

Agenda Item	16
Report No	PLA 31/17

## HIGHLAND COUNCIL

**Committee:** Places Committee

**Date:** 16 August 2017

**Report Title:** Scottish Government Consultation on new Climate Change Bill

**Report By:** Director of Development and Infrastructure

### **1 Purpose/Executive Summary**

- 1.1 This paper introduces the Scottish Government's Climate Change Bill consultation paper, highlights key proposals and provides a copy of the Council's draft response for Members to approve.

### **2 Recommendations**

- 2.1 Members are asked to consider the consultation document, and approve the draft response.

### 3. Background

- 3.1 The Scottish Government has launched a consultation on a new Climate Change Bill, which sets more ambitious targets than the current legislation, the Climate Change (Scotland) Act 2009. Recognising the significant progress made in respect of reducing emissions across Scotland to date, proposals include the setting of targets based on actual emissions, increasing the 2020 target to 56% emissions reduction against 1990 baseline levels, and increasing the 2050 target to 90% emissions reduction against the 1990 baseline. In addition, provision is made for a net-zero greenhouse gas emissions target to be set in the future, when a credible and costed pathway can be demonstrated.
- 3.2 This report sets out details of the consultation and provides Members with a copy of the Council's draft response. The deadline for submission of a response is 22 September 2017.

### 4. The Consultation

4.1 Substantial progress had been made since the introduction of the Climate Change (Scotland) Act 2009 in reducing greenhouse gas emissions across Scotland, with the level of emissions in 2014 being around 40% lower than the baseline of 1990. However, the Paris Agreement has changed the landscape and global ambition in respect of accelerating emissions reduction, and new legislation is therefore required to ensure Scotland plays its part in achieving these aims. The consultation therefore specifically seeks views on the following key issues:

- the central proposal in the Bill is to increase Scotland's 2050 greenhouse gas emissions reduction target to 90% (from 80%) to be in line with keeping global temperature increases to a 1.5°C rise. This would be in line with global commitments under the Paris Agreement;
- the Scottish Government also proposes to update the interim target for 2020 to at least a 56% reduction in emissions (from 42%), as well as further interim targets of 66% reduction by 2030 and at least 78% by 2040;
- at present, the 2020 and 2050 targets are given in the form of percentage reductions from the 1990 baseline, and annual targets are given in the form of quantities of emissions (in tonnes). This has caused confusion, and the Scottish Government therefore proposes to specify annual targets in the Bill in the form of percentage reductions;
- the emission reduction targets set out in the Climate Change (Scotland) Act 2009 are on the basis of "adjusted" emissions, which take into account the operation of the EU Emissions Trading System (ETS). This has proven difficult to understand, and the Scottish Government therefore proposes to set all targets on the basis of actual emissions and remove the ETS adjustment; and
- the Scottish Government proposes to assess the impacts of the proposed Bill on different groups of people through a combined process of Equalities Impact Assessment (EQIA), Children's Rights and Wellbeing Impact Assessment (CRWIA) and socio-economic assessment.

4.2 Members are asked to consider the consultation document which can be found online at <https://consult.scotland.gov.uk/energy-and-climate-change-directorate/climate-change-bill/> and approve the draft response (**Appendix 1**). The Highland Council draft response has been prepared in consultation with officers in the Development and Infrastructure Service and the Policy and Reform team in the Chief Executive's Service.

## 5. Key Points

- 5.1 The consultation on the draft Climate Change Bill amounts to 13 questions in total. The Council broadly agrees with the proposals set out within the consultation as well as the level of ambition demonstrated in reducing Scotland's emissions over the coming decades.
- 5.2 The Council supports the setting of new interim emissions reduction targets, which are not only symbolically important but also act as useful barometers in meeting the overall 2050 aim of a 90% reduction against baseline levels. We would also welcome the setting of an additional interim target for 2025, to encourage and stimulate early action from the Scottish Government and "major players", including the Highland Council.
- 5.3 The Council supports the proposal to set annual emission reduction targets in percentage terms against baseline levels, as this will help avoid confusion and ensure consistency for reporting purposes.
- 5.4 The Council supports the proposal to remove the accounting adjustment for EU ETS and move to setting targets based on actual emissions in all sectors. Achieving the long-term targets set out in the Bill needs to be through domestic action - this will provide a more transparent account of annual progress and will encourage decarbonisation across all sectors of the economy. However, future finance budgets need to be consistent with and support the ambition set out in the Bill
- 5.5 The Council supports the Scottish Government's approach to considering the impacts of the Bill on Scotland's people and businesses, now and in the future. However, the nature and extent of particular measures in the Bill should be subject to impact assessment that incorporates health and socio-economic inequality, as well as potential impact on equality groups identified in the Equality Act 2010. The consultation response identifies a number of opportunities and challenges that the revised targets will mean for people and businesses in Highland.

## 6. Implications

- 6.1 Resource Implications: There are no direct resource implications for the Council as a result of this paper.
- 6.2 Climate Change/ Carbon CLEVER Implications: The proposed revisions to long-term targets set out in the Climate Change Bill will, if enacted, require the Council as a "major player" to review its Carbon Management Plan and set out how the Council will work to achieve these targets.
- 6.3 Community (Equality, Poverty and Rural): A key theme which ran through the recent consultations on Scotland's Energy Strategy, Scotland's Energy Efficiency Programme etc was the alleviation of fuel poverty, which has a disproportionate impact on rural communities. The outcomes sought through these strategies will directly impact on the targets set out in the Climate Change Bill, and various measures were proposed in respect of improving the energy efficiency of buildings, generating heat and power at a local level, creation of district heating networks etc. These are likely to have positive impacts for rural communities as well as local businesses. Equalities implications have been identified and addressed within the draft consultation response.
- 6.4 Gaelic Implications: No Gaelic implications have been identified.

- 6.5 Risk Implications: It is important that the Council is involved in and contributes to the consultation process, as the revised targets will necessarily have an impact on the work of all Council services over the coming years.
- 6.6 Legal Implications: The consultations propose changes to existing legislation, which, if enacted, will impact various Council functions.

Designation: Director of Development and Infrastructure

Date: 21 July 2017

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## Climate Change (Scotland) Bill – Draft Consultation Response

<p>1 Do you agree that the 2050 target should be made more ambitious by increasing it to 90% greenhouse gas emission reduction from baseline levels?</p>	<p><b>Yes</b> (please explain your answer)</p> <p>The current 2050 target for Scotland, for a reduction of emissions of at least 80% against 1990 baseline levels, is based on global assumptions which provide a ~50% likelihood that temperature rises can be kept close to 2 degrees centigrade with this volume of emissions reduction. The Paris Agreement contains a set of new long-term aims to limit warming, which are more ambitious and aim to keep global temperature rise well below 2°C and closer to 1.5°C. In order to achieve this, the Agreement seeks to balance sources and sinks of greenhouse gases in the second half of the century i.e. net zero global emissions by 2050-2100. Therefore, in order to help achieve this ambition, it will be necessary for Scotland to be more ambitious in terms of its long term emissions reduction efforts, and the suggested 2050 target is therefore appropriate and necessary.</p>
<p>2. Do you agree that the Climate Change Bill should contain provisions that allow for a net-zero greenhouse gas emission target to be set at a later date?</p>	<p><b>Yes</b> (please explain your answer)</p> <p>Whilst focus and effort should very much be on reducing direct emissions in the first instance, before relying on potential negative emissions technologies in the future, the new Bill should include provision to allow for this target to be set. This would give Scotland the opportunity to be one of the first countries in the world to legally commit to a net-zero emissions ambition. The Paris Agreement includes a goal of emissions neutrality or balance between emissions sources and removals by the second half of the 21<sup>st</sup> century, and to achieve this, it is likely that Scotland will need to go much further than the 80% reduction target set out in the 2009 Act.</p>
<p>3. a) Do you agree that the 2020 target should be for greenhouse gas emissions to be at least 56% lower than baseline levels?</p>	<p><b>Yes</b> (please explain your answer)</p> <p>By the time the new Climate Change (Scotland) Act becomes law, 2020 will not be far away, and the Scottish budget for 2018-19 will likely have been set if not also partially spent. Therefore, it will be necessary for the Scottish Government to anticipate this more ambitious target by implementing stronger policies to reduce emissions, whilst providing appropriate budgets for “major players” including local authorities, to help achieve the ambition at a local level.</p> <p>Whilst the 2020 target is symbolically important, the future targets including 2025 and 2030 are probably more pertinent in terms of working towards longer term goals, and it is very much hoped that this will be reflected in the new Climate Change Plan, when published.</p>
<p>b) Do you agree that a target should be set for greenhouse</p>	<p><b>Yes</b> (please explain your answer)</p>

