

# Electrify Heat: Policy Manifesto 2023

This manifesto sets out Electrify Heat's key policy outcomes to foster the conditions for a mass-market for clean, efficient heat. It focuses on four strategic objectives:

- i. Secure **long-term regulations and mechanisms** to provide businesses and households with the certainty they need to plan and invest, spurring market growth.
- ii. Improve the **affordability** of heat pumps – addressing both upfront and running costs – through mechanisms including private, blended, and public finance, and restructuring energy bills.
- iii. Develop an attractive **consumer package** for the clean heat market which can roll-out and scale up quickly and smoothly, promoting quality and safety.
- iv. Support **supply chains** with high quality training, skills, certification and accreditation.

## ***Real-world outcomes for 2023***

- No new gas connections for new build homes allowed under the Future Homes Standard, taking a 'heat pump first' approach instead.
- The Boiler Upgrade Scheme subsidy reaches its potential, and the subsidy level increased for fuel poor homes and those purchasing ground-source heat pumps.
- The UK Infrastructure Bank launches a new scheme to help finance heat pumps and home retrofits.
- The government confirms the end of new off-grid fossil heating installations in law.
- The government legislates for on-grid fossil fuel heating phase-out, with a backstop date of 2033.
- The government moves forward with measures to incentivise heat pump manufacturing in the UK, including through the market-based mechanism to incentivise fossil heating appliance manufacturers.
- The government moves forward with measures to lower the running costs of clean electricity.
- The government commits to ending gas disconnection charges and to tackle other hassle-barriers to heat pump deployment.

### **Long-term regulatory certainty**

1. Embed the phase-out of fossil fuel heating systems in law.

Fossil fuel heating phase-out timelines were included in the Heat and Building Strategy but have not been written into law, and the consultation response regarding off-grid homes has not yet been published. Electrify Heat (EH) will push to get confirmation of dates for both on-grid and off-grid fossil heating phase out.

2. Put heat pumps at the heart of the Future Homes Standard

The Future Home Standard is being drafted and due to be introduced in 2025. EH will work to ensure that heat pumps are the default technology for new homes, that new homes are not connected to the gas grid and that heat pumps are installed to a high, certified standard.

3. Move forward with the market-based mechanism for low-carbon heat.

In 2020, the government consulted on a proposal to support an industry-led transformation of the heating appliance market towards heat pumps by placing an obligation on heating appliance manufacturers. The government intends to proceed with developing plans for this legislation as part of the Energy Bill in 2023. We will work to support the Bill, with additional policy work with BEIS to support its passage into legislation and then into further design and delivery.

### **Affordability**

4. Boost government-backed subsidy schemes and encourage future fine-tuning of subsidy levels

EH will continue to support and promote the Boiler Upgrade Scheme and other schemes which cover heat pumps (i.e., the Homes Upgrade Grant, Social Housing Decarbonisation Scheme) to ensure they effectively deliver to their full potential.

For the Boiler Upgrade Scheme, we will assess and make the case for fine-tuning subsidy levels based on the need of the household – considering varying income levels and different technology types (i.e., ground source heat pumps, a rural uplift, etc) and continuing the scheme beyond three years.

5. Access the opportunities presented by the UK Infrastructure Bank to support mass heat pump deployment

EH will engage with the UK Infrastructure Bank to spur investment in heat pump deployment. We will present ambitious propositions that could underpin new

products, services and delivery models; and work with delivery partners to bring forward investable propositions. This could include securing a programme for home retrofit and heat pump deployment.

6. Advance electricity price reform, including through REMA

Reduce the cost of electricity to make heat pumps more economic to run, including through proposals set out in the Review of Electricity Market Arrangements (REMA), as well as considering other solutions such as heat pumps tariffs.

### **Consumer Package**

7. Make building regulations and energy services heat pump friendly

We will aim to make the regulatory environment as simple and supportive of heat pump deployment as possible. This will include campaigning to remove the cost to consumers when disconnecting from the gas grid. Through engaging with consumer-facing and expert members, we will identify the hidden costs and “hassle-factor” barriers that can hold back heat pump adoption, and campaign for a heat pump consumer package to make the process smoother and cheaper.

8. Advice and awareness-raising

Ensure that the benefits of heat pumps are communicated through awareness raising campaigns. Advocate for the roll-out of a national energy efficiency advice service (including local one stop shops) to support households to install low-carbon heating across the country by providing independent and tailored advice.

### **Skills and Supply Chain**

9. Provide long-term support for heat pump skills and training

Work with the supply chain to support long-term skills packages, engaging with BEIS and the Department for Education around the best approach for supporting those in further education, and potential ‘bolt-on’ packages for those currently working on fossil gas heating.