
Phasing out the installation of fossil fuel heating in homes off the gas grid – Centrica response

Deadline: 12 January

Introduction:

- The transition to low-carbon heat is a colossal challenge and is the biggest challenge the UK faces on the way to net-zero by 2050. Heat accounts for approximately 40% of energy consumption and is mainly generated in our homes` and businesses.
- The transition to low-carbon heat will particularly be disruptive for consumers, with there being approximately 26 million existing homes and around 85% of these homes being connected to the gas grid. For many customers in these homes, retrofitting them could involve changes to appliances to meet their central hot water, cooking and central heating needs. This is in addition to potential energy efficiency upgrades that some will have to do.
- Our 7,500-strong network of British Gas engineers and technicians visit around seven million UK homes every year and we are the largest single installer of boilers in the UK, which gives us unparalleled knowledge, scale, expertise and consumer understanding around heating. It means we're in a unique position to advise how the country can become more energy efficient and support heat decarbonisation.

Executive summary:

- We support the Government's overall ambitions to phase out boilers from 2035, in line with the natural replacement cycle of boilers. Although the £5,000 grants for airsource heat pumps and £6,000 for groundsource heat pumps is encouraging, there was no additional funding for energy efficiency for the owner-occupier market. In our opinion, this will make adoption of heat pumps much harder as not every home is suitable for a heat pump. There is a clear need to link energy efficiency subsidies with low-carbon heat technologies installations.
- We broadly support the Government's 'heat pump first' approach. However, a heat pump isn't the right solution for all homes. Heat pumps work effectively in homes with high levels of thermal efficiency, so some customers will have to pay extra to make their home more energy efficient before installing a heat pump.
- There are off-grid properties that will be difficult to transition to low-carbon heating technologies therefore support for alternative technologies, such as storage heaters, might be needed to help decarbonise these properties. We look forward to providing evidence to the Government's consultation on the detailed criteria governing the choice of replacement heating systems, where households cannot reasonably practicably install a low temperature heat pump ahead of implementation. Within this, we hope the Government provides more clarity on what 'reasonable and practicable' looks like in practice for consumers.

- It is important that the Government get the transition to low-carbon heating technologies for consumers off the gas grid right. If this were to go wrong, it could damage consumer confidence in heat pumps and alternative low-carbon heating technologies and could also hinder the progress of these technologies for consumers on the gas grid, which is a tougher challenge.

2026 end date for the installation of fossil fuel heating in homes off the gas grid

- We agree that the 2026 end date for the installation of fossil fuel heating in homes off the gas grid is sufficient. The Government's Boiler Upgrade Scheme, which runs from 2022 – 2025, should in theory help reduce the installation costs of heat pