

Renewable Heat Action Plan

An Update December 2011

RENEWABLE HEAT ACTION PLAN UPDATE

This Government is strongly committed to increasing the amount of electricity and heat generated from renewable sources in order to secure the economic and wider benefits that renewable energy can provide for Scotland. It is also an essential part of our response to climate change. We produced a Renewable Heat Action Plan in November 2009 to set out our ambitions on renewable heat and in order to comply with our obligations under the Climate Change (Scotland) Act 2009, which requires Scottish Ministers to produce a plan for the use of heat from renewable sources, and to report regularly on its progress. The plan was updated last year and we are now refreshing it again with new actions and details on how we will continue to make progress towards our target. In addition to renewable heat, we have ensured this plan considers the complementary role of utilising low carbon or "waste" heat from traditional fossil fuel power stations, as this can lead to greater opportunities to implement renewable heat technologies in the future.

Scotland currently has a target to source 11% of heat demand from renewable sources by 2020. Energy Saving Trust updated our renewable heat database earlier this year and reported that we are making good progress, with 2.8% of heat demand currently being met by renewables. The results of the annual update to the database will be published in the Spring and early indications show that renewable heat in Scotland is still on the increase. We will continue to work to improve the accuracy of these figures in order to fully understand Scotland's renewable heat potential and to report on progress.

However, in the meantime we must not forget the basis on which this target was formed and why action is necessary. Our statutory obligation under the Climate Change (Scotland) Act 2009 is to meet our target on reducing greenhouse gas emissions by at least 80% by 2050 and our interim target of a reduction of at least 42% by 2020. With heat making up around half of all energy demand, and rising fuel costs driving more households into fuel poverty these targets must remain our focus, and it is essential that we continue to encourage and promote growth in the renewable heat sector, at least cost to the consumer. This will be key to addressing climate change; tackling fuel poverty; as well as working towards realising our renewable energy ambitions in Scotland.

While this document will provide a short update to the Renewable Heat Action plan, we intend to review the plan again in the Spring, in line with the update to the Renewable Heat Database, to provide more detail on how we are progressing towards our targets.

Since the last update of the Renewable Heat Action Plan we have published the 2020 Routemap for Renewable Energy in Scotland, which includes a section on renewable heat.

2020 Routemap for Renewable Energy in Scotland - renewable heat update

The 2020 Routemap for Renewable Energy in Scotland was published on 30 June 2011 as an update and extension to the Scottish Renewables Action Plan 2009. Within this updated Routemap we set out our most up to date key actions across

all sectors in order to overcome the challenges we face on the path to achieving our stretching targets. Hence the Renewable Heat Action Plan is now subsumed into the Routemap.

This update document provides below a summary of activity and progress we have made since the publication of the 2020 Routemap, in working towards our overall vision - to build a commercially viable, diverse, renewable heat industry in Scotland in support of our 2020 renewable energy target and help tackle climate change.

Our ambitions on renewable heat require focused advice, support and commitment from industry and other stakeholders. This input is provided through the Renewables Task Group: Heat, which sits under the newly formed Renewables Industry Advisory Group (RIAG) - a remodelled and refreshed version of the Forum for Renewable Energy Development in Scotland (FREDS) - to implement policies.

Recent Progress

- Scottish Government funded a heat mapping pilot in the Highland Council area which was published in June 2011. Heat mapping (a spatial matching of potential supply with demand) has been highlighted, included by 2020 Group, as a key tool to encourage local planning authorities to maximise opportunities for local heat use. The methodology used in the pilot can be replicated by other local authorities in order to help imbed renewable energy at the centre of local strategic planning.
- We published the report from "A study into the recovery of heat from power generation in Scotland" in October 2011. The study examines the potential for heat recovery from four sites in Scotland used for large scale fossil fuel power generation and the policy options that could help make heat recovery a financially viable option. While the focus is on the potential to recover heat from fossil fuel stations, many of the issues and policy measures are highly relevant to heat recovery from biomass power stations. Ultimately, any heat network that is developed, whether initially intended for low carbon or renewable heat, can be utilised to also deliver renewable heat.
- Scottish Government's district heating loan scheme opened this year to provide loans for both low carbon and renewable in order to overcome a range of infrastructural issues and costs associated with these projects. Over £1.9 million will be shared between nine projects that have been offered loans under the scheme. The successful projects will heat around 280 homes as well businesses, schools, swimming pools and community centres, while saving around 68,000 tonnes of CO₂ over 25 years. This will result in financial benefits to occupiers of homes and businesses, reducing costs leading to reduced fuel poverty and offer some protection from rising energy bills. Additional funding has been allocated to allow the scheme to continue.
- The Expert Commission on the Delivery of District Heating has been established. The Commission is made up made up of academics, industry leaders, local authorities and environmental groups. The Commission members will have a wealth of experience in district heating policies as well as implementation on the ground, and will provide recommendations which will ensure a major shift to district heating in Scotland. Their first meeting will take place early 2012.
- Funding for renewable heat projects has also been made available through the CARES loan scheme, which provides loans towards the high risk, pre-planning consent stages of renewable energy projects which have significant community engagement and benefit.
- Fuel Good Factor Campaign launched in May to encourage uptake of woody biomass for Heat installations.