<p>gas emissions to be at least 66% lower than baseline levels by 2030?</p>	<p>As mentioned above, interim targets are symbolically important and help focus the minds of the public sector, business and the general public on a truly global issue. Therefore, a 66% emissions reduction target by 2030 seems to set an appropriate level of ambition. However, it may also be prudent to also set an ambitious 2025 target to encourage and stimulate early action from the Scottish Government and “major players”. The Highland Council’s Carbon CLEVER initiative has the aim of a carbon neutral Inverness in a low carbon Highlands by 2025, and this kind of ambition and model could be adopted across the country to focus minds at a much more local level. Targets need to be tangible for everyone to maximise the shift in behaviours required to achieve the level of ambition set out in the draft Bill, and this can be better achieved through development of local initiatives.</p>
<p>c) Do you agree that a target should be set for greenhouse gas emissions to be at least 78% lower than baseline levels by 2040?</p>	<p><b>Yes</b> (please explain your answer)</p> <p>This is an important interim milestone and seems reasonable in terms of meeting the 2050 target of 90% reduction. However, as per answer 3(b), a target for 2035 should also be set.</p>
<p>4. Do you agree that annual emission reduction targets should be in the form of percentage reductions from baseline levels?</p>	<p><b>Yes</b> (please explain your answer)</p> <p>At present, local authorities report on progress in both absolute terms and percentages. The Highland Council sets annual targets in percentage terms but could just as easily do so in absolute terms. Regardless of the method selected, annual and interim targets need to be set in a consistent manner to avoid confusion.</p>
<p>5. Do you agree that annual targets should be set as a direct consequence of interim and 2050 targets?</p>	<p><b>Yes</b> (please explain your answer)</p> <p>The setting of annual targets helps provide an ongoing focus and pressure to ensure that headline interim targets are met, so to this end, they are useful.</p>
<p>6. Do you agree that all emission reduction targets should be set on the basis of actual emissions, removing the accounting adjustment for the EU ETS?</p>	<p><b>Yes</b> (please explain your answer)</p> <p>The emissions reduction targets in the 2009 Act are set on the basis of “adjusted” emissions, which take into account the operation of the EU Emissions Trading System. However, adjusted emissions have proven difficult to understand.</p> <p>Therefore, the proposed move to gross emissions accounting provides a more transparent account of year-on-year progress, and removes an element of doubt with regards the future levels of ETS allocations, which has proven problematic when setting targets in the past. This move will also better encourage decarbonisation across all sectors of the economy. It may, however, be useful to continue to report the EU ETS-adjusted figures in parallel, to provide comparisons with international data.</p>

<p>7. a) What are your views on allowing the interim and 2050 emission reduction targets to be updated, with due regard to advice from the CCC, through secondary legislation?</p>	<p>Given the uncertainty surrounding future innovation in respect of negative emissions technology and the potential benefits this might provide in terms of reducing our net emissions, it seems sensible to allow for future revision of targets through secondary legislation.</p>
<p>b) What do you think are the most important criteria to be considered when setting or updating emission reduction targets?</p>	<p>The current criteria as set out in the Climate Change (Scotland) Act 2009 are robust and are still appropriate, with scientific knowledge about climate change and economic circumstances probably the most important in achieving targets. However, additional criteria regarding the impacts of targets on public health would be welcome. An example of this which is pertinent to the Highlands would be setting appropriate targets to improve the energy efficiency of our homes. This would have practical, preventative public health benefits whilst also achieving emissions reductions.</p> <p>It is important to consider that specific regions will face individual challenges in meeting the revised targets over the coming decades. For example, at present, a disproportionately high percentage of homes in Highland are reliant upon fossil fuels or electricity for heating, and often, the distances between them mean they will be unsuitable for district heating schemes in the future. This will hinder progress in Highland towards meeting national emissions reduction targets unless significant levels of investment are made and support provided to those who need it most. Improving the energy efficiency of our built environment must be a priority, and it is understood that the Scottish Energy Efficiency Programme will help to achieve this.</p> <p>Another important factor for Highland is road and rail infrastructure. There are often significant distances between settlements in the region; a high percentage of Highland residents are therefore completely reliant on private vehicles due to poor public transport links, and in many cases, there is no option for rail travel. In addition, the uptake of electric vehicles has been slow due to range anxiety and a perception that inadequate charging infrastructure is in place – the support on offer to increase provision has not been sufficient nor well enough thought through on a national level, whilst grid constraints in many parts of Highland will pose serious issues for uptake in the coming years. Therefore, decarbonising road and rail travel in the region will require significant investment to encourage increased uptake of low carbon options. It is still much quicker to reach the central belt from all locations in Highland by car or even HGV than it is by rail, and this will certainly need to be addressed for Highland to meaningfully contribute to the targets set out in the Bill.</p>
<p>8. a) What are your views on the frequency of future Climate Change Plans?</p>	<p>The frequency of climate change plans could and should align with the planned Paris Stocktakes, relevant to progress under the international Paris Agreement. These</p>

	<p>stocktakes are expected in 2023, 2028, 2033 and so on. It may be prudent for future climate change plans to be produced shortly after individual Paris stocktake events, to take in to account any revisions as a result of these processes.</p>
<p>b) What are your views on the length of time that future Climate Change Plans should cover?</p>	<p>See 8(a) – a period of five years per Climate Change Plan would be appropriate.</p>
<p>c) What are your views on how development of future Climate Change Plans could be aligned with Paris Stocktake Processes?</p>	<p>See 8(a)</p>
<p>d) How many days do you think the period for Parliamentary consideration of draft Climate Change Plans should be?</p>	<p>The current legislation requires draft Climate Change Plans to be laid for a period of 60 days for Parliamentary consideration. However, this period is somewhat restrictive given the scope of the plans and the desire of local government to consult appropriately regarding ambition and content. Therefore, a period of at least 120 days would be more appropriate to allow sufficient scrutiny of all future plans.</p>
<p>9. What are your views on the proposal that any shortfall against previous targets should be made up through subsequent Climate Change Plans?</p>	<p>This is a sensible approach and should be retained. Failure to meet previous targets should be addressed through additional policies and proposals in the subsequent Climate Change Plan.</p> <p>The Public Bodies Climate Change Duties annual reporting provides an excellent opportunity for the Scottish Government to assess the progress being made in individual regions, and offer more support to those which are falling behind in terms of reducing their emissions. Whilst it is important to collate data and report at a national level, ultimately there will be poor regional performers hindering progress and others who demonstrate best practice which could usefully be rolled out elsewhere. Highland would welcome increased scrutiny of its performance as well as tailored suggestions as to how this can be improved.</p>
<p>10. What are your views on these initial considerations of the impacts of the Bill proposals on Scotland's people, both now and in future generations?</p>	<p>It is important to take into account potential impacts on people as a result of the legislation, and the methods proposed are appropriate for the scope of this Bill. It is understood that the transition to an energy efficient, low carbon economy will have multiple benefits for the people of Highland, including warmer homes, a cleaner environment and reductions in levels of fuel poverty – however, this will require significant investment, and it is still unclear where this is likely to come from. In addition, the targets will not be achievable without meaningful behaviour change in respect of energy consumption,</p>



