

HOPS Response to Heat networks - thermal energy target 2035: consultation

Information Note

Heads of Planning Scotland (HOPS) is the representative organisation for senior planning officers from Scotland's local authorities, national park authorities and strategic development planning authorities.

The purpose of HOPS is to:

- Promote the profile of public sector land use planning
- Support and promote excellence in planning leadership
- Ensure the delivery of a culture of continuous improvement in planning authorities
- Provide advocacy and coordination to ensure that planning authorities are properly resourced to deliver quality outcomes.

HOPS would like to thank all planning authorities for their contribution to this consultation response.

Question 1: What is your opinion of the proposal to set the 2035 target for the combined supply of thermal energy supplied from heat networks to "at least 7 TWh" of output?

HOPS are generally in agreement that some form of national target would be helpful. There is however some concern that the stated target of 9% thermal demand would be high in rural areas, and therefore there could be an argument for a lower demand in rural areas; it is felt that a blanket target across Scotland would not produce equitable results.

Whilst new-build development opportunities will be considered for Heat Networks, the forecast population increase and opportunities (and need) for new-build sites will be slower in rural areas, which will again have an impact on rural regions' contribution to the 7TWh target.

A balanced approach should be taken, favouring the denser, more viable areas first. HOPS would recommend that the spread of target liability be in line with the First National Assessment of potential heat network zones, with more responsibility to contribute to the target given to regions/areas with denser populations.

In this same consideration, where developing viable heat networks will cost more due to reduced LHD, spread of buildings, distances between buildings, etc., additional consideration should be made to any funding or investment being made available.

The challenge of delivering heat networks should not be understated. Specific funding to all regions, including less-densely-populated areas, will almost certainly be needed to reach any agreed target. The availability of such government funding and investment offers the greatest opportunity to accelerate the rollout and adoption of District Heat networks to achieve any

agreed target. There is a risk that reliance on private funding will result in district heat schemes being developed to maximise profit rather than affordable warmth.

If energy efficiency in buildings improved such that 7Twh became more than 9% of the overall heat demand, the target should be reduced to the 9% level. Any emerging target to supply heat through heat networks should be commensurate with the level of energy efficiency improvements which will be reported on through LHEES and other related projects. Overall decisions about supplying net zero heat across the Scottish energy network need to be considered.

Heat supplied from sources such as waste heat or water bodies will have a material impact on the amount of energy supplied by other sources (such as electricity or hydrogen). It would be useful to encourage heat from these sources, such as through funding.

Promotion of Heat Networks should have the overall objective of delivering a carbon neutral / low carbon system, or there is a risk that they will not contribute to reducing the overall carbon impact of heating systems. Although heat supplied (TWh) is one useful measure, this perhaps needs to be balanced with demand reduction; reduced heat demand through retrofit could mean considering a reduced heat network target.

HOPS agree that the National Assessment approach to a heat target is useful and we would support a review of the target once information in the LHEES from local authorities have been considered by Scottish Government, and once BAR data and formal designation of heat network zones has been completed in line with the Heat Networks (Scotland) Act and associated regulations.

Multiple organisations and partners, such as other social housing providers and public bodies, would need to be committed to these targets in order to achieve them. In addition, there is a need to ensure that local authority planning staff, and other staff involved across local authorities and partnership organisations, have the necessary skills/expertise to support this scaling up.

Care should be taken to ensure promotion of Heat Networks does not result in increased costs for consumers.

Question 2: Are there particular considerations in setting this target that may help to reduce the depth and/or rate of fuel poverty?

It is HOPS' view that there should be a focus on a Fabric First approach to reduce the heating requirements of properties, along with more signposting to available funding to enable this for those at risk of fuel poverty. This would potentially be more cost-effective, deliverable, and more likely to achieve the national outcomes than any focus on heat networks. Heat networks should be seen as part of a wider solution set.

Providing heat networks to properties off the gas grid, or that currently use non-renewable fuel or energy, has the potential to offer savings. Moving households away from expensive hydrocarbon fuels to cheaper renewable energy distributed through heat networks would help to reduce both depth and rate of fuel poverty and contribute to Net Zero targets. The large off-gas regions in e.g. the Borders provide good potential in this aspect, however, the same rurality also presents challenges and viability issues for heat networks.

There is a fundamental need to ensure that the costs of setting up heat networks, which are significant, are not to the detriment or cost of those in or at risk of fuel poverty, as any savings and benefits would not offset the cost and impact to these households (or businesses).

Question 3: Are there any other issues that you would like to highlight in relation to the 2035 heat network target?

Primarily, any target needs to account for regional variations and regions' capacity to meet the demands placed upon them. Different regions in the country cannot be considered the same or be expected to deliver to the same level.

We would suggest that the 2045 Net Zero target should be included in any target-setting, to ensure other targets do not require secondary attention to align with that in the future.

We would also caution that emphasis on, and funding for, Heat Networks must not divert funding away from Fabric First and other deliverable approaches. Similarly, the LHEES process should not divert away from the most appropriate building-level solutions, even where these fall within an area designated as a heat network zone.

An ongoing issue that is likely to be a recurring consideration for LHEES is how to accommodate historic or listed buildings in electrification and decarbonisation strategies. Many town centres are conservation areas and have listed buildings within them; if heat network provision is required to extend to these buildings, great care will need to be taken that such provision will not prejudice the quality of these community assets. There will need to be consultation with the planning profession and Historic Environment Scotland over acceptable methods of introducing this into special buildings. Further guidance will be needed from Scottish Government and HES in terms of the impact of the building-level solutions required to meet net-zero targets, and how historic buildings and assets will be factored into this challenge.

Additionally, the ability of the road and footway network to absorb the additional infrastructure required by Heat Networks will also require careful planning and design. There should be a role for the Scottish Roadworks Commissioner and the Joint Utilities/Roads Authorities groups in this work. Managing public expectations in relation to any disruption caused by the installation of any necessary infrastructure will also need to be factored in by the Scottish Government and the associated National Public Energy Agency. A considered approach should be taken to roads and services infrastructure so that the development and

installation of Heat Networks can occur alongside other upgrade and maintenance works, rather than at odds with them.

HOPS recognise that new-build developments can be potential opportunities for the deployment of heat networks, particularly where these are integrated as mixed-use developments, are close to connectable, high-heat-demand buildings, and where there are committed developers on board (e.g. Housing Associations). However, the phasing and rollout of new-build or mixed-use site development (commercial and domestic) needs planned carefully, and it is likely that the full benefit or viability of a heat network is not immediately realised as it could take many years/several site development stages until all of the buildings are able to come 'online' and be served by a heat network. Proposals for safeguarding should be encouraged, to ensure that future retrofit can be achieved if a heat network becomes established at a later date.

We would also suggest that any agreed target could also consider potential for linking or expanding heat networks over time (e.g. across settlements) within a national target calculation. This links back to supporting work in LHEES and HNZ for a route map to achieve the pace and scale.

HOPS note that in the 2021 Heat in Buildings consultation, it was written: "In order to support the delivery of Scotland's climate change targets, new heat networks will need to be powered using renewables or other low or zero emissions sources of heat. From 2023 we will only consent renewable and low or zero emissions heat networks." However, this does not appear to be reflected in the final Heat in Buildings strategy.

We would suggest that it would be useful to have a plan for how achievement of the new targets be monitored / controlled, and information regularly disseminated to all stakeholders.

Finally, we would highlight that challenges remain around both funding and expertise, which need to be addressed in order to achieve any stated target.