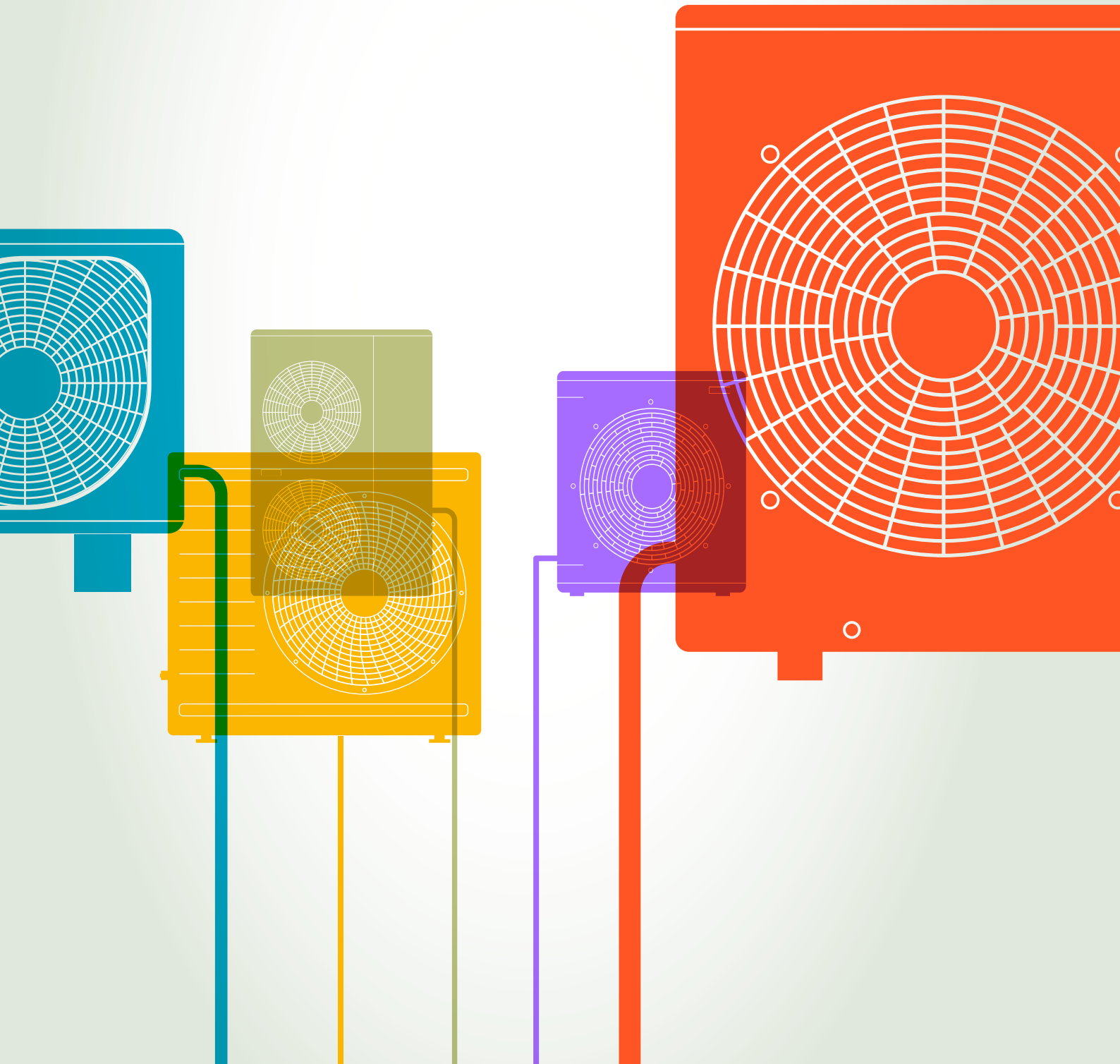
Scottish Government
Riaghaltas na h-Alba

Delivering Net Zero for Scotland's Buildings

Changing the way we heat our homes and buildings

A Consultation on proposals for a Heat in Buildings Bill

November 2023



Ministerial Foreword

The climate crisis is the most significant challenge of the 21st century. Scotland has to be a zero-carbon country by 2045. We've halved our emissions since 1990, but the most challenging part of the journey lies ahead.

This is an environmental and social necessity. It is a legal obligation to which all parties in Parliament signed up in 2019. It is also a huge economic opportunity.

There are various ways in which that journey must be made: in energy supply, transport, farming and land use, and in industry. And, for the purposes of this consultation, how we heat our homes and buildings.

There are various ways in which we can reduce the greenhouse gases produced in how we heat our homes and buildings. Most obviously, better energy efficiency of homes will reduce the demand for heat. It will also reduce bills and help tackle fuel poverty.

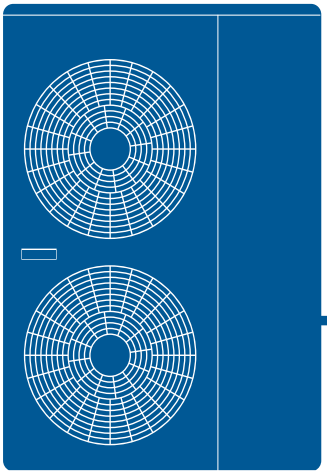
We have detailed proposals here to build on the real progress we have made on energy efficiency and this will be especially important over the next decade. But to get to where we need to be by 2045 energy efficiency is not enough. We can't insulate our way to net zero.

To meet our targets Scotland needs to move on from buildings heated by fossil fuels: that's gas, oil, Liquified Petroleum Gas (LPG), coal and any other carbon-based fuel.

This is a huge challenge, and I fully understand the nature and scale of the changes that we are all being asked to make and will need to make in order to meet it - particularly at a time when people and businesses are struggling to cope in a cost of living crisis.

That cost of living crisis stems in large part from over-reliance on fossil fuels, and so the changes we will all need to make to adopt clean heating systems are necessary to reduce those cost pressures in the longer term, as well as to reduce emissions. However we are also determined to protect people from unacceptable short term costs, and to achieve our goal to reduce emissions at the same time as supporting people facing wider financial pressures.

That's why your answers and feedback to the questions and proposals contained in this consultation are so vital. And that's why we will be making every effort to connect with and to listen to as many people as possible – in person as well as online.



Because we are determined to make this a flexible, fair and just transition – a process which takes proper heed of the challenge facing all of us in making these changes.

That's why we will be making sure that we provide specific flexibility and protections for specific groups and circumstances – such as those living in rural areas, for example, or on low incomes or experiencing fuel poverty.

But this consultation and our proposals are not just about a challenge to be overcome. The transition also offers opportunities for jobs, for warmer homes, and for ending our exposure to volatile fossil fuel prices, which is the source of the ongoing cost of living crisis.

There are several types of clean heating system that could get our buildings to net zero – including heat networks, heat pumps and in some cases in the future, heat from renewable hydrogen. Building owners will have choices over the path to net zero.

In this paper, then, we set out how we propose to manage the transition which we must make and which all parties agreed. But we are seeking your views on these ideas and will take account of those views before bringing legislation before Parliament to put the proposals into action.

We continue to look at examples from elsewhere in Europe, where other nations are going through the same transition, some further ahead, some still at early stages. The countries leading the way in heat pump use – Norway, Finland, Sweden and Denmark – prove that these systems will work in cold climates.

Those other European countries have a wider range of powers than we have in Scotland. We are determined to use what powers we have – on building standards, for example, or on energy efficiency – to make the progress we need to make. We will also give priority to supporting the transition within our fixed Budget.

But we have always been clear that significant powers – over funding, regulation of suppliers, pricing of gas and electricity grid capacity, among others – lie with the UK Government; for us to make as much progress as we need to means a shared ambition from the UK Government which right now appears to be in retreat.

That is why, throughout the development of these options, we have not only highlighted the areas on which we are seeking views on legislation but also that we need further clarity on the steps that the UK Government could and should take to make the transition package complete.

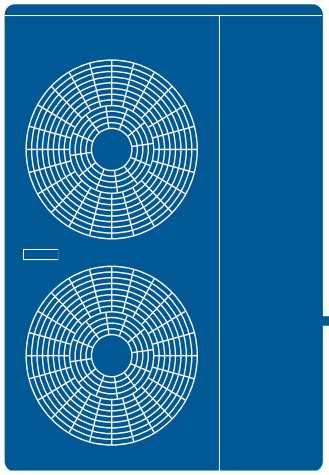
Ministerial Foreword

(continued)

The proposals here are only one part of what we are doing. Separately, on areas like social housing, standards for new buildings and consumer advice we are already doing far more than ever before to make sure our homes and buildings rise to the challenge of the climate emergency. All of those areas and many more will continue to develop alongside the proposals in this paper.

We are working with banks, lenders, energy companies and others on other mechanisms that can reduce the upfront cost of investing in heat and energy efficiency by spreading that cost over a longer period.

We estimate that there are currently around 12,500 full-time equivalent jobs supported by the traditional heat and building improvement sectors in Scotland – with the possibility of more than 16,400 jobs being supported across the economy in 2030 if we can make the transition at the pace needed.



And a key message from industry is the need for certainty in order to realise that huge economic potential. That is why the proposals for regulation set out here are so important, alongside our much bigger programme of work to support the transition.

If we are to break our dependence on turbulent fossil fuel markets, increase our domestic energy security and achieve greener and more reliable ways to heat our homes and community buildings, and if we are to avoid the unacceptable increases in fuel poverty seen over the last year – this is the opportunity ahead of us.

If you have complementary or alternative proposals to get to the same place, we encourage you to tell us.

I look forward to your views.

1 Executive Summary

1.1 Like many other countries, Scotland has a legal target to reach 'net zero' greenhouse gas emissions. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 requires us to reach net zero by 2045, as well as to achieve a 75% reduction in emissions by 2030 and a 90% reduction in emissions by 2040.

1.2 The way we heat our homes, workplaces and other buildings is the third-largest cause of greenhouse gas emissions in Scotland. This is because the "direct emissions heating systems" that most of us use – such as gas and oil boilers – produce emissions when we use them to heat our buildings or when we need hot water. For ease, we will use the term "polluting heating system" throughout this document to describe these.

1.3 There is no way to meet our legal obligation to reach net zero without changing the heating systems in the vast majority of our buildings. Some households and businesses are already doing this, with around 5,000 people per year installing heat pumps and around 33,000 buildings connected to heat networks.

1.4 Heat pumps and heat networks are examples of the clean heating systems we will all eventually have in our homes, workplaces and other buildings. This is because these systems do not produce any emissions in buildings when we turn on our heating or use hot water.

1.5 Although some households and businesses are already making the change, the current rate of switching to clean heating is far short of what is needed to reach Scotland's climate change targets. In simple terms, at the current pace it would take several hundred years to reach net zero, so we must take action to support more demand for clean heating systems. During the past year, we have undertaken social research to help our understanding of public attitudes to the use of regulations[1] and to the use of early triggers. This has helped shape our thinking, but our consultation asks for your opinion, and we are keen to hear views on what detailed approach we might take.