	<p>waste, travel etc. Local Authorities can play an important role in supporting efforts to nudge people towards low carbon behaviours, but this again requires significant resources, which most are not equipped to provide under current funding arrangements.</p> <p>In addition, lack of clarity around the energy mix over the coming decades has an associated risk with regards the cost of energy for Highland residents, and it is important to be aware of this and the likely impacts it could have on inequalities and on different groups of people. The nature and extent of impact of particular measures in the Bill should be subject to impact assessment that incorporates health and socio-economic inequality, as well as potential impact on equality groups identified in the Equality Act 2010.</p>
<p>11. What are your views on the opportunities and challenges that the Bill proposals could have for businesses?</p>	<p>The revised targets proposed within the Bill will present a range of opportunities for businesses throughout Scotland, and especially in Highland. To achieve the ambition, the efficiency of our built environment will need to be increased significantly (both within homes and businesses), providing opportunities for local tradespeople and manufacturers. Training programmes with incentives for uptake will be required to maximise the opportunities for businesses.</p> <p>The decarbonisation of transport will provide additional opportunities for the development and sale of electric vehicles (businesses which offer EV charging infrastructure will find themselves holding a commercial advantage over competitors in the coming years), whilst investment in the National Grid could provide the people and businesses of Highland with an opportunity in the future to use their EV batteries to balance demand at peak times and be paid for doing so. However, without appropriate levels of funding, investment and suitable incentives (or disincentives to poor performance), the step-change required to achieve the increased ambition of the Bill will not be realised.</p> <p>It will be important to engage large-scale energy intensive industries and businesses, and encourage the uptake of on-site renewable energy generation as and where feasible. This will likely reduce long-term exposure to energy pricing fluctuations, allowing businesses to remain competitive and better plan for the future. The cost of renewable energy generation (including wind and solar) is reducing year-on-year, and this is especially important in Highland, where despite the fact that a significant proportion of the country's renewable energy is generated in the region, energy prices are some of the highest in the UK. This reduces the competitiveness of our businesses.</p> <p>From a Highland perspective, the region is a well-established base for energy production, subsea and low carbon technologies, and is therefore well placed to maximise the opportunities presented by the revised targets set out in the Bill. However, to do this, there needs to be increased focus and investment on training for</p>

	<p>engineers and energy managers – this could be facilitated and supported by the University of the Highlands and Islands as well as Highland &amp; Islands Enterprise. There is certainly potential for the region to be a global leader in low carbon industry, but this cannot be achieved without an appropriately well-trained workforce.</p> <p>A key theme which ran through the recent consultations on Scotland’s Energy Strategy, Scotland’s Energy Efficiency Programme etc was the alleviation of fuel poverty, which has a disproportionate impact on rural communities. The outcomes sought through these strategies will directly impact on the targets set out in the Climate Change (Scotland) Bill, and various measures were proposed in respect of improving the energy efficiency of buildings, generating heat and power at a local level, creation of district heating networks etc. These are likely to have positive impacts for rural communities as well as local businesses. The Highland Council, through its Highland HERO Map and HERO Strategy, has been able to develop a resource which pulls together data regarding heat &amp; energy demand where there are opportunities for renewable generation to identify multiple local sustainable energy solutions. Work is underway to prioritise a project list, and this will clearly lead to opportunities for businesses to implement the required solutions whilst delivering low carbon heat and electricity to many Highland communities.</p>
<p>12. a) What are your views on the evidence set out in the Environmental Report that has been used to inform the assessment process? (Please give details of additional relevant sources).</p>	<p>NA – this document has not yet been published.</p>
<p>b) What are your views on the predicted environmental effects as set out in the Environmental Report?</p>	<p>NA</p>
<p>c) Are there any other environmental effects that have not been considered?</p>	<p>NA</p>
<p>d) Do you agree with the conclusions and recommendations set out in the Environmental Report?</p>	<p>NA</p>
<p>e) Please provide any other comments you have on the Environmental Report.</p>	<p>NA</p>
<p>13. Please use this space to tell us any other thoughts you have about the proposed</p>	<p>NA</p>

Climate Change Bill not covered in your earlier answers.	
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