Give rural areas more time to transition to low carbon heating, Government urged

Tuesday 5 July, 2022

Embargo date: from 00.01 a.m., Tuesday 5 July 2022

Ministers must not penalise countryside dwellers who live off the gas grid – one in seven households nationwide - by making them guinea pigs in the drive to decarbonise heating, a report from the think-tank Localis has warned.

In its study issued today entitled **"Reaching rural properties: off-grid heating in the transition to net zero"**, Localis has recommend government should extend by nine years to 2035 the deadline for homes off the gas grid to end fossil fuel heating installation - in line with the deadline for on-grid homes. According to the research, the current 2026 deadline does not provide sufficient time to improve the current heat pump market condition, and the report advises government to improve the incentive schemes available to households.

To address this, the report advocates that government should support a mix of low carbon heating technologies to help grow the market, stimulate infrastructure investment and improve incentives for uptake.

Other key recommendations in the report include calls for government to provide -

- an effective communications and engagement strategy at national and local level to raise awareness of different low carbon options for the four million off-grid households across the UK;
- certainty over the role that biofuels will play in the decarbonisation of off-grid homes to support infrastructure investment and stimulate the market;
- funding for 'fabric first' enhancements to rural homes via local councils.

Since infrastructure in rural areas is in many places not prepared for a widespread switch to electricity as a primary heating source, the report calls on government to build a programme of electricity infrastructure upgrades in rural areas into the roadmap to net zero.

And because the current Energy Performance Certificate methodology is not well-suited to off-grid homes, the paper urges government to review the EPC methodology with the aim of redressing the unequal impact this has in rural areas.

Report author, Zayn Qureshi, senior researcher at Localis, said: "Given the depth and scale of the net zero challenge, government cannot afford to push forward with its current all or nothing approach to rural home decarbonisation. This not only places an unfair and disproportionate burden on off-grid properties, but it also risks large scale failure in convincing households to take up the switch.

"Government must approach this challenge with a degree of flexibility and adaptability, which takes into consideration the socio-economic place circumstances of households being targeted for the transition.

"As part of this, a mixed technology approach needs to be adopted. One that provides a range of cost-effective options to consumers over different low carbon technologies and 'drop in' fuels including bioLPG."

Jonathan Werran, chief executive, Localis, said: "Commercial and domestic heating is in the frontline of this epochal shift in the everyday which will have profound implications for millions of households. Like many national top-down agendas, the policy corridor for this remains stubbornly urban.

"However, in trialling the transition to clean heat methods, the pioneering areas are those which lie off the mains gas grid - and in consequence rely on alternative sources, frequently expensive to heat their homes.

"This is no small concern. In England there are 1.1 million homes off the gas grid that rely on fossil fuel heating, a figure which stretches to four million households – 15 percent of the total, across the UK.

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“Success will also depend on strongly co-ordinated messaging and communication allied with persuasive bottom-up community engagement strategies. In as vital a domestic policy area as this, a policy which literally affects the hearths of countless homes, there is limited scope to backtrack and reheat policy. It serves all our interests to work together and get this right first time.”

Sophia Haywood, Director of Public Affairs at Liquid Gas UK, said: “The current government strategy for decarbonising off-grid heating is a one size fits all approach, which isn’t fit for purpose. It doesn’t consider the needs of homes and businesses in rural areas, or the complexity of heating rural properties, which are typically harder to heat and expensive to retrofit.

“Liquid Gas UK welcomes the findings from the Localis report, and urges government to consider a broader energy mix, which includes LPG as the lowest carbon traditional fuel, and renewable liquid gases, such as bioLPG and rDME.

“The UK LPG industry has an ambition to be 100% renewable by 2040, with bioLPG already available on the market and a clear pathway to reaching Net Zero, this offers real choice for the consumer as they look to reduce their carbon footprint. A mixed technology approach to decarbonisation is vital, if UK Government are serious about delivering a just transition in rural areas.”

ENDS

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Notes to Editors:

1. **An advance copy of the report is available for download here:**

1. **About Localis**

Localis is an independent think-tank dedicated to issues related to politics, public service reform and localism. We carry out innovative research, hold events and facilitate an ever-growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

www.localis.org.uk

About Liquid Gas UK

Liquid Gas UK is the Trade Association for bioLPG and LPG in the UK with members from across the energy sector including established bioLPG and LPG suppliers, new start-ups in the technology and biofuel space, training organisations, equipment manufacturers and suppliers, installers including plumbers and heating engineers. We are proud to say our members supply over 99% of the LPG distributed in the UK. Our purpose is to promote growth and sustainability, influence Government policy, promote industry safety and best practice, and most importantly provide an excellent service and clear point of reference to all of our members.

https://www.liquidgasuk.org/

1. **Key report recommendations**

Recommendations

The table below displays key facets of the current approach to decarbonisation of off-grid homes, alongside policy recommendations based on the research for this report that might make net zero more achievable for the four million homes currently using off-grid heating.

Government policy	Localis recommendation
An end to the installation of fossil fuel heating in homes off the gas grid from 2026. • Part of this policy will rely on working with industry to reduce upfront cost of heat pump installation by 50% by 2025 and achieve cost parity between them and gas boilers by 2030. • Government support to enable an end to installation of fossil fuel heating includes £450 Boiler Upgrade Scheme and £2.5bn Heat Upgrade Grant • Government believes these steps will enable them to end the installation of fossil fuel heating in off-grid homes from 2026. They believe this is enough time to allow their funding support and the market mechanism time to improve heat pump market condition	**Bring the 2026 ban on fossil fuel boilers for off-grid homes into line with the 2035 deadline for on-grid homes.** • Set out evidence for how government will work with industry to reduce costs of installation and what steps are being taken already. • Increase the amount available within the Boiler Upgrade Scheme to match the entire cost of a heat pump. • Broaden the Boiler Upgrade Scheme to include liquid biofuels. • Four years is not enough time to improve the current heat pump market condition. Government needs to improve the incentive schemes available to households as well as embark on a communication campaign to engage with off-grid households over the proposed regulations. This will help increase uptake and help grow the market.
A ‘heat pump first’ approach to replacement heating systems from 2026. • This entails setting a high standard governing the choice of replacement heating system, with air source heat pumps being the lead replacement technology in most cases. • Ahead of the regulation coming into force, government will issue guidance on how households and installers should determine whether it is reasonably practicable to install a heat pump in their home. • Government also proposes to extend this ‘heat pump first’ approach to replacement heating systems in off-grid fossil fuel heated homes that can be made suitable through minor energy efficiency upgrades that can be done quickly including insulation.	**Government should not be proscriptive over technology at this stage in the decarbonisation process.** • With an eventual transition to heat pumps in mind, at this stage government must encourage a variety of low carbon heating technologies that accord with the place circumstances of each rural off-grid community. • Government must work with industry to immediately set out guidance on the different low carbon options available for households that are not ready for heat pump installation. • With focus currently on costly major transformations to homes and their heating systems, more achievable improvements to efficiency risk being overlooked. The government should provide funding for ‘fabric first’ improvements to rural homes via local councils.
Requiring high performing replacement heating systems where heat pumps cannot reasonably practicably be installed • Government intends to consult on the criteria governing the choice of replacement heating systems available to households not ready for heat pumps ahead of the 2026 implementation of the heat pump first approach. • Government have proposed that any alternate choice of technology for households not ready for heat pumps must reflect the high standards of performance of high temperature heat pumps and solid biomass systems. • It is believed that this proposal will create space for industry to innovate and bring forward new low carbon heating solutions	**Embed a mixed technology approach in the regulatory framework and work with industry stakeholders to determine what role biofuels will play in the decarbonisation of off grid homes.** • Government needs to work with industry stakeholders operating in alternative low carbon heating sectors to set out the role and capacity of each replacement heating system. This communication needs to be underpinned by clarity and consistency. • Work with same industry stakeholders to clarify what ‘high standards of performance’ means and how alternative low carbon heating technologies can achieve this. • Providing certainty over the role that biofuels will play in the decarbonisation of off-grid homes will allow the sector to make the appropriate investment decisions to build

that are not currently available.

required infrastructure and stimulate the market.
- Government must ensure that the mixed technology approach in the regulatory framework is localised and flexible depending on the place circumstances of off grid homes.

In addition to this:

- The electricity infrastructure in rural areas is in many places not prepared for a widespread switch to electricity as a primary heating source. Therefore, it is important that government **build a programme of electricity infrastructure upgrade in rural areas into the roadmap to net zero**.
- The current Energy Performance Certificate methodology is not well-suited to application in off-grid homes. The government should **review the EPC methodology** with the aim of redressing the unequal impact on off-grid homes.

At a local level:

- **Regional Heat Decarbonisation Hubs should be developed** that bring together local state stakeholders including energy providers, neighbouring local authorities and installers. These should be collaborative efforts aimed at engaging with off-grid communities and raising awareness of the need for and importance of heat decarbonisation.
- They should act to illuminate a path to achieving sustainable rural heating through providing consumers knowledge over a variety of low carbon choices best suited to the local housing stock context.
- These hubs should communicate clearly what the regulatory framework is, and what it means for the local housing stock as well as off grid households.
- They should provide all relevant information on key aspects of the decarbonisation process including signposting details of the government's fiscal support scheme, most suitable low carbon heating for the local building stock, support regarding the planning process where relevant, and information on local SMEs and installers available to do the required work.
- These regional hubs should also have a model home to showcase and demonstrate to households what a fully decarbonised off grid property could look like.
- These hubs should also facilitate best practice sharing between and amongst households wanting to decarbonise.

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