Ongoing Actions

| Action | Progress |
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| <p>Improve accuracy of data used in calculating the heat target and progress towards meeting it</p> | <ul style="list-style-type: none"> In March 2011 the Energy Saving Trust published an update on progress towards the renewable heat target. We will be working with the Department of Energy and Climate Change and industry to improve the quality and consistency of heat statistics. |
| <p>Continue to engage with DECC on the RHI to ensure net benefit to Scotland</p> | <ul style="list-style-type: none"> Dialogue with DECC continues at Ministerial and Government Official level - including making representations on the potential impact on Scotland's renewable heat sector following the reduction in the tariff for large biomass under the RHI and the further delay in implementing the scheme |
| <p>Promote efficient use of biomass through CHP or heat only and encourage secure, local supply of biomass</p> | <ul style="list-style-type: none"> We are currently consulting on proposals to remove support for biomass electricity only plant under the Renewables Obligation Scotland (ROS) and are seeking views on whether a maximum threshold for biomass CHP plants is required Potential impacts on wood panel sector highlighted through correspondence with DECC on RHI and Renewables Obligation banding review and stakeholder meeting with Ministers and the industry held on 31 October 2011 |
| <p>Undertake a heat partnership project with DECC and Ofgem in order to create a template for good practice in renewable heat deployment across the UK</p> | <ul style="list-style-type: none"> We have initiated discussions with DECC, Ofgem, and SEPA and are commissioning the University of Edinburgh who lead the Heat in the City project to pull together a Working Group of stakeholders to take the project forward . The Group will consider a range of work areas including best practice, financial models, regulatory frameworks, trust and social capital. |
| <p>Roll out methodology used in heat mapping pilot to other local authorities</p> | <ul style="list-style-type: none"> Providing funding to Fife and Perth and Kinross councils to take forward heat mapping in their local authority areas using the methodology from the pilot undertaken in The Highland Council area Engaging with Independent Assessors across Scotland to facilitate access to data necessary to create an accurate heat map |
| <p>Set up Expert Commission on the Delivery of District Heating</p> | <ul style="list-style-type: none"> Expert Commission established which will be made up of representatives from Energy Saving Trust, Carbon Trust, SEPA, Academics, local authorities, installers, suppliers and operators. |

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| | <p>First meeting will take place in January 2012</p> <ul style="list-style-type: none"> • Expert Commission will work with the Renewables Task Group: Heat on supporting best practice to increase market confidence and promote the financial rewards and wider benefits of district heating schemes |
| <p>Build on results of the study into the recovery of heat from power generation in Scotland in order to promote heat from large scale power stations</p> | <ul style="list-style-type: none"> • Remit of the Expert Commission on District heating will include consideration of how best to take forward recommendations outlined in the report. |
| <p>Provide support for renewable heat projects through CARES and district heating loan funds</p> | <ul style="list-style-type: none"> • Loans awarded under district heating loan scheme totalling over £1.9 million. Further funding has been allocated as part of the spending review to allow the scheme to continue. • The successful projects from this round will heat around 280 homes as well businesses, schools, swimming pools and community centres, while saving around 68,000 tonnes of CO2 over 25 years. The first round of funding will also enable project network expansion at a future date to more than double this number of households to over 600 households. With the additional funding we have secured, we can expect to double these figures again in the next three years bringing financial benefits to even more occupiers of homes and businesses, reducing costs leading to reduced fuel poverty and offer some protection from rising energy bills. |
| <p>Engage with key stakeholders to promote renewable heat and the forthcoming renewable heat incentive and renewable heat premium payment scheme</p> | <ul style="list-style-type: none"> • Engaging with industry representatives who form part of the newly formed Renewables Task Group: Heat (a sub-group of the Renewables Industry Advisory Group) in developing key areas to address to promote renewable heat and overcome barriers. The group's first meeting took place on 28 September 2011. • The Carbon Trust is targeting site-specific support at Scottish companies looking to benefit from the forthcoming Renewable Heat Incentive. |
| <p>Work to increase householder awareness of, confidence in, and uptake of small scale heat generating technologies</p> | <ul style="list-style-type: none"> • Publication of the results of the Scottish Government (part) funded field trial of solar water heating systems • Launch of the Green Homes Network • RHPP vouchers offered for renewable heat technologies in Scotland totalling nearly £300,000 |

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| | <ul style="list-style-type: none"> Loans awarded for renewable heat technologies under loan schemes totalling £1.1 million (for 2010/11) [Note: for 2011/12 (figures to 20 Oct 11) loans awarded for renewable heat technologies totalling just under £300,000] Over 13,500 householders advised on renewable technologies, 2,389 of whom received in home face-to-face renewables advice (including on renewable heat). Evaluation in 2010 indicated that 74% of all households have implemented at least one recommendation and 39% have implemented at least one renewable energy recommendation within the first year of the visit. |
| <p>Develop and introduce a National Strategy for biomass procurement</p> | <ul style="list-style-type: none"> Currently the wood fuel supply chain in Scotland is immature and primarily consists of SMEs. A successful national framework will be dependant on ensuring that suppliers are working together through integrated supply chains which can meet the requirements of the public sector and guarantee security of supply. Consultation on the procurement strategy is now underway both with the public sector and suppliers, including workshops in Glasgow, Edinburgh and Inverness. Throughout the development of the strategy the views of suppliers have been sought and incorporated. |
| <p>Undertake a research programme into the potential for deep geothermal heat in Scotland - including the scope for licensing</p> | <ul style="list-style-type: none"> Tender process is currently underway to initiate research |
| <p>Work to influence UK Government Strategy on bioenergy to make the case for small scale heat</p> | <ul style="list-style-type: none"> The Scottish Government is feeding directly into the UK Government's Bioenergy Strategy and the Forestry Commission Scotland led Woodfuel taskforce 2 Report has been submitted as evidence of concerns over domestic supply. Scottish Government and the timber sector's concerns over UK incentivisation of large scale biomass electricity have also been aired at a bioenergy summit in Glasgow. |

Work on additional supporting actions is also underway, including providing funding for the Energy Saving Trust and Carbon Trust to give support and information to consumers on renewable heat technologies; linking into research projects underway; and we will shortly be making improvements to online planning guidance for low carbon and renewable heat.