1 EST Taylor Mackenzie research

1.6 The purpose of this consultation is to make you aware of our proposal to make new laws around the heating systems that can be used in homes and places of work, and to invite your views on those proposals. **We plan to:**

- **Reconfirm that the use of polluting heating systems will be prohibited after 2045; and**
- **As a pathway to 2045, require those purchasing a home or business premises to end their use of polluting heating systems within a fixed period following completion of the sale.**

1.7 Energy efficiency improvements can reduce energy bills and address fuel poverty, make our homes healthier and more comfortable to live in, and enable clean heating systems to run efficiently. That's why we are also planning to:

- **introduce a new law that will require homeowners to make sure that their homes meet a reasonable minimum energy efficiency standard by 2033.**

1.8 Meanwhile, because private rented homes typically have a poorer standard of energy efficiency and the people who live in those homes are usually unable to make improvements without permission, we propose that:

- **private landlords will be required to meet this minimum energy efficiency standard by 2028.**

1.9 The following sections of this consultation describe our proposals for how home owners and landlords can meet this standard – either through installing a number of simple insulation and draught-proofing measures, where those are possible, or by meeting a certain level of heat demand.

1.10 These and other linked proposals will eventually affect almost all households and businesses in Scotland, so we encourage you to read and respond to this document. We will take all views received into account and adapt our proposals in a way that reflects those.

1.11 We know that meeting these requirements is a big task, particularly in the current context of an ongoing cost of living crisis that shows no sign of abating in the near term. Households and businesses will be facing cost pressures anyway and may not welcome the cost and potential disruption of moving from fossil fuel to clean heating. This was also the case in past decades when people moved from having open fires to central heating systems. We will be sensitive to current wider costs pressures in how we design our regulations to encourage more people and businesses to install and maintain these new systems.

1.12 Our proposals take this into account – they are designed to apply where it is **affordable**, **fair** and **feasible** to make sure that these changes which we're asking home and business owners to make are consistent with the Scottish Government's commitment to a Just Transition[2].

1.13 We believe that our proposals to provide exemptions where needed ahead of 2045 will provide vital reassurance. Our intention to require a decent standard of energy efficiency in private rented sector homes by 2028 will also ensure warmer and more comfortable homes for those who need that the most.

1.14 This will extend especially to those experiencing fuel poverty or child poverty, for example, as well as the elderly and disabled, or those on low incomes. Our proposals, especially the requirement for a higher standard of energy efficiency in private rented homes and our commitment to provide flexibility and exemptions where those are clearly needed, will add greater protection for these groups, and improve the quality and comfort of their homes.

1.15 The same flexibility will apply to those who live in rural areas, where the costs of energy are often higher and there may be particular pressures and circumstances which affect the options open to people when it comes to meeting our proposed Standard. We will be particularly interested in views on these matters, and will take steps to ensure that we are engaging with and hearing from people in these areas.

2 Just Transition Commission

1.16 Over time, this transition will become increasingly normal – costs will come down, the supply chain will increase, more of our international neighbours will make the transition. That is why we have re-confirmed our backstop date of 2045 and phasing options which seek to work with that pathway.

1.17 We already provide grant and loan funding to support people and businesses to move to clean heat, with support targeted at those who need it most. We recognise that providing financial is a way that can make the transition fair and affordable, and so this will remain a high priority for the Government.

1.18 There are also several ways to spread the upfront costs of the work required. Some lenders are already offering time-limited interest free loans, some larger companies are providing loans to their employees, and energy companies are offering packages that will enable you to spread costs in the same way that they do for gas boilers.

1.19 We will work with banks and other financial institutions to ensure that a wide range of products are available to support people – taking into account that there will not be one solution to suit everyone. We will look at how to develop new products that could help people who might not currently be able to access standard forms of private finance, such as mortgages. Our Green Heat Finance Taskforce has been looking at these issues, and more detail can be found in its report published in November 2023.

1.20 We know too that heat network operators may allow households and businesses to connect into their systems with no (or low) upfront costs. These systems may be attractive to many because they run in a very similar way to your existing gas boiler, and they can make use of local resources like the heat from data centres to provide affordable heating.

1.21 But heat networks need the local community to connect in large numbers, especially non-domestic buildings; **that's why in Chapter 4 we propose new laws that will require people and businesses to end their use of polluting heating when a heat network becomes available.**

1.22 Each household and business faces different circumstances, of course, and we will take this into account throughout our approach – including how we can continue to target our funding to support those who need it most. There are examples throughout this document showing how these new laws could be met in practice, and which will help people and businesses see clearly how they might meet these new requirements.

1.23 In the journey between now and 2045 we will make sure that there are opportunities for people to appeal for more time or to be able to take a different approach when it comes to making the changes that will be asked of them. This consultation explains how that might be provided.

1.24 As the market for heat and energy efficiency technologies develops over time, we expect it to become **affordable**, **fair** and **feasible** to introduce further changes beyond those we are currently consulting upon. In order to avoid the need for more primary legislation when that happens, the consultation proposes that Scottish Ministers should have powers to extend these requirements in future – but which would still need Parliamentary approval and further consultation before taking effect.

Is the Scottish Government taking a different approach to the UK Government?

The UK Government announced recently that, in England, it planned to:

- Delay the ban on installing oil and LPG boilers, and new coal heating, for off-gas-grid homes from 2026 to 2035.
- Exempt certain households from the phase out of fossil fuel boilers, including gas, in 2035.
- Abandon proposals to require private landlords to improve the energy efficiency of their properties.

The Scottish Government has always been proposing to act more quickly than the UK Government when it comes to changing the way that we heat our homes and buildings. This is because we have an earlier and more ambitious target to reach net zero.

That remains the case – both in relation to the UK Government's recent changes and what we set out in this paper. But, because the UK Government has a wider set of powers, the comparison of dates and targets can be confusing, both for consumers and for industry which has highlighted the need for clarity and certainty.

The UK Government will still need to regulate homes and buildings from 2035 in the same way that we plan to do a little sooner, with planned legislation from this consultation coming into play in the second half of the 2020s and well before 2030.

But there other very important steps which we believe that the UK Government should take much sooner, using the powers that only it has. These are:

- To make a clear and fast decision on the future role of our gas networks in the transition to clean heat
- To deliver regulations which require the energy and installer markets to help accelerate that transition
- To reduce the cost of electricity in a way that makes the vast majority of clean heating systems cheaper to run.

The sooner the UK Government takes these decisions and actions, the better.

This consultation has described **five points in time** at which we may be asked to meet the Heat in Buildings Standard:

One

- at the end of a grace period which follows the completion of a property purchase;

Two

- following notice from a local authority to a building owner in a Heat Network Zone that they are required to end their use of polluting heating;

Three

- at the end of 2028, private landlords will need to have met the minimum energy efficiency standard

Four

- at the end of 2033, owner occupiers will need to have met the minimum energy efficiency standard ; and

Five

- at the end of 2045, all building owners will need to have ended their use of polluting heating.

2 The Heat in Buildings Standard

– covering heating and energy efficiency

2.1 There are two ways to reduce emissions within a building. The first is to reduce our demand for heating and hot water – this can be achieved by installing energy efficiency measures like insulation and better draught proofing. These measures keep the heat in our buildings for longer, so that we need less energy to keep them at a healthy, comfortable temperature.

2.2 However, while improved insulation is beneficial and effective, it will not by itself remove emissions from heating our buildings – and it's the removal of these emissions which will be essential for Scotland to achieve its climate change targets[3].

2.3 Achieving this will depend instead on our using 'zero direct emissions heating systems' to heat our homes and provide us with hot water (and which this consultation document will refer to from here as '**clean heating systems**' for the sake of simplicity).

These systems – such as heat pumps and heat networks – don't produce any greenhouse gas emissions at the point of use. Modern, efficient electric storage heaters can also perform the same role, as can wet electric heating[4], and other direct electric heating technologies.

2.4 In contrast, heating systems which burn fossil fuels like gas boilers, oil boilers and liquid petroleum gas (LPG) boilers are 'direct emissions heating systems'[5] because they **do** produce greenhouse gas emissions when we use them. (Again, for ease, we will call these '**polluting heating systems**' throughout this consultation document)[6].

3 The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 requires the Scottish Ministers to ensure that Scotland reaches net zero by 2045, and to meet interim emissions reductions targets of 75% by 2030 and 90% by 2040.

4 Such as an electric boiler which produces hot water that is distributed around the property, heating radiators and for use from hot taps and showers.

5 The Building (Scotland) Amendment Regulations 2023 (legislation.gov.uk) defines a direct emission heating system at Regulation 3

6 "Bioenergy" heating systems, e.g. those which use wood chips or other types of biomass or bioliquid (such as hydrotreated vegetable oil) produce emissions when used to heat our homes. There will be circumstances where these remain permissible. Some 'synthetic' fuels also have greenhouse gas emissions associated with their combustion.

2.5 To help reach net zero, then, all of our homes, workplaces and other buildings will have to move from polluting heating to clean heating. We also want all homes to reach a good standard of energy efficiency, where possible, as this will keep energy bills down, help tackle fuel poverty and enable clean heating systems to run efficiently.

2.6 This is why we are proposing to introduce a draft Bill containing the powers to create a new 'Heat in Buildings Standard'. The draft Bill and Standard will:

In all buildings (including non-domestic premises):

- **Prohibit the use of polluting heating from 2045.**

In owner occupied homes:

- **Require such homes to meet a minimum energy efficiency standard by the end of 2033.**

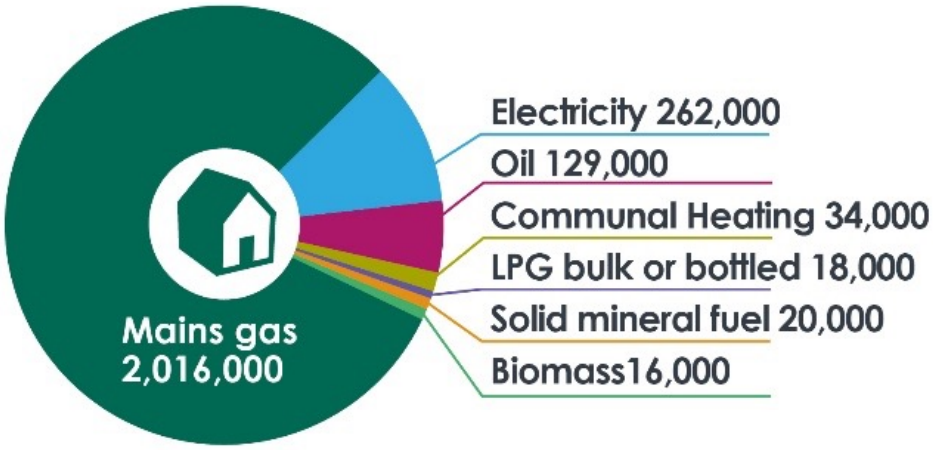
In private rented homes:

- **Require landlords to meet a minimum energy efficiency standard by the end of 2028.**

2.7 Introducing these requirements will help Scotland to reach net zero, and provide clarity about the changes which will be needed to our homes and workplaces in the long-term. They will also give installers and manufacturers confidence that there will be demand for clean heating systems and energy efficiency products, allowing them to scale-up and create employment and other economic opportunities across the country.

2.8 We estimate that around 89% of homes and 49% of non-domestic premises are using polluting heating at present, while around 55% of homes do not meet what is considered a good level of energy efficiency[7].

