zero carbon developments including ways to actively facilitate decarbonised heating and electricity generation and distribution
- LHEES Strategies will set out the long-term plan for decarbonising heat in buildings at local authority area scale – LHEES Delivery Plans will be developed in partnership with key stakeholders pinpointing areas for targeted intervention and early, low - regrets measures

### Public funds

At least £1.8 billion investment over the course of this Parliament – includes £200 million for heat and energy efficiency projects in social housing.

### Westminster Government Dependencies

"We do not have all the powers necessary to deliver the zero emissions heat transition" – especially in areas like Consumer Protection which is reserved. If the UK Government fails to take our recommended actions, there is significant risk to our ability to achieve the necessary emissions reductions from buildings.

UK Heat and Buildings Strategy must set out how the UK will use its regulatory and policy levers to incentivise rapid deployment of zero emissions heat technologies and make zero emissions heat the cost-effective choice

### Scottish Government Actions

Our climate targets require a reduction in emissions from heat in buildings of 68% by 2030 compared to 2020. This means the vast majority of the 170,000 off-gas homes that currently use high emissions fossil fuels, as well as at least 1 million homes currently using mains gas, must convert to zero emissions heating. By 2030, we will also need to convert the equivalent of 50,000 of Scotland's non-domestic properties.

### **Focus of attention**

Over the coming years we propose a focus on energy efficiency, heat pumps in off-gas areas and in those on-gas areas least likely to convert to hydrogen, and heat networks in suitable areas.

We are aiming for a 'people centred transition' that is 'just'.

### **Energy Efficiency**

By 2030 a large majority of buildings should achieve a good level of energy efficiency, which for homes is at least equivalent to an EPC band C, with all homes meeting at least this standard by 2033.

### **Installation Rates**

Recent years have seen around 3,000 renewable heating systems installed in Scotland's homes annually. To maintain progress towards our statutory emission reduction targets, this must scale up to provide a total of at least 124,000 systems installed between 2021 and 2026. The installation rate will need to peak at over 200,000 new systems per annum in the late-2020s – which is above the natural replacement rate for boilers.

### **Heat Networks**

We will continue to support heat networks through our funding and delivery programmes such as the successor to the Low Carbon Infrastructure Transition Programme (LCITP) and the refocused District Heating Loan Fund (DHLF). To help support and encourage investment in heat networks, we have introduced a 90% relief from non-domestic rates until 31 March 2024 for new networks run from renewable sources. This goes beyond the existing 50% relief that is in place for heat networks.

Later this year we will consult on detailed proposals to:

- require anchor buildings in the non-domestic sector to make adaptations to become 'heat network ready' to connect, and
- use the non-domestic rates system to encourage such buildings to go on to use a local heat network.

We will launch the Heat Network Pre-Capital Support Unit in 2021, expanding on the previous role of the Heat Networks Partnership. This will support the development of a pipeline of projects across Scotland.

### **Power Networks**

Electrifying a significant proportion of our heat will substantially increase the amount of energy that our local electricity distribution networks need to deliver to buildings. We will continue to work with distribution network operators (DNOs) as they prepare to submit final business plans in December this year. We have set up a new Heat Electrification Strategic Partnership with the Scottish DNOs as a forum for working together.

### **Hydrogen for heat**

We are working with the gas network sector and the UK Government to explore opportunities for blending hydrogen in the gas network. We continue to keep under review the benefits and cost-effectiveness of increased hydrogen blending at GB-level.

## **Public Sector**

We will consult the Scottish public sector during 2022 to develop and agree a series of phased targets with increased funding available to support delivery of these targets – starting in 2024, with the most difficult buildings like hospitals being decarbonised by 2038 – for all publicly owned buildings to meet net zero emission heating requirements by 2038. We will also introduce Fair Work standards as a condition to public sector heat and energy efficiency contracts. Over the next Parliament, we will invest at least £200 million in the Scottish public sector estate to improve and reduce energy use and install zero emissions heating systems.

## **Retrofit Existing Buildings**

We will bring forward legislation during this Parliamentary term which, subject to devolved competence, will include regulatory proposals to require the installation of zero or very near zero emissions heating systems in existing buildings – in both the domestic and non-domestic sectors. This legislation will support our commitment to phasing out the need to install new or replacement fossil fuel boilers in off gas properties from 2025, and in on-gas areas from 2030. This would be subject to technological developments and decisions by the UK Government in reserved areas, with our intention that compliance with a new zero emissions heat standard be phased in for off-gas grid areas from 2025 and on-gas grid areas from 2030, with all buildings needing to meet this standard no later than 2045.

## **New buildings**

To ensure that new buildings do not require retrofitting in the future to achieve zero emissions, the Scottish Government is currently developing regulations which will require all new buildings, for which a building warrant is applied for from 2024, to use zero emissions heating.

Source: [HiBS Reports](#)