

Rt Honourable Claire Coutinho  
Secretary of State for Energy Security and Net Zero  
55 Whitehall  
London  
SW1A 2HP

6<sup>th</sup> February 2024

**Re: Support for the Clean Heat Market Mechanism**

Dear Secretary of State,

Following recent reports that the Department for Energy Security and Net Zero is considering scrapping the Clean Heat Market Mechanism (CHMM), we are writing to you as a cross-industry coalition to express our support for the policy, and to encourage you to move ahead with its planned introduction this year. We believe that this policy will be essential in growing the retrofit market for heat pumps in line with the UK's target of 600,000 installation per year by 2028. This market growth and increase in the deployment of highly efficient heat pumps will improve British energy security, boost affordable consumer deals, and futureproof the UK's heating industry.

Our analysis suggests that the CHMM will not present a disproportionate burden to manufacturers in the first two years. The 2024/25 first-year annual target of overall boiler sales (4%) requires the entire boiler manufacturing industry to increase sales by only about 5,000 heat pumps that year, roughly the same number of gas boilers the industry sold every day last year. This is highly achievable, meaning manufacturers are highly unlikely to face a deficit of credits, or associated charges. There will be sufficient demand for manufacturers to meet targets in the first two years of the scheme, especially in light of the welcome increase to the Boiler Upgrade Scheme.

The heat pump and renewables sectors, as well as house builders and high street lenders, are all moving to support the energy transition. A number of high street lenders are offering mortgage borrowers access to heat pumps for as little as £2,000; and there are a growing number of UK based heat pump manufacturing sites. The CHMM, in conjunction with other policies, can be a central pillar in supporting the UK's transition to clean heat.

We commend the Department for Energy Security and Net Zero's efforts to address the challenge of heat decarbonisation in UK homes and we would be pleased to work with you to implement this world-leading policy.

Yours sincerely,

Juliet Phillips,  
Programme Lead for UK Energy Team, E3G

Daikin  
E3G  
Electrify Heat  
Good Energy  
Ground Source Heat Pump Association  
Heat Pump Federation  
Kensa

OVO Energy  
Pepper Money  
Rendesco  
Skoon  
The Association for Decentralised Energy  
The MCS Foundation