7 A 'good' level of energy efficiency is generally agreed to be Band C on an Energy Performance Certificate (EPC). Energy Performance Certificate Reform Consultation 2023 (www.gov.scot) consulted on reforms to the ratings used in EPCs to ensure that they can give better information on current and potential levels of energy efficiency in a building



2.9 The majority of us, then, are likely to be affected by these new standards, so it is important that we all understand what will be required of us and by when. The remainder of this Chapter provides more information on how a prohibition on polluting heating, and the requirement to meet a minimum energy efficiency standard, would work in practice.

Prohibition on polluting heating after 2045

2.10 A prohibition on polluting heating would ban the use of systems like gas boilers, oil boilers or LPG to heat or provide hot water in our homes or non-domestic premises. This ban will apply after 2045, in line with what we set out in our 2021 Heat in Buildings Strategy and our legal targets.

2.11 In practice, this would mean that homes and non-domestic buildings will instead need to use clean heating systems such as heat pumps, electric storage heaters or heat networks. This is not a complete list of the systems available – you may wish to read recent research into the types of heating that are likely to be in line with the proposed new laws[8].

8 Direct greenhouse gas emissions from low and zero carbon heating systems (climatexchange.org.uk)

2.12 The clean heating system that a building should move to will be a choice for the owner, with the systems suitable for their buildings varying depending on a range of factors like the size, construction and how the building is used.

2.13 We will encourage heat network connections where appropriate, as these will depend on many within a local community connecting. Chapter 4 provides more information on how we plan to encourage connections to heat networks.

2.14 Meanwhile, we know that those living in rural areas and on islands face particular challenges – for example, as well as the generally higher costs in these areas, storms in recent years have left people without heating when electricity supplies have been interrupted.

2.15 The clean heat systems that are most likely to be adopted – heat pumps, modern efficient storage heaters and heat networks – are no more vulnerable to loss of electrical power than gas, oil and bioenergy systems which also require an electrical connection. We are already talking about these issues with Scotland's electricity network companies, and will continue to do so.

2.16 However, to be sure that we are protecting the welfare of people and that they have a clear and practical way of meeting the Heat in Buildings Standard we intend to take the following steps:

The prohibition on polluting heating will only apply to the main heating system(s)[9] of a property.

We intend to give extra time in the period to the 2045 backstop to those already using bioenergy to meet the clean heat requirement of the Heat in Buildings Standard .

We are also considering extra time for those homes and businesses which are moving from polluting heating, but which have no clean heating solutions available to them. This extra time could apply until cleaner alternative fuel or technology options become available.

9 SAP 10.2 - 11-04-2023.pdf (bregroup.com) defines 'main heating system' as the system which heats the largest proportion of dwelling. It is a heating system which is not usually based on individual room heaters (although it can be), and often provides hot water as well as space heating.

We are considering developing an assessment tool which would help building owners understand which types of clean heating system are most suitable for their building, and also show cases where these would not be suitable until alternative clean fuel options become available. This will ensure that any interventions ensure achieving the best outcome for traditional buildings, among other building types.

2.17 We think that applying the prohibition on the use of polluting heating to main heating systems only will ensure that heating in the vast majority of homes is decarbonised, while ensuring Scotland's rural communities are properly protected from the impacts of disruption from storms and grid failures. This approach will allow the types of heating systems most used as emergency back-ups – for example portable systems like bottled gas heaters – to continue to be used for this purpose, providing further resilience in the communities that require them.

2.18 We recognise that as a renewable, and potentially net zero, energy source bioenergy may represent the best option to help decarbonise some homes for which clean heating systems are not suitable. We also want to ensure that owners who have taken the proactive step of installing renewable bioenergy systems are fairly treated. This is why, in addition to permitting extra time for those currently using bioenergy to meet the clean heat element of the Standard, we are seeking views on whether a more flexible approach to the use of bioenergy under future regulations is needed. We would need to balance this flexibility with the need to protect and ensure the supply of bioenergy in other sectors of the economy that also rely on bioenergy to remove emissions.

2.19 We **don't** propose to apply this legislation and prohibition to other systems, such as gas cookers or to portable heaters which might be used in emergencies[10].

10 This reflects the much smaller scale of this transition, and that it is likely to be a natural consequence of the wider heat transition.

Requirement to meet a minimum energy efficiency standard

2.20

A good standard of energy efficiency means that we use less energy, which in turn is the first step to help reduce greenhouse gas emissions, save on our energy bills and reduce fuel poverty. A good standard of energy efficiency also helps clean heating systems like heat pumps to work more effectively, and reduces the strain on the electricity network.

2.21

In order to improve the energy efficiency performance of Scotland's housing stock, we are proposing that a minimum energy efficiency standard – described in more detail on the following page – should be met:

- **by private landlords before the end of 2028; and**
- **by owner occupiers (and owners of all other private homes[11]) before the end of 2033.**

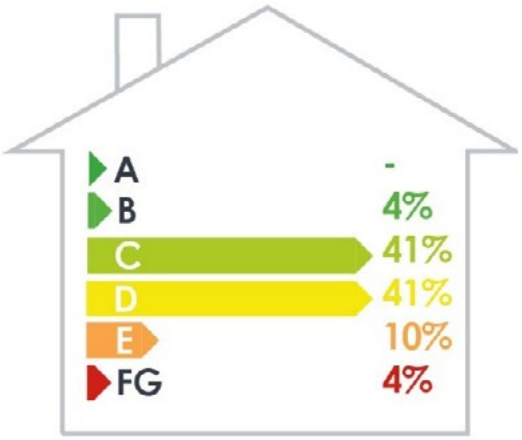
2.22

We proposed the earlier date for private landlords to meet the minimum energy efficiency standard in our 2021 Heat in Buildings Strategy and in our statutory 2021 Fuel Poverty Strategy[12] because we want to see tenants have warmer homes that are easier and less expensive to heat as part of our obligation to address fuel poverty. We believe that establishing this standard in this way protects and is very much in the interests of tenants, while also enhancing the quality of the asset for the landlord.

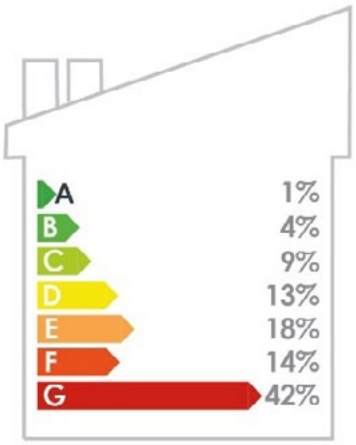
2.23

We are aware of the important role privately rented homes play as part of Scotland's housing stock, and the wider pressures on this sector. We previously consulted on our intention to regulate energy efficiency within the private rented sector in 2019, but did not introduce regulations at that time due to the impact of Covid-19[13]. We will continue to engage with the sector on our proposals, taking account of the wider environment in which it operates.

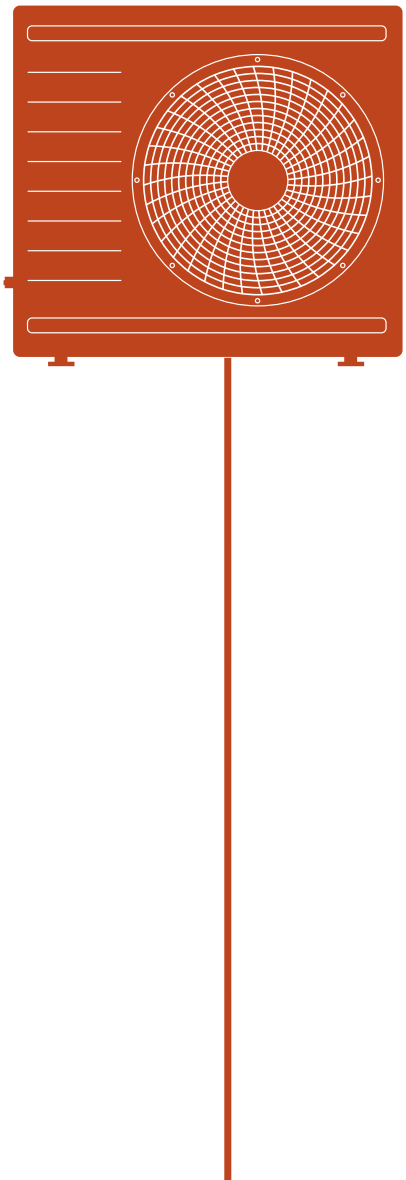
11 We propose that dates applying to owner-occupied homes will also apply to empty homes and short-term lets.
12 Tackling Fuel Poverty in Scotland: A Strategic Approach (www.gov.scot)
13 The Energy Efficiency (Private Rented Property) (Scotland) Regulations 2019 - Scottish Government consultations - Citizen Space



Energy efficiency of Scotland's homes by EPC rating (source Scottish House Condition Survey, 2019)



Energy efficiency of Scotland's non domestic properties by EPC rating (source Scotland's Non Domestic Energy Efficiency Baseline, 2018)



Setting the minimum energy efficiency standard

2.24 We want our homes to achieve as good a level of energy efficiency as possible. We also want to ensure that home owners can improve the energy efficiency of their homes in a way that is simple and affordable.

2.25 **This is why we propose to set a minimum energy efficiency standard that can be met by installing a straightforward list of measures.**

This list of measures would be developed to prioritise those that could have most impact for homes with the lowest amount of cost and disruption. **Any home owner who had installed these measures – or as many of them as are feasible for the type of home they live in – would be considered to have reached a good level of energy efficiency and meet the new standard**.

We think that this list could be[14]:

- 270 mm loft insulation;
- cavity wall insulation (CWI);
- draught-proofing;
- heating controls;
- 80 mm hot water cylinder insulation;
- Suspended floor insulation[15].

14 Initial list based on research which set out to understand how homes could reach a good level of energy efficiency - published alongside Energy Performance Certificate Reform Consultation 2023 (www.gov.scot).

15 A technical specification of the list of measures will be consulted on ahead of the introduction of regulations.

2.26 This is an initial list of measures which we think would ensure that a majority of Scottish homes could achieve a good level of fabric energy efficiency. Research suggests that installing these measures across all of Scotland's homes would see a clear majority reach a good level of energy efficiency[16, 17]. It does not include more expensive or potentially disruptive measures such as solid wall insulation. We would welcome views on this initial list and propose to undertake more detailed consultation on the proposed list of specific measures ahead of introducing any regulations to set the minimum energy efficiency standard.

2.27 Meeting the new standard in this way would be our preferred approach, and we think that the straightforward nature of a clear list of measures means that the majority of owners would prefer this too. We would nevertheless welcome views on any alternative approaches to setting the standard.

2.28 **We recognise that some people may have already undertaken work to improve the way their property uses energy or may wish to make their own decisions on which measures are best for their home. Therefore, alongside this straightforward list of measures, we propose an alternative option of meeting the standard based on the result of an EPC assessment[18]. We have recently consulted on the addition of a new fabric efficiency metric to EPCs, which could be used to show that a property meets a good level of energy efficiency.**

2.29 Evidence including invoices or photographs could be used to show that a property has installed all of the measures (or as many as are feasible) for it to meet the standard. However, an Energy Performance Certificate will also include all the information that is required to show that an owner has met the standard.

16 The Energy Efficiency (Private Rented Property) (Scotland) Regulations 2019 - Scottish Government consultations - Citizen Space

17 A good level of energy efficiency is defined in the Heat in Buildings Strategy as equivalent to EPC C (based on current Energy Efficiency Rating on an EPC). Scottish Government commissioned BRE Group to understand what measures were required to achieve this level which showed it is achieved when a home requires less than 120kWh/m^2/year of energy needed to maintain a comfortable temperature for space heating only (not including energy needed to provide hot water). It showed that when installing the measures suggested in the list, a clear majority (around 66%) of Scottish homes could achieve this good level of energy efficiency..

18 where an EPC demonstrated that a home required less than 120kWh/m^2/year of energy needed to maintain a comfortable temperature for space heating.

Meeting the minimum energy efficiency standard in different property types

2.30 While many homes will have to make no improvements to meet the standard (because they have already installed the energy efficiency measures included on the proposed List of Measures) many of those that do will only need to install one or two measures. As set out above, we propose that any home owner who has installed the List of Measures – or as many of them as are feasible for the type of home they live in – would be considered to have reached a good level of energy efficiency and meet the new standard.

2.31 There will, however, be some properties for which most or all of the measures on this list are not relevant (such as those with solid rather than cavity walls). We, therefore, would welcome views on whether properties in these circumstances should be required to meet an equivalent standard. For example, whether additional, or different, measures should be required on the list for these properties (including those which are potentially more costly or disruptive such as solid walls). Should certain properties be required to install additional or different measures they could also be given additional time (beyond the proposed 2028 and 2033 backstop dates) to do so.

2.32 Alternatively, homes that have installed all of the measures that are relevant to their property type, irrespective of whether this means few or no measures are actually installed, could simply be considered to have met the standard.

2.33

We know that some homes will have specific characteristics which might affect their ability to meet the standard. For example, traditional properties, which make up a significant proportion of Scotland's homes and buildings, may have different requirements based on their construction type, location or status (e.g. listed buildings). We are working with partners, including Historic Environment Scotland, to find the best solutions for these buildings while being sympathetic to their character and features[19].

2.34

Owner occupied homes that have ended their use of polluting heating by 2033 will not be required to meet the minimum energy efficiency standard as they will have already removed all direct emissions associated with the building. This means that if a home is heated using a heat pump, electric storage heaters or a heat network by 2033, then the owners will not be required to meet the minimum energy efficiency standard. However, while it may not be a legal requirement there will still be very strong incentives for home owners to invest in energy efficiency.

2.35

Private rented properties would still be required to meet the minimum energy efficiency standard, however, even if a clean heating system had already been installed. This would be on the grounds that most tenants don't have the power to improve the energy efficiency of their rented homes.

2.36

We do not propose to prohibit the sale of properties which do not meet the minimum energy standard by, or after, the backstop dates. This avoids any risk that people are stuck in their homes when they may need to move urgently (for example, for work or for safety reasons). However, **properties in the private rented sector which don't meet the energy efficiency standard by the end of 2028 would not be allowed to be leased to a new tenant** (should the existing tenant leave).

19 We are considering developing an assessment tool which would enable building owners to understand which types of clean heating system are most suitable for their building. This tool could also help make an assessment of which energy efficiency measures were most suitable for traditional buildings and which were not.

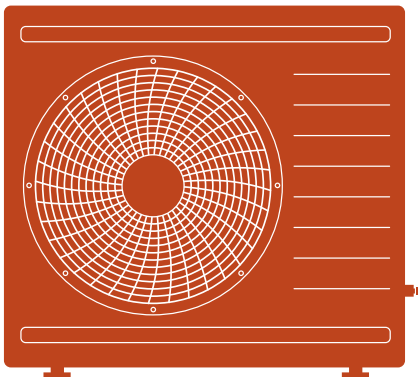
2.37 **We are not proposing to set a minimum energy efficiency standard for non-domestic buildings.** This is due to the extreme variety of size, construction, operating hours, business activity etc. in Scotland's non-domestic premises, and which would make it impractical to set a minimum energy efficiency standard that is effective across the country. Again, however, the move to clean heating systems will also, we believe, drive energy efficiency investment.

2.38 **While we are also not proposing to apply this Heat in Buildings Standard to the social rented sector, the sector will still be on the same pathway**. Social housing accounts for nearly a quarter of Scotland's homes, and the sector has made significant progress on retrofitting in response to the Energy Efficiency Standard for Social Housing (EESSH) which has been in place for many years.

Zero Carbon Buildings Minister @patrickharvie visited @QueensCrossHa's Woodside Flats regeneration and retrofit project in Glasgow.
He heard how ultra-low energy 'Passivhaus' principles were used to both decarbonise heating and address fuel poverty

2.39 We are currently reviewing this Standard to ensure that it is consistent with our net zero targets, and which will ensure that our social housing stock is meeting the same standards and making the same transition as the rest of Scotland's homes. A consultation on the proposals emerging from this review are now published, and will complete in 2024.

2.40 The revised Standard for social landlords will be incorporated into the Scottish Social Housing Charter. Landlords' performance against this Standard must be published and will be monitored by the independent Scottish Housing Regulator. Our view is that these safeguards mean that regulation by statutory instrument is not required in the social rented sector.



Questions on Chapter 2

The Heat in Buildings Standard

Q1

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.

Q2

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.

Q3

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.

Q4

4. Do you agree with our proposal to set a minimum energy efficiency standard that can be met by either installing a straightforward list of measures, or showing a good level of energy efficiency based on a reformed EPC fabric efficiency metric?

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

Please include any additional comments below.

Q5

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.

Q6

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.

☐ **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.

Q7

7. Do you think that an alternative approach to setting the minimum energy efficiency standard is required?

☐ **Yes** ☐ **No**

☐ **Don't know**

Please include any additional comments below.

Q8

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.

3 Property Purchases

3.1 We need many homeowners, landlords and businesses to make the change to clean heating systems in the coming years, and before 2045. This will ensure that we can meet our climate change targets, while also reducing the risk of too large a proportion waiting until close to 2045 and causing a huge spike in demand which would be impractical for manufacturers and installers to meet.

3.2 In order to achieve that, we have considered a range of circumstances where it might be appropriate, fair and practical to require building owners to meet the prohibition on polluting heating before 2045. During the past year, we have undertaken social research to help our understanding of public attitudes to the use of regulations[20] and to the use of early triggers. This has helped shape our thinking, but our consultation asks for your opinion, and we are keen to hear views on what detailed approach we might take.

3.3

Sales in Scotland during 2022-23

There were over **100,000 house sales** in Scotland during 2022-23, as well as over **5,000 sales** or large commercial leases (over 20 years or capable of being over 20 years) registered in the non-domestic sector[21].

over 100,000
house sales

over 5,000
large commercial leases in the non-domestic sector.

20 EST Taylor Mackenzie research
21 Registers of Scotland Property Market Report 2023 (ros.gov.uk)

3.4 As part of the existing process for purchasing a property, sellers must produce an EPC, which shows the main heating system(s) used in the home or non-domestic premises. This means that potential purchasers will be able to see whether or not the property they are interested in meets the new Heat in Buildings Standard, and may wish to take this into account in any offer that they go on to make.

3.5 Potential sellers may similarly consider investing to meet the Heat in Buildings Standard in order to make their property more attractive to buyers, and potentially achieving a higher sale price as a result.

3.6 The Scottish Government is therefore proposing to introduce a new law which will:

Require those purchasing a property to comply with the prohibition on polluting heating within a specified amount of time following completion of the sale.

3.7 This requirement will apply **only** after:

- the Bill that we are proposing to introduce has been considered and approved by the Scottish Parliament, **and**
- we have developed (and consulted upon) further regulations implementing the proposals. Chapter 8 provides more information on the next steps for the Bill and when it will take effect.

3.8 Under this proposed law, the purchaser of a property will be given time – known as a '**grace period**' – to have the work carried out (including time to have their building assessed and/or to receive quotes from installers, as necessary).

3.9 **We are considering, and seeking views on, the length of time for which this grace period should last** for both home and non-domestic purchases, but think between two and five years is likely to be appropriate. This will balance the need to treat the new building owner fairly with the need to make progress in reducing emissions. We are considering whether to apply the requirements to all commercial long-term leases registered with Registers of Scotland alongside sales of non-domestic properties.

3.10 We continue to explore how this approach might work in practice and will use responses from this consultation to ensure a clear, simple and feasible system. By way of illustration, though, our current thinking is that the process would work as follows:

e.g.

Example for Illustration purposes:

Following a Property Purchase (homes or non-domestic buildings):

- The seller lists the property for sale and, as they do at present, obtains a Home Report including an EPC.
- The EPC shows the heating system(s) used in the property, and whether it is using clean or polluting heating.
- This means that – before making an offer on the property – potential purchasers can see whether any potential work would be required to change the heating system.
- As they do at present, any conveyancer being used will provide advice to the purchaser about their obligations if the property purchase is completed (including whether the heating system will have to be changed).
- Where an offer is accepted, the prospective purchaser can consider how best to finance necessary improvements. This could include discussing lending options with a bank or building society to fund the works alongside their mortgage application, taking out a personal loan or accessing product finance, or paying for improvements.
- After the purchase is completed, it is registered with the Registers of Scotland (RoS).
- Beginning from the completion date, the purchaser would have a grace period to replace the polluting heating system.

3.11 **This proposal places no new obligations on sellers**, and so avoids any risk that people are stuck in their homes when they may need to move urgently (for example, for work or for safety reasons).

3.12 We will work with conveyancers, solicitors and estate agents to ensure that this proposal works smoothly alongside their current processes and to make sure that purchasers, and those providing them with legal services, are clear about their role and responsibilities.

3.13 We recognise that first time buyers and those who move more than once before 2045 are more likely to be affected by this proposal. We know too that certain types of properties may have limited options for clean heating systems in the near term. This includes, for example, flats, homes that aren't suitable for certain energy efficiency upgrades, or properties in areas that don't have sufficient electrical grid capacity. We also want to ensure that businesses remain in Scotland, and remain attracted to coming to Scotland, so that we can retain and grow our workforce.

3.14 So we are proposing that certain households and businesses will be eligible for additional time, asked to meet a modified version of the Standard, or exempted from the need to move away from polluting heating following a property purchase – helping to ensure a just transition in line with our legal obligations. Chapter 5 provides more information on these exemptions.

3.15 We are **not** proposing that those purchasing a property should meet the minimum energy efficiency standard any earlier than 2033. Anyone purchasing a property after these dates should be able to expect that the property in question is already compliant with the minimum energy efficiency standard set out in chapter 2, and, if they are not, to reflect this in the asking price.

3.16 What this means is that we will **not** be introducing a 'ban' on properties being sold. However, properties in the private rented sector which don't meet the energy efficiency standard by the end of 2028 would not be allowed to be leased to a new tenant (should the existing tenant leave).

Managing the costs of complying

3.17 Whether homeowners are installing insulation to meet the minimum energy efficiency requirement in a property that they have lived in for years, or replacing a gas boiler with a climate-friendly heat pump in a home that they have just purchased, we know that owners will be facing additional costs and will need to think about how to meet those.

3.18 We recognise that there will be impacts on the housing market as well. Over time, homes that are sold with clean heating already installed will expect to see that reflected in price in much the same way as variations in condition already affect the relative price of two otherwise comparable properties.

3.19 Those buying a new home will need to think about how they are going to fund the work that may be required – in the same way that we would think about funding other work that we might want to do in a new home or business premises. The choices we make here will depend on our own personal circumstances.

3.20 When buying a property, most of us use mortgages. If it is affordable for the purchaser, lenders can also offer increased borrowing for improvements to the property. Many lenders are now offering lower rates of interest for additional borrowing to fund energy efficiency improvements or for installing clean heating systems – this is often termed a "green mortgage". This means that buyers would be able to spread the costs of the installation over many years rather than having to pay for the work upfront.

Example for Illustration purposes:

The Johnstons are planning to buy a new home. Their dream property already meets EPC Band C but they want to replace the property's old existing gas boiler with a heat pump. They contacted a number of suppliers who advised that they would not require wider work like new radiators or plumbing upgrades and that the property is "heat pump" ready, all offering competitive quotes for the work in the region of £8,500.

They are planning to get a mortgage to help them buy their property. Their mortgage provider advised that they will be add the entire amount of £8,500 to their mortgage at zero per cent interest for up to five years, after which time the remaining balance of the loan would revert to the standard variable rate mortgage. They decided to proceed with the offer and took the loan over ten years, the additional amount borrowed mean they paid an additional £71 a month over the first five years, followed by £86 over the next five years.

3.21 Not everyone has a mortgage, however, and not everyone will be able to, or want to, borrow from a mainstream bank to fund the additional costs. We are already seeing companies develop product finance offers to help individuals spread the upfront cost of clean heating systems over time, with such products being widely used to pay for gas boilers at present.

Example for Illustration purposes:

Helen had recently bought a new home and wanted to replace the gas boiler with a heat pump. The supplier she had identified was offering a 0% finance offer on air source heat pumps. Helen decided to proceed with the no obligation in house survey – and the company worked with her to identify the size of heat pump that she would need and the additional work she would need to get done, including some additional insultation to improve the energy efficiency of her home. The total cost of the work was £14,000. Helen's circumstances meant she was eligible for a grant of £7,000 to support her. The supplier then offered Helen a 0% finance option for the remaining £7,000 if the loan was repaid in 2 years, or longer term finance at an APR of 3.9%. Helen decided the best option for her was to go with a repayment term of 7 years which means she pays £95 per month, as it suited her budget.

3.22

The Scottish Government also currently provides zero interest loans through our Home Energy Scotland and Business Energy Scotland schemes to help people and small / medium enterprises finance energy efficiency work and install clean heating systems. We want to ensure that similar products remain available in future (subject to future budget decisions, made following the usual process), and that can help as many people as possible. We are working with banks and other finance bodies, like credit unions, to help them to develop a wide range of options to suit different circumstances.

Example for Illustration purposes:

The Hendersons recently bought a semi-detached house. They wanted to replace the gas boiler with a heat pump and put in place new triple glazing. The total cost of the work was estimated at around £20,000. They were able to fund £7,500 themselves from their sale of their previous home, and so, to fund the remaining costs, they applied for an interest free loan of the maximum amount of £7,500 to be paid back over 10 years and were able to get a green home loan from their mortgage provider of £5,000 over the life of their mortgage. They will pay an extra £97 per month for the next 10 years which will then reduce to an extra £32 per month over the life of their mortgage.

Example for Illustration purposes:

Adam and Kaye run a small joinery company and their business is growing. They are seeking to buy new premises to enable them to expand and have their showroom and workshop on the same site. The unit they have identified needs some work done to it, including upgrading its heating and lighting system and currently has high energy running costs. Business Energy Scotland helped them identify the work required, how much it would cost and what it would save them. The work needed was estimated at £150,000 but would save over £16,000 on energy bills. As a Small or Medium sized Enterprise (SME), they were able to access an interest free loan of £100,000 repayable over 10 years to help fund the work and by using their existing relationship with their bank, were able to quickly and easily identify a way to borrow the remaining £50,000 on terms that worked for them.

3.23 We know that there will be some people who will not be in a financial position to improve the energy efficiency of their home, or who buy a new property but will not be able to afford to pay for, and carry out, the work needed to install a clean heating system. This means that there may be some circumstances where people need (and can be given) extra time or additional support to comply with either the energy efficiency or heat requirements of the Standard, or exempted from taking action when purchasing a home. We would be grateful for views on what these circumstances should be.

3.24 But we will also ensure that there is still public funding to support people and businesses who need it most taking into account the range of exemptions and abeyances that will apply – for example, if you meet certain criteria, our current Warmer Homes Scotland scheme means that you can have energy efficiency measures and a heat pump installed with all the work planned and carried out for you, fully funded by the Scottish Government.

e.g.

Example for Illustration purposes:

Mrs L lives in the Highlands in a property that is not connected to the gas grid. She contacted Home Energy Scotland because she felt her previous electric heating system was old and needing replacing. She was found to be eligible for Warmer Homes Scotland scheme. She had a survey done and the surveyor recommended a heat pump along with installing underfloor insulation. The work was carried out quickly with most of the work being done in one day. Mrs L finds the heat pump much more efficient and cost effective that her previous heating and it retains the heat really well because of the extra underfloor insultation. This has given her incredible peace of mind about her heating bills which are now much lower than they were before.

A "cost-cap"

3.25 Our proposals to require homes to meet a minimum standard of energy efficiency by 2033 (or by 2028 in the private rented sector) and transition to a clean heating system following the purchase of a property may need us to create a ceiling or cap on the potential cost of meeting the Heat in Buildings Standard.

3.26 This may be needed in order to ensure that homeowners are not required to pay unreasonable costs when improving the energy efficiency of their homes, and so that banks and building societies know the maximum costs that their customers will face when determining whether mortgage and any loan repayments are affordable. We think that this would reduce the risk of lenders being unwilling to offer mortgages on homes that don't meet the Standard, and thus potentially slowing the property market.

3.27 While a cost-cap may be important, it may also be challenging to make sure that it is fair and effective, and that it doesn't create unintended consequences.

3.28 There are a range of ways that a cost-cap could be set:

Potential options:

- A **'flat' cap** of £X that applies to all homes and of £Y that applies to all non-domestic buildings.

  While this would make clear the maximum cost any owner will face, it is likely to be unsuitable as the size, construction, use etc. of buildings varies greatly and will lead to varying costs. This could lead to fairness issues, as it is likely that those in older or larger buildings will exceed a flat cost-cap more frequently than those with new or smaller buildings.

- A **'size-based' cap**, that applies to all buildings based on their internal area (£X / m2).

  This would look to treat homes and businesses equally by setting the total costs as a direct reflection of the size of the building owned. The size of a building is also recorded on an EPC, meaning that the size-based cap applying to each building could be calculated.

However, the size of a home or non-domestic building is not always a good indicator of the costs of changing heating system or making energy efficiency improvements – for example, an older home with solid walls at 74m2 is likely to cost more to meet the Standard than a new build home of the same size. It may also be unfair or complex in the non-domestic sector, as there are many examples of where large areas of the building are unheated.

- A **'purchase price-based' cap**, that applies to all buildings based on the price paid for the property (X% of the purchase price).

  This would ensure that the investment needed to meet the Heat in Buildings Standard was a direct reflection of the value of the homes or commercial premises. The purchase price of a building is recorded with the RoS, allowing us to ascertain the cap that would apply to each building.

  However, the cap would not apply fairly across the country in this system, with those in areas that see higher property prices paying more to meet the Standard than those in similar buildings in other parts of Scotland. It may also drive those with homes of lesser value towards heating systems that are cheaper to install, but which are generally much more expensive to run.

  Furthermore, it would not be suitable for capping the cost of energy efficiency improvements which must be undertaken by a backstop date and not triggered by the purchase of a new property.

3.29 These issues and others – like the length of time the cap should apply, whether it applies to heating systems only or to energy efficiency improvements, and whether it only applies after a property purchase – will take more time to resolve.

3.30 We would be grateful for your views on whether a cost-cap is needed, your thoughts on the methods of calculating a cost-cap (described above), as well as any other views or ideas about a cost-cap that you may have.

Meeting the Heat in Buildings Standard at other points in time

3.31 There are other circumstances where it may, in time, be possible or make sense to require people to end their use of polluting heating – for example, when their current gas or oil boiler comes towards the end of its life.

3.32 The UK Government has said that it plans to introduce a law like ours, i.e. which will ban new fossil fuel boilers being installed in homes and non-domestic buildings after 2035.

3.33 There is some attraction to using natural turnover in heating systems as a point of change. However, right now there are some practical issues of compliance and dealing with crisis breakdowns of boilers which make it not appropriate in the near future within regulation. However, as the market and supply chain for clean heating develops over time and as we see costs reduce in the way that we expect, then it may become **affordable**, **fair** and **feasible** to require people to end their use of polluting heating at other times, not only following a property purchase.

3.34 We are therefore proposing that the Heat in Buildings Bill will:

Provide Scottish Ministers with the ability to require homes and non-domestic buildings to end their use of polluting heating in other circumstances (beyond the purchase of a property).

3.35 This use of these powers would be a matter for future Scottish Governments to decide upon, and would also be subject to further consultation as well as the consent of the Scottish Parliament[22].

3.36 But including such a power will help to future-proof our proposed Heat in Buildings Bill, and avoid the need for additional primary legislation in future when further progress in emissions reductions may be needed.

22 The affirmative procedure in the Scottish Parliament provides maximum scrutiny of the use of powers provided to the Scottish Ministers. It requires Ministers to appear before a lead Committee and an opportunity for the Scottish Parliament to vote on whether to allow the laws being proposed under these powers.

Questions on Chapter 3

Property Purchases

Q9

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.

Q10

10. We are proposing to give those purchasing a property a 'grace period' to end their use of polluting heating. Do you agree with this proposal?

- ☐ **a.** Yes – the grace period should be two years.
- ☐ **b.** Yes – the grace period should be three years.
- ☐ **c.** Yes – the grace period should be four years.
- ☐ **d.** Yes – the grace period should be five years.
- ☐ **e.** No, please provide reasons for your view.

Q11

11. To what extent do you support our proposal to apply a cost-cap where people are required to end their 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.

Q12

12. Which of the following methods of applying a cost-cap do you support?

- ☐ **a.** A flat cost-cap.
- ☐ **b.** A size-based cost-cap.
- ☐ **c.** A purchase price-based cost-cap.
- ☐ **d.** None.
- ☐ **e.** Another, please suggest below.

Q13

13. To what extent do you support the proposal that the Scottish Ministers should be given powers to extend the circumstances in future (beyond a property purchase) in which people could be required to end their use of polluting heating?

This could be, for example, preventing the installation of new fossil fuel boilers when replacing the heating in your home or business premises?

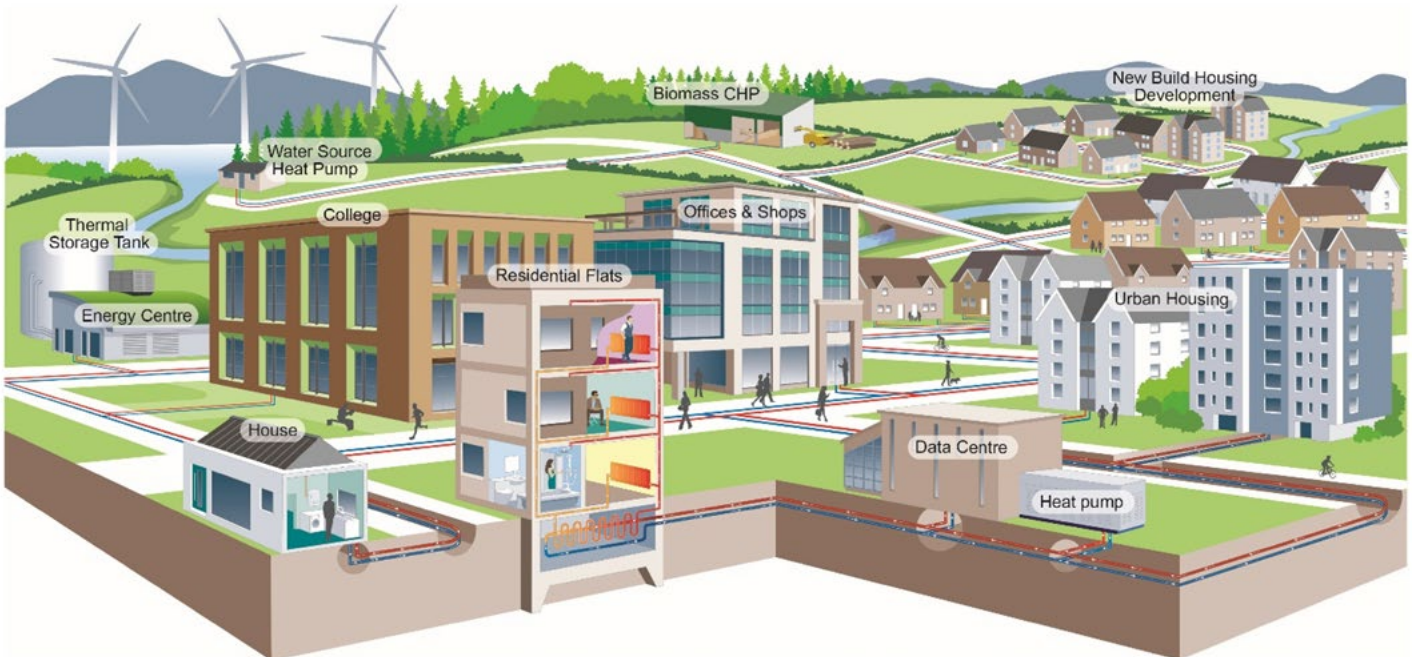
- ☐ **Strongly support**
- ☐ **Somewhat support**
- ☐ **Neither support nor oppose**
- ☐ **Somewhat oppose**
- ☐ **Strongly oppose**
- ☐ **Don't know**

Please include any additional comments below.

4 Connecting to Heat Networks

4.1 Heat networks are one of the clean heating systems that people will be able to use to comply with the Heat in Buildings Standard.

4.2 Heat networks generate heat and use a network of pipes to supply it to nearby homes, businesses, and public buildings. The heat can be generated in different ways, depending on the resources and assets available in the area. This could be through heat pumps that draw thermal energy from a local river, or from the recovery of excess heat from local businesses like distilleries, or in many other creative ways we have seen across Europe.



4.3 All heat networks will be required to generate most of their heat from renewables or bioenergy by 2045, so they are one of the systems that some of us will be able to use that meet the Heat in Buildings Standard. Several studies have examined the potential for heat networks in Scotland, and while they provide different estimates over different timescales, they all show that we could see significant growth in these schemes[23].

23 Heat networks could grow to supply between 17.1 – 32.1% of Scotland's total heat demand.

4.4 We want and need to see this growth. There is a well-established supply chain for heat networks within Scotland, the wider UK and Europe that is capable of building and operating these systems, with additional transferable skills in Scotland, while homes and non-domestic premises which connect to them can usually spread the upfront costs of connection over a number of years.

4.5 There are only around 30,000 homes and 3,000 non-domestic premises connected to heat networks in Scotland just now, and while we have over 1,000 individual heat networks, these are typically very small. We know that there is significant interest from local authorities and private investors in owning and operating heat networks, and we must do more to attract this investment if we are to fulfil the potential that the sector has in Scotland and create a sustainable market.

4.6 This will need local authorities or private financers to be confident that homes and especially non-domestic buildings will connect to a proposed heat network project. That is why we are proposing to:

Provide local authorities and the Scottish Ministers with powers to require buildings within a Heat Network Zone to end their use of polluting heating systems (by a certain date, and with a minimum notice period).

4.7 In practice, this would mean that a local authority could, for example, notify a local public sector organisation, a large commercial building owner, or those living in a block of flats that they are required to end their use of polluting heating within a given period of time. These powers could be used in relation to multiple buildings in an area, and where the opportunity for a heat network rests on their connection.

4.8 It may be that the requirement applies to different buildings at different times, consistent with the gradual construction of the heat network itself.

4.9 The benefits of these proposals are twofold:

- Firstly, a heat network developer would know which buildings would be required to transition from polluting heating, and by when – allowing the developer to confidently design and construct the 'spine' of a network accordingly. This is important, as the spine of a network can be costly, time-consuming and disruptive to install and so should ideally be done at once. When it is installed, it becomes relatively easy and affordable to extend the network to connect other areas in future.
- Secondly, building owners required to look for alternative heating systems are far more likely to join the heat network. This will provide greater assurances to investors about the revenue that a new heat network is likely to receive, which will help convince them in turn to make that investment decision and to reduce the cost of finance. This can lead to lower costs of heat to homes and businesses as end users.

4.10 **We are proposing that any buildings within a Heat Network Zone will not need to meet the Heat in Buildings Standard following a property purchase** (as described in Chapter 3). This is to preserve the business case for a new heat network development by ensuring that buildings which are likely to connect are not forced to adopt another system before time. These homes and non-domestic buildings will be required instead to meet the Heat in Buildings Standard when a heat network becomes available – **either** by connecting to the network **or** by choosing to install another clean heating system.

4.11 While this consultation is focused on existing buildings, we set out in the Heat Networks Delivery Plan[24] that new buildings within a Heat Network Zone should also connect to a heat network where available. We will therefore investigate whether the Heat in Buildings Bill could also:

Provide powers to local authorities or the Scottish Ministers that require developers to connect new buildings within Heat Network Zones to a heat network.

24 Heat Networks Delivery Plan (www.gov.scot)

4.12 These provisions will combine to attract the private investment in heat networks that is necessary to achieve development at the pace and scale needed.

4.13 By the end of 2023, your local council may have published its Local Heat and Energy Efficiency Strategy (LHEES). One of the main things these Strategies will do is identify where the clearest and most obvious heat network opportunities are in your local area.

4.14 For example, Glasgow City Council[25] and Fife Council[26] have already published draft LHEES. While these are not yet finalised and are subject to adoption by the leadership in those Councils, they help to show how you could learn whether or not your area is likely to be served by a heat network (and so become subject to the proposals in this Chapter). While the LHEES are an important first step, then, we also expect that individual property owners will be informed directly whether they are in a heat network zone, and will develop processes to ensure that this happens.

4.15 We are also exploring the potential to introduce a new duty on public sector organisations to connect the buildings that they own to a local heat network, and will consult on this separately in due course.

Waste heat

4.16 As discussed earlier, the heat provided through heat networks can be generated from a range of sources, including 'excess', 'surplus' or 'waste' heat that can be recovered from local business or assets. These can include heat produced by distilleries and data centres, or in sewers and incinerators.

4.17 We want to make sure that recoverable heat is considered when designating Heat Network Zones, and so we may use existing powers to place conditions on heat network operators concerning the use of waste heat. However, there remains no legal requirement to provide such heat and limited incentives to do so. There are also very limited data on the scale and location of potential waste heat resources.

25 Local Heat and Energy Efficiency Strategy (glasgow.gov.uk)
26 Local-Heat-and-Energy-Efficiency-Strategy-Fife-Public-Engagement-Draft.pdf

4.18 We think that waste heat is an underused resource; if it can be fed into a heat network at low cost has the potential to increase the number of viable heat networks across Scotland (including potentially in rural areas), as well as to reduce the costs charged to connected homes and non-domestic premises.

4.19 That's why we are considering using the Heat in Buildings Bill to:

Require occupiers of non-domestic properties to provide information about unused heat on their premises (on request and in confidence); and

Potentially require buildings with unused heat to provide this to a local heat network (where that would be cost-effective).

Questions on Chapter 4

Connecting to Heat Networks

Q14

14. To what extent do you support our proposal to provide local authorities (and Scottish Ministers) with powers to require buildings within a Heat Network Zone to end their use of polluting heating systems by a given date?

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

Please include any additional comments below.

Q15

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.

Q16

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**

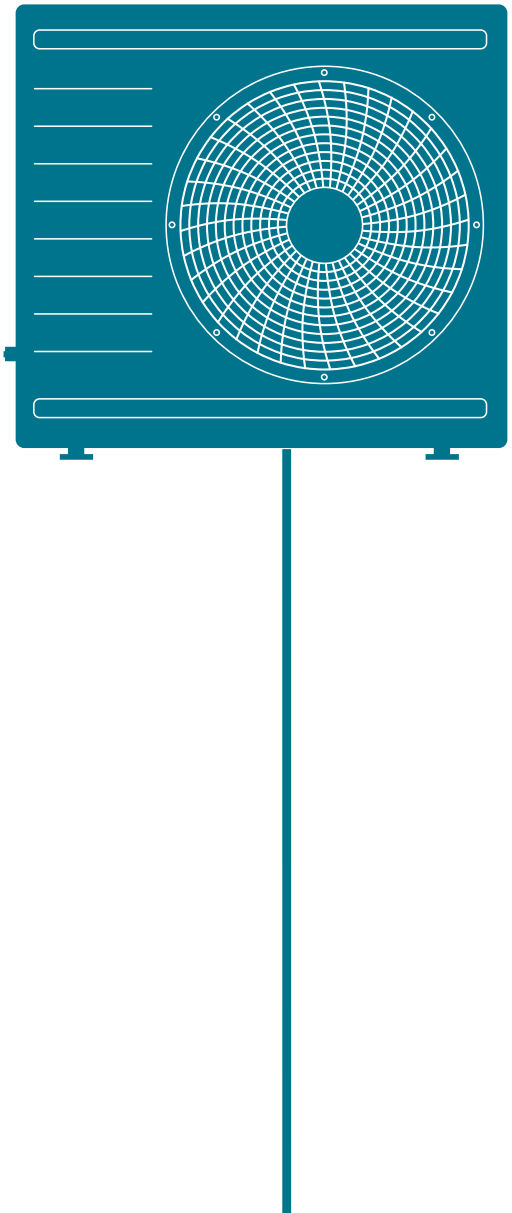
Please include any additional comments below.

Q17

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.



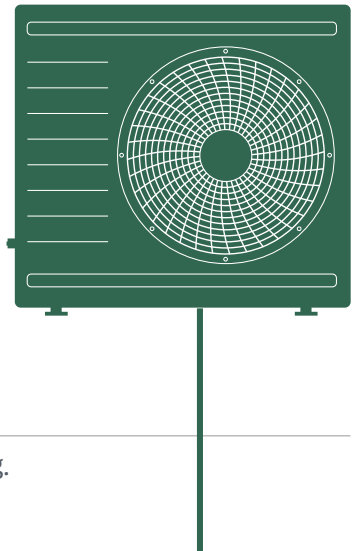
5 Monitoring and Enforcement

5.1 For any law that places requirements on us to be credible there must be a way to check that we are meeting the requirements when supposed to (monitoring) as well as a reason for us to meet the requirements (enforcement).

Monitoring

5.2 **This consultation has described five points in time at which we may be asked to meet the Heat in Buildings Standard:**

- at the end of a grace period which follows the completion of a property purchase;
- following notice from a local authority to a building owner in a Heat Network Zone that they are required to end their use of polluting heating;
- at the end of 2028, private landlords will need to have met the minimum energy efficiency standard
- at the end of 2033, owner occupiers will need to have met the minimum energy efficiency standard[27]; and
- at the end of 2045, all building owners will need to have ended their use of polluting heating.



27 Unless they have ended their use of polluting heating.

5.3 There are two ways in which we could monitor whether people are meeting their requirements under these five scenarios:

EPCs

We could be asked to submit an EPC, which would show:

- the type of heating system used in the building.
- the presence (or not) of particular energy efficiency measures, such as loft insulation.
- the fabric efficiency rating of the building.

An EPC would therefore demonstrate comprehensively if a building had ended its use of polluting heating and whether a home had met the minimum energy efficiency standard.

Sampling

We could be subject to checks to verify whether the heating system we were using complied and/or whether the energy efficiency standard had been met. Such checks would be undertaken on a random sample of buildings – for example:

- 5% of properties that reached the end of their grace period in a given month; or
- 1% of all homes in 2033 or 2045.

We expect these checks would be based on available information (for example, an EPC record) rather than any need to physically inspect properties, particularly as the Standard beds in.

5.4 The benefit of using EPCs to monitor the Standard is that they are an existing and familiar tool, already included as part of the sale of properties and with information freely available via the EPC Register. The EPC Register means that a body responsible for checking compliance could readily access this information and connect it to a property transaction.

5.5 The onus would be on the homeowner, landlord or business to arrange and pay for the EPC assessment. This approach creates new costs for households (over and above any work to meet the Heat in Buildings Standard). The cost of an EPC varies from building to building, but in the domestic sector it can be over £100 – and, given the further distances, may be higher still in rural areas and on islands. However, this approach may present significant employment opportunities for existing and new assessors.

5.6 The benefit of sampling properties is that the costs of monitoring are taken away from the public. It is also a more proportionate system, given that monitoring would not apply to all of Scotland's 2,495,000 homes and 220,000 non-domestic buildings.

5.7 Costs of sampling properties are likely to fall to public finances, however these costs to government can be minimised by our current plan not to physically inspect any properties.

5.8 We think that a combination of both approaches may provide the most robust way to confirm compliance, and would be grateful for your views on this as well as whether there are any other forms of evidence for complying which are appropriate. For example, this may include the submission of an installation certificate – although this may be resource intensive as an authority will need to check and confirm this evidence.

Enforcement

5.9 While the vast majority of the population supports efforts to reduce our emissions, this is unlikely to be reason enough for people to make the changes needed to meet the Standard.

5.10 We are proposing that private landlords would be subject to civil penalties if they don't meet the minimum energy efficiency standard after 2028, because it is tenants, including some who may be living within vulnerable circumstances, who will suffer.

5.11 **However, we do not think that such penalties will be universally suitable for other people who do not meet the Heat in Buildings Standard,** at least when it is first introduced.

5.12 Costs are likely to be the main reason which prevents people from undertaking work to meet the Standard; this means that it would be counterproductive to issue fines or penalties that further hamper the ability of people to pay when the Standard is still bedding in, and when the costs of clean heating will still have further to fall.

5.13 But we do have to find compelling reasons for people to meet the requirements, and to include the relevant powers in our proposed Heat in Buildings Bill.

5.14 We have considered additional charges on council tax and non-domestic rates for those buildings that haven't met the Heat in Buildings Standard when they are required to. However, we don't wish to increase costs for households and businesses at this time, and there is evidence that similar charges have not been an effective incentive for people in the past. At the same time, reliefs and additional charges are something which we may wish or need to consider in future – particularly as the latter may help to finance work in local areas, for example.

5.15 One thing that we are exploring is whether banks and buildings societies can – or already do – make complying with laws relating to your property a condition of mortgage and/or home and buildings insurance.

5.16 If this were to extend to meeting the Heat in Buildings Standard when required to, then it would give building owners a strong incentive to do so and to ensure compliance with the terms of their mortgage or home or buildings insurance. In such a scenario, we may wish to record those buildings that have not met the Heat in Buildings Standard when they were required to, thus avoiding the need to fine or penalise building owners. We will engage further with lenders and insurance companies on this point.

5.17 However, if it becomes evident that not enough properties are complying with the Standard, we may think about other tools to help us achieve this, including wider civil penalties. We want to make sure that, if we do decide to deploy these in the future, they are proportionate and affordable and don't place anyone under financial hardship. To make sure that this is the case, we would consult on the detailed parameters and proposals for any civil penalties ahead of their introduction in future.

5.18 In the meantime, and while we propose to include the relevant powers within our proposed Bill, **we don't intend that such penalties will play a key part during the initial stages of the Standard's introduction**.

The monitoring and enforcement body

5.19 Once we confirm how the monitoring and enforcement system will work in practice, we will then consider which bodies are best placed to deliver these.

5.20 Both the Scottish Government (or a body acting on our behalf) and local authorities may be suited to this role. If there is evidence which supports there being a role for local authorities then, in keeping with the Verity House Agreement[28], we will work with our partners in local government to collaborate on this.

Exemptions and extra time

5.21 While monitoring and enforcement are necessary to make the Heat in Buildings Standard credible, homeowners, landlords and businesses should be assured that they will be treated fairly.

5.22 We know that everyone's individual circumstances are different, and that our homes and other buildings also vary considerably. We want to make sure that the implementation of the Standard brings about positive change for people. We are aware that some may need to keep their homes at a higher temperature to be comfortable – e.g. homes where there are small children or older people, or others with specific needs. We are particularly keen to hear how the Standard can help ensure this comfort and about any of the challenges particular groups of society may face in complying.

5.23 To ensure fairness, the Heat in Buildings Bill will:

Ahead of 2045, exempt those who can't, or perhaps should not have to, meet the Heat in Buildings Standard.

Provide extra time for those who need it to meet the Standard, or require that people comply with a modified version of the Standard which takes into account their building's characteristics or unique circumstances.

Make it easy for people to appeal where they feel the requirements are incorrect or unfair.

28 New Deal with Local Government – Verity House Agreement - gov.scot (www.gov.scot)

5.24 In Chapter 3, we suggested that exemptions may be appropriate for first time buyers, or for certain businesses to protect the local or national economy.

5.25 Since exemptions will affect the pace at which we reduce emissions, we are seeking your views on whether it is right to exempt people from the Heat in Buildings Standard, and if so, to whom these exemptions should apply. There may be very specific and narrow circumstances in which this provision can apply – for example, if a building is due to be demolished or if major building works are about to be undertaken in the near future.

5.26 In Chapter 3, we also suggested that extra time might be needed for those living in properties for which clean heating options are currently limited – for example some flats, properties that may struggle to improve their energy efficiency, or in buildings in areas where there are constraints to the electricity grid. Without extra time to meet the Standard, they may be forced to install systems that are expensive or unsuitable to run.

5.27 The Scottish Government established a Short Life Working Group to look at the ways in which our approach and regulations would need to take the needs and circumstances of those in tenements, flats and similar properties fully into account. We will be publishing that report at around the same time as this consultation, and will be guided by its recommendations.

5.28 We have also set out in Chapter 2 how we are considering developing an assessment tool which would enable building owners to understand which types of clean heating system are most suitable for their building, or which can also show cases where these would not be suitable until cleaner alternative fuel options become available. We think that such a tool could give a more detailed technical assessment of the suitability of different heating systems or energy efficiency measures for buildings than is possible under the more basic assessment used for an Energy Performance Certificate. We envisage such a tool could be used to help to understand:

- what types of clean heating systems are most technically suitable for a building and which are not
- what types of energy efficiency measures are most technically suitable for a building and which are not
- what types of clean heating system and energy efficiency measures might be appropriate for tenements where some elements of the building are in common ownership and where a communal heating system may be an alternative to individual heating systems for each flat[29]
- buildings which are not suitable for a clean heating system until cleaner alternative fuel options become available
- what types of clean heating systems and energy efficiency measures might be appropriate for traditional buildings or those with protected characteristics, and those which might not.

5.29 This tool would then be able to support any modifications that were needed to the Standard to take account of a building's characteristics or unique circumstances, or to support any appeals that people might want to make where they feel the requirements are incorrect or unfair.

29 We have already commissioned initial research on this: Whole building assessment in multi-owner and mixed-use buildings (climatexchange.org.uk)

Questions on Chapter 5

Monitoring and Enforcement

Q18

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.

Q19

19. We will need to have a way to enforce the Heat in Buildings Standard. We discussed possible options to help achieve compliance. What are your views on these ideas?

- ☐ **a.** I support relying on market and financial product mechanisms such as mortgages or home/ building insurance.
- ☐ **b.** I support extra Council Tax and Non-domestic Rates charges, in future, for those who don't comply.
- ☐ **c.** I support the introduction of civil penalties, in future, if compliance is not achieved.
- ☐ **d.** I support a mixture of the above options.
- ☐ **e.** I do not support the suggested enforcement tools, but have another suggestion (please provide below).
- ☐ **f.** I do not support any form of enforcement.

Q20

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.

Q21

21. Which people, businesses, or types of buildings, if any, should be eligible for a modified standard or exemptions?

Q22

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.

Q23

23. Which people, businesses or types of buildings, if any, should be eligible for extra time?

6 Public Sector Buildings

6.1 There are around 23,000 buildings in public ownership – these include buildings like the Scottish Government's own estate, as well as local authority offices and many of the amenities that we use.

6.2 If we are asking homeowners, landlords and businesses to invest in this transition, then there is a real case for the public sector to show leadership by taking early and sustained action to decarbonise its estate. This will also help to further develop the supply chain for manufacturers and installers of new heating systems and energy efficiency products.

6.3 This is why we are proposing that the Heat in Buildings Bill should require:

All buildings owned by a Scottish public authority[30] to be using clean heating systems by the end of 2038.

6.4 This proposal will require the public sector – including the Scottish Government itself – to have completed the transition earlier than others, while also providing long-term certainty which allows our partner organisations time to plan for the changes needed.

30 A 'Scottish public authority' is one listed under section 3(1)(a) of the Freedom of Information (Scotland) Act 2002.

6.5 We are also considering whether other powers in the Heat in Buildings Bill can support the public sector to plan for this transition to help ensure that it is conducted in the most efficient way. Specifically, we are considering:

Potential duties on public authorities:

- Placing a new duty on public sector organisations which would **prevent them from replacing a polluting heating system with another** (unless impractical); and/or
- Creating a new duty for **each public body to develop and implement a plan** to decarbonise their buildings; and/or
- Placing a new statutory **reporting duty on public sector organisations to demonstrate progress towards their 2038 objective** (with the potential for the 2038 then to be non-statutory); and/or
- Placing **no further statutory requirements on public sector organisations** (instead relying on their ability to plan alongside our delivery and funding programmes to meet the 2038 objective).

6.6 These options are not mutually exclusive, and we are seeking views – particularly from public sector organisations – on which options could work best to decarbonise heat in public sector buildings more quickly than the wider building stock.

6.7 As well as these options, we will consult separately on a potential new duty on public sector organisations to connect those buildings which they own to a local heat network, where available.

6.8 The responses to this consultation will inform further discussion with our public sector colleagues as we look to take final decisions in this area in partnership with them.

Questions on Chapter 6

Public Sector Buildings

Q24

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.

Q25

25. We are considering the following further duties on public sector organisations to support planning for the transition by 2038:

- ☐ **a.** Placing a new duty on public sector organisations which would, from 2025, prevent them from replacing a polluting heating system with another (unless impractical);
- ☐ **b.** Creating a new duty for each public body to develop and implement a plan to decarbonise their buildings;
- ☐ **c.** Placing a new statutory reporting duty on public sector organisations to demonstrate progress towards their 2038 objective (with the potential for the 2038 then to be non-statutory); and/or
- ☐ **d.** Placing no further statutory requirements on public sector organisations (instead relying on their ability to plan alongside our delivery and funding programmes to meet the 2038 objective).

Please tell us which option(s) you would support.

Please include any additional comments below.

7 Amendments to Existing Legislation

Renewable heat target

7.1 Our Heat in Buildings Strategy set out a provisional target for renewable heat of at least 22% by 2030. This target is based on a requirement in previous legislation, and relates to the percentage of heat to be produced from renewable sources. This target doesn't capture the ways in which Scotland is performing on heat decarbonisation and emissions as a whole. We believe that the Heat in Buildings Bill gives us an opportunity to change this.

7.2 **We may want to include powers within the proposed Heat in Buildings Bill requiring a new or amended target**. We believe that an alternative target and set of metrics could be more understandable and provide a better illustration of our progress, as well as a better signal and greater confidence to clean heating and building retrofit installers and businesses.

Heat Networks (Scotland) Act 2021

7.3 In 2021, Scotland was the first country within the UK to pass legislation to support the growth of heat networks. The UK Parliament has since passed the Energy Act 2023 which will bring welcome new consumer protections for heat network consumers across Great Britain.

7.4 **As a result, we may wish or need to amend our 2021 Act to ensure alignment with the Energy Act and that the sector is regulated proportionately in Scotland**.

7.5 The amendments to the 2021 Act that we envisage are likely to be technical in nature – for example, reviewing the definition of a heat network, or the links between heat network consents and key assets – but we also welcome views on whether further changes could be made to build on the Act in support of the sector.

Questions on Chapter 7

Amendments to Existing Legislation

Q26

26. Do you agree with our proposals to include powers in the proposed Heat in Buildings Bill to change the current requirement in legislation for a narrowly-defined renewable heat target?

☐ **Yes** ☐ **No**

☐ **Don't Know**

Please include any additional comments below.

Q27

27. Do you agree that the Heat Networks (Scotland) Act 2021 should be amended in light of the passage of the Energy Act 2023?

☐ **Yes** ☐ **No**

☐ **Don't Know**

Please include any additional comments below.

Q28

28. Are there any further amendments to the Heat Networks (Scotland) Act 2021 that the Scottish Government should consider?

8 The Heat in Buildings Bill

8.1 Throughout this consultation document we talk about our plans to have a 'Heat in Buildings' Bill and the new laws that it would create.

8.2 To help the public understand when these new laws might start to take effect, the diagram below shows the next steps for the Bill, and how it would progress through the Scottish Parliament should the Scottish Ministers choose to take their plans forward.

The Bill process explained:

1

Consultation

The government will publish its plans and ideas, to understand the level of support they have from the public (especially those most-affected).

The consultation document also allows people who may support the overall intent of the plans, to suggest changes to points of detail.

This is the stage that the Heat in Buildings Bill is at.

2

Introduction

The government will draft a Bill, based on the ideas presented during consultation, and possibly adapted based on any feedback it may have received.

The draft Bill is 'laid' in Parliament, alongside the government's analysis of the financial and other impacts of the Bill.

3

Stage 1

The Scottish Parliament Committee with most-interest in the Bill will consider the Bill. It will invite experts to give their views on the Bill, and it may undertake its own consultation. The Scottish Government will also speak to the Committee about the need for the Bill, and the proposals it makes.

The Committee will provide a Report, summarising its views on the Bill, before a vote takes place on the Bill in the Scottish Parliament chamber. This vote is to determine if MSPs support the 'general principles' of the Bill – i.e. what it is trying to achieve, as opposed to the specifics of how it will achieve its aims.

Continued on next page

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4

Stage 2

Should the Scottish Parliament agree to the general principles of the Bill at Stage 1, it will proceed to Stage 2 where MSPs who sit on the Committee can propose changes to the Bill (amendments).

If an amendment is supported by a majority of Committee members, it is passed, and the Bill is changed. The Scottish Government may also make amendments to the Bill at this Stage – for example, in response to feedback from the Committee's Report at Stage 1.

5

Stage 3

Once all Stage 2 amendments have been considered, the Bill is re-printed to reflect any changes that were agreed.

The Bill then moves on to Stage 3, where a final vote on the Bill takes place in the Scottish Parliament chamber. If the Bill receives a majority vote (in most cases), it will become law. If it does not receive a majority vote, it will not become law.

6

Royal Assent

If the Bill is passed, it must receive Royal Assent from the King. This usually takes place within four weeks of Stage 3, and officially makes a Bill an 'Act of the Scottish Parliament'.

7

Regulations

New laws do not necessarily take effect when they are passed by the Scottish Parliament at Stage 3, nor when they receive Royal Assent.

Many Acts need 'secondary legislation' or 'regulations' before they can take effect. This is often because the legislation would be too long or detailed to include in the Act itself, or because changes to laws need to take place quickly without the need to go through the various steps set out above.

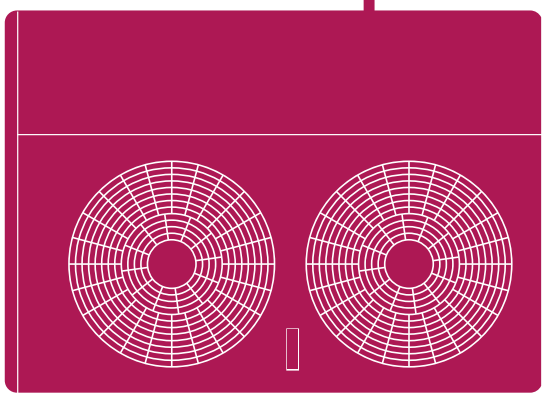
In the case of the Heat in Buildings Bill, secondary legislation may be needed, for example, to specify the measures which will form the minimum energy efficiency standard or to say which people may be exempt from the need to meet the Heat in Buildings Standard.

Any secondary legislation or regulations that may be needed in future, would be subject to further consultation.

8.3 We intend to pass the Heat in Buildings Bill by the end of this term of the Scottish Parliament (in May 2026) but have not provided any specific dates about when the new laws would apply (should they be passed by the Scottish Parliament). This is because it is for the Scottish Parliament to decide when it will consider the Bill, at each Stage.

8.4 We provide this process though, so that the public understands that this consultation is the start of a process we are on, together as a country, to determine how we will remove emissions from our homes and workplaces and reach net zero.

8.5 We will listen to you throughout this process, and once again encourage you to respond to this consultation before it closes on **8 March 2024**.



9 Glossary of Terms and Acronyms

Direct Emission Heating System (DEHS)	A heating system that produces harmful gases into the atmosphere at the point of use within the building (direct greenhouse gas emissions), such as gas, oil and liquefied petroleum gas (LPG) boilers or burners, and bioenergy systems. Also called "polluting heating" for short, throughout this document.
Domestic Property	A home, whether that is a house, flat or other. This includes owner-occupied homes, empty residential properties, private rented homes, holiday homes and short-term lets. We will develop details of regulations and how best to treat and categorise specific sectors and property types, including mobile residential homes and homes on agricultural tenancies.
Energy Performance Certificate (EPC)	A document which records the estimated energy performance of a building, as well as the main heating system(s) used within it. EPCs are a legal requirement whenever a home or non-domestic building is advertised for sale or let.
Heat in Buildings Strategy	This Strategy outlines the steps we will take to reduce greenhouse gas emissions from Scotland's homes, workplaces and community buildings and to ensure that we remove poor energy performance as a driver of fuel poverty.
Heat network	Large systems of insulated pipes and heat generation supplying heat (in the form of hot water or steam) to homes and other premises, such as businesses and the public sector. They include both **district** and **communal** heating: a district heat network distributes heat from one or more sources to more than one building, while a communal heating system distributes heat to one building made up of several smaller dwellings or units. Depending on their fuel source, they can help reduce greenhouse gas emissions and in certain circumstances, can reduce energy bills and help to tackle fuel poverty.
Heat network zone	An area that a Council determines would to be suitable for a heat network, having considered a range of factors.

LHEES	Local Heat and Energy Efficiency Strategy – documents that local authorities must produce by end-2023 and which set out the long-term heating system(s) that are thought to be most-suited in different areas. This will include identifying heat network opportunities, which may later become official Heat Network Zones.
LPG	Liquified Petroleum Gas
Main Heating System	The main heating system is that which heats the largest proportion of dwelling. It is a heating system which is not usually based on individual room heaters (although it can be), and often provides hot water as well as space heating. This definition is used within SAP SAP 10.2 - 11-04-2023.pdf (bregroup.com)
Net zero	Net zero means that the total greenhouse gas emissions are equal to or less than the emissions removed from the environment. In practice, this can be achieved by a combination of emission reduction (for example, by installing clean heating systems) and emission removal (for example, by nature).
SAP	Standard Assessment Procedure.
Scottish Government Climate Change Plan Update	An update to Scotland's 2018-2032 Climate Change Plan sets out the Scottish Government's pathway to our new and ambitious targets set by the Climate Change Act 2019.
Zero Direct Emissions Heating (ZDEH)	Heating systems such as individual heat pumps, or connection to a heat network, or electric systems such as storage heaters which release no harmful gases into the atmosphere (direct greenhouse gas emissions) at the point of use within the building. Also called 'clean heating' for short, throughout this document.

10 Responding to this Consultation

We are inviting responses to this consultation by 8 March 2024.

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space (http://consult.gov.scot). Access and respond to this consultation online at https://consult.gov.scot/energy-and-climate-change-directorate/proposals-for-a-heat-in-buildings-bill. You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of 8 March 2024.

If you are unable to respond using our consultation hub, please send your response, including the completed Respondent Information Form to:

HiBConsultation@gov.scot

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

To find out how we handle your personal data, please see our privacy policy:

https://www.gov.scot/privacy/

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at http://consult.gov.scot. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted,

please send them to the contact address above or at HiBConsultation@gov.scot.

Scottish Government consultation process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: http://consult.gov.scot. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.

This publication is available at **www.gov.scot**

Any enquiries regarding this publication should be sent to us at

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