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Citizens Advice response to BEIS consultation on phasing out the installation of fossil fuel heating in homes off the gas grid.

Citizens Advice welcomes the opportunity to respond to this important consultation on the proposals for phasing out the installation of fossil fuel heating in homes off the gas grid. Since 2014, Citizens Advice has been the statutory advocate and advice provider for energy consumers. Our vision is for an energy market that is inclusive by design and recognises the essential nature of energy supply. It should facilitate and encourage innovation, be accessible by all and treat everybody fairly, regardless of their circumstances.

We recognise the importance of natural boiler replacement cycles and agree that they should be used as a trigger point to deploy low carbon heat. However, boilers often break down during times of high usage over particular cold periods¹, which can be a stressful time for consumers. Consumers may not necessarily have the financial capabilities to afford low carbon heating options, or the time to research what option is best suited to them; they may simply need a quicker and simple solution. We are also aware that there are other trigger points for consumers that should be considered for inclusion. For example, in previous research people have told us they have changed their heating system to a low carbon one when undergoing significant home renovations which have been planned in advance². Other people have trigger points such as when buying a new home.

¹ Boiler guide, 2019. <u>UK Boiler Breakdown Study</u>.

² Citizens Advice, 2021. Navigating Net Zero.

It is therefore vital that consumers are able to access high-quality independent advice about what changes they need to make to their homes to switch to a different heat source. We have previously outlined how this should include holistic advice tailored to the energy efficiency and low carbon heat needs of individual homes³. Consumers will also need financial advice about the options available to finance the supply and installation of low carbon heating solutions for their homes.

We acknowledge the introduction of the Boiler Upgrade Scheme (BUS) and further funding announcements last year to support low carbon heating, but it is imperative that a wider range of financing and funding solutions are available. These must consider all consumers, including the availability of grants for consumers on a low income to ensure they are not left behind in the transition. Our previous research has shown that over three-quarters (76%) of people would need advice or financial support to be able to switch to low carbon heating⁴. We have previously suggested options for financial incentives which could be used to encourage homeowners to uptake low carbon heat⁵, as follows:

- For owner-occupiers the government should use financial incentives to encourage people
 to make changes, for example through the introduction of lower stamp duty or council
 tax deductions for installing energy efficiency measures and improving the energy
 performance certificate rating of a property.
- For private rented properties, the government should increase the minimum energy efficiency standard to an Energy Performance Certificate rating of C for 2025 new tenancies and introduce the 2028 backstop date for all tenancies in line with the proposals in the Improving the Energy Performance of Privately Rented Homes in England and Wales consultation, and raise the cost cap to a level that means that the vast majority of private rented properties will reach this rating⁶.
- Any penalties should only be introduced when property owners have been given appropriate information, financial support and time to make changes to their property.

We also recognise that some homes - especially those off the gas grid - will be particularly hard and costly to decarbonise. Some of these properties won't be suitable for the current low carbon heating technologies. It is important that these consumers aren't left behind in the transition, and that suitable alternative affordable options for their heating are available.

³ Citizens Advice, 2020. Net Zero Homes Guarantee.

⁴ Citizens Advice, 2020. Zero Sum.

⁵ Citizens Advice, 2020. Net Zero Homes Guarantee.

⁶ Citizens Advice, 2021. <u>Citizens Advice response to BEIS consultation on Improving the Energy Performance of Privately Rented Homes in England and Wales.</u>

We recommend that previous lessons are learnt from energy efficiency and low carbon heat schemes, to avoid boom and bust cycles, particularly in relation to supply chains⁷. Several past policies have had to either ramp-up very quickly or have ended abruptly. This kind of stop and start is bad for consumers and businesses. Tight timescales also create additional opportunities for pressure-selling and exacerbate the risk of mis-selling and scams, which we see numerous cases of in this space every quarter⁸. We would expect to see sufficient long-term financial products and services to help support consumers that would subsequently support the market alongside sufficient training for new and existing installers.

We have previously recommended that the government implements robust regulations in place for smart energy products and services to encourage consumer confidence in this market⁹. Ensuring the right regulations are in place could further encourage smart-enabled heating in homes off the gas grid. Last year we outlined the need to establish a mandatory accreditation scheme for businesses and firms active in the home energy technology market, through the use of a single accreditation and inspection body. Consumers need to be able to cut through the current confusion caused by the number of protection schemes, codes and bodies and have the confidence to engage, knowing that the government has ensured they'll be protected if things go wrong¹⁰.

We would expect any guidance provided to help households and installers determine whether it is reasonably practicable to install a heat pump to be developed alongside those with the necessary expertise from industry and delivery bodies. We would also welcome the opportunity to review such guidance. Other considerations for such documents should include, ease and simplicity of use, both online and non-digital versions available and the availability of guidance in other languages. Measures should be taken to ensure that the guidance is readily available and consumers are able to easily recognise it is from a trusted source, to aid in the prevention of scams.

Provided that the right levels of support in advice, and financial means are provided for consumers, we agree with the proposed 2026 end date for the installation of fossil fuel heating in homes off the gas grid. Whilst we are supportive of action to help us reach our net zero targets we also recognise there may be difficulty in ensuring that all off gas grid properties improve to the necessary energy efficiency level for low carbon heating solutions such as heat pumps to work effectively in their homes. Further work needs to be done to find low carbon solutions for

⁷Citizens Advice, 2020. <u>Lessons for net zero: What past energy efficiency and low carbon home improvement schemes tell us.</u>

⁸Citizens Advice, 2021. <u>Home Truths.</u>

⁹ Citizens Advice, 2021. Smartening up how to improve people's confidence in smart home technology.

¹⁰ Citizens Advice, 2021. <u>The net zero protections puzzle - helping people piece together home energy</u> improvements.

these homes that are not prohibitively expensive to run and ensure that people living in these homes are not left behind in the transition to net zero. Yours sincerely, Lauren Snoxell Senior Policy Researcher