

**Aldersgate Group response to Scottish Government consultation on  
Delivering Net Zero for Scotland's Buildings  
March 2024**

**Background**

The Aldersgate Group represents an alliance of major businesses, academic institutions and civil society organisations, which drives action for a competitive and environmentally sustainable UK economy.<sup>1</sup> Our corporate members represent all major sectors of the economy, such as Associated British Ports, Aviva Investors, BT, CEMEX, the John Lewis Partnership, Johnson Matthey, Michelin, Nestlé, Siemens, SUEZ, Tesco, and Willmott Dixon. They believe that ambitious environmental policies make clear economic sense for the UK, and we work closely with our members when developing our independent policy positions.

**Questions**

**1) To what extent do you support our proposal to prohibit the use of polluting heating systems in all buildings after 2045?**

*Strongly support*

***Somewhat support***

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below***

To minimise the risk of dangerous climate change, greenhouse gas emissions need to be reduced to zero as soon as possible, and certainly by 2050. It therefore follows that polluting heating systems should be phased out by that date, and we strongly support the principle behind this proposal. However, successful implementation depends on a range of factors including labour force availability and the cost of electricity. The Aldersgate Group supports the proposal as long as it is clearly deliverable in practice, with implementation details and risks given careful consideration.

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<sup>1</sup> Individual recommendations cannot be attributed to any single member and the Aldersgate Group takes full responsibility for the views expressed.

**2) To what extent do you agree that we should introduce a minimum energy efficiency standard to be met by private sector landlords by the end of 2028 (even if they are already using clean heating)?**

*Strongly support*

***Somewhat support***

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below***

We fully support the principle that all properties should meet a minimum energy efficiency standard, and welcome the ambition that has been set forth by the Scottish Government. To ensure that minimum energy efficiency standard can reasonably be met by private sector landlords, the announcement should be supported by a wider package of policies to ensure the targets can be delivered upon and avoid unintended undesirable consequences. Clear communication will be essential, ensuring that both landlords and tenants are aware of the options and support available to them, as well as monitoring for compliance.

We recommend considering an approach which harnesses existing interactions between businesses and homeowners, e.g. when boilers are serviced, meters are read or solar panels are installed, such that energy companies and tradespeople might offer low-cost energy efficiency measures at the same time. It should also bear in mind lessons from previously successful programmes, especially the pre-2012 ECO scheme.

**3) To what extent do you agree that we should introduce a minimum energy efficiency standard to be met in owner occupied homes (which still have a polluting heating system) by the end of 2033?**

*Strongly support*

***Somewhat support***

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below***

Action is certainly needed to increase uptake of energy efficiency measures, and we support the concept of homes meeting a minimum energy efficiency standard. Effective communication and wider incentives will be vital to enable the target to be met. We also

welcome the Home Energy Scotland provision and would encourage the deepening and strengthening of that.

**5) What is your view on the initial proposed list of measures to meet the minimum energy efficiency standard?**

*Strongly support*

***Somewhat support***

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below.***

The list of measures looks sensible; our caveat is more about how it is applied (see question 2). Careful consideration should be given to how monitoring for compliance will be implemented, as well as clear communication and support for households to enable them to meet the standard.

**6) Do you think that properties for which most or all of the measures on the initial proposed list are not relevant should be required to meet an equivalent minimum energy efficiency standard?**

*a. No – these properties should be considered compliant once they have installed all the measures that are appropriate for their building type, even if this is few or no measures.*

*b. Yes – they should be required to meet the standard and additional measures should be included on the list (such as solid wall insulation, solid floor insulation and flat roof insulation), and they should be required to install all of these where feasible. Delivering Net Zero for Scotland's Buildings 28 Changing the way we heat our homes and buildings*

***c. Yes – they should be required to meet the standard and additional measures should be included on the list (such as solid wall insulation, solid floor insulation and flat roof insulation), but they should only be required to install some of these where feasible and cost effective.***

*d. Yes – they should be required to meet the standard and additional measures should be included on the list (such as solid wall insulation, solid floor insulation and flat roof insulation), but they should only be required to install some of these where feasible, and they should be allowed additional time to do so. Please include any additional comments below*

**8) Do you agree that the use of bioenergy should continue to be permitted in certain circumstances?**

- a. *No, it should be prohibited in all cases.*
- b. *Yes, it should be permitted for those buildings already using it.*
- c. *Yes, it should be permitted for those buildings who have no other clean heating system available.*
- d. *Yes, it should be permitted for those buildings already using it and for those buildings who have no other clean heating system available.*
- e. *Yes, it should be used in wider circumstances (please describe these).*

***Please include any additional comments below***

None of the above options quite describes our response.

“Bioenergy” is used here as a general term, but it encompasses a range of distinct fuel and feedstock types, particularly woody biomass, used cooking oil and biogas. Liquid biofuel is a scarce resource which will need to be prioritised for use in aviation, and should not continue to be permitted for home heating. This is especially the case because there is no way of monitoring whether a heating system is using biofuel or fossil heating oil. A similar principle applies to biogas, which should be protected for injection into the grid or used directly in transport systems. Woody biomass is different because in rural areas it can often be locally sourced from forestry residues, and wood-fired heating systems are generally optimised to use wood specifically. If sourced sustainably, it can provide a low-cost option with low lifecycle carbon emissions. We recognise that wood burning has air quality impacts, and so should not be used in urban areas or where a heat pump is a practical alternative. However, it should be given priority over the use of liquid biofuel or biogas.

**9) To what extent do you support the requirement to end the use of polluting heating following a property purchase?**

- Strongly support*
- Somewhat support*
- Neither support nor oppose***
- Somewhat oppose*
- Strongly oppose*
- Don't know*

***Please include any additional comments below***

Property transactions happen in a wide range of circumstances. In some cases, it will be practical to replace a heating system following a purchase, and in others it will not, so this requirement could have inequitable impacts. It could also mean scrapping a recently

replaced heating system which might be running with high efficiency, albeit still on gas. Considering the policy framework in the round, including any phase out dates for polluting heating systems will be important to create a consistent enabling environment for households and businesses to decarbonise.

We also have concerns about the enforceability of this measure. Enforcing it properly would require an intrusive range of inspections, and could drive anxiety in recent purchasers. Low enforceability could mean that the measure would not be implemented consistently, as a result of which it will not inspire confidence with businesses about its effectiveness in driving the heat pump market.

We would strongly suggest focussing on requiring the phase-out of gas boiler sale over a clearly defined period. Doing so will provide full certainty to both businesses and consumers, while also giving homeowners the flexibility to replace their heating system at a moment that works best for them. Simply removing the product from the market is the fairest and most transparent way to deliver a similar outcome. If this is done in parallel with rebalancing the cost of electricity used to run heat pumps, total cost of ownership impacts can also be addressed.

We recognise that market sales and electricity costs generally fall more easily within the remit of the UK Government, and that the Scottish Government is looking for ways in which to drive additional action. We nonetheless recommend focussing on incentives and voluntary measures as a primary lever ahead of additional regulations, while pushing hard for boiler sale phase-out accompanied by electricity price adjustments.

One potential incentive for both replacement and compliance monitoring could be offering a stamp duty rebate to homes that replace polluting heating systems within two years of a purchase.

**15) To what extent do you support our proposal to provide powers to local authorities (or Scottish Ministers) that require developers to connect new buildings within Heat Network Zones to a heat network?**

**Strongly support**

*Somewhat support*

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below.***

**16) To what extent do you support our proposal to require occupiers of non-domestic properties to provide information about unused heat on their premises?**

*Strongly support*

***Somewhat support***

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below.***

**17) To what extent do you support our proposal to potentially require buildings with unused heat to provide this to a local heat network?**

*Strongly support*

***Somewhat support***

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below***

There should be additional clarity that any such heat provided would be paid for by the user.

**18) We will need to have a way to monitor if people are meeting the Heat in Buildings Standard, and discussed two options for this. Which do you support?**

*a. Submitting EPCs alone.*

*b. Sampling a percentage of buildings.*

***c. A combination of the two.***

*d. None, there should be no monitoring.*

*e. Another method, please suggest below or explain your selected answer*

The Scottish Government highlights nuance and consideration of different stakeholders with regards to monitoring and enforcement, with an initial focus on landlords and acknowledgement that fines would be unfair or have negative impacts on some households. The Scottish Government should consider carefully the approach to introduce monitoring

and enforcement if this standard is introduced. Understanding where regulatory enforcement would be best placed within the value chain to achieve outcomes whilst reducing negative impacts is crucial. For example, monitoring and enforcement of requirements for new builds would be effective to increase heat in building standards and less burdensome for households. A staggered approach with accompanying support packages where appropriate should work in tandem with the development of supply chains to meet demand. How the standard will be enforced, to whom and how, must be clearly and transparently communicated to stakeholders ahead of time, and should be designed in tandem with the measures required, rather than separately afterwards.

Approaches such as sampling can provide the Scottish Government with evidence on uptake of the standard and a mechanism to identify barriers to adoption or gaps in policy. This evidence would help support a staggered approach to the introduction of monitoring and enforcement. In our view, sampling is not an appropriate mechanism for enforcement.

Enforcement will also need to be carefully considered. Liability and mandatory action should be considered in the context of the whole ecosystem and desirable outcomes. It will be important to understand where to place liability or obligations to ensure the intended outcomes with minimum burden. For example, compliance with the standard may be best achieved if mandated at key points in the supply chain such as during construction or when heating systems are fixed/replaced.

**20) To what extent do you support our proposals to modify the Standard or exempt certain people from the need to meet the Heat in Buildings Standard?**

*Strongly support*

***Somewhat support***

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below.***

The need for exemptions clearly depends on what the initial requirement is.

**22) To what extent do you support our proposals to give certain people extra time to meet the Heat in Buildings Standard?**

***Strongly support***

*Somewhat support*

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below***

**24) To what extent do you support our proposal to require all buildings owned by a Scottish public authority to be using clean heating systems by 2038?**

*Strongly support*

***Somewhat support***

*Neither support nor oppose*

*Somewhat oppose*

*Strongly oppose*

*Don't know*

***Please include any additional comments below***

We are not closely familiar with the full range of Scottish public sector building types, but support the principle of public sector procurement as a driving force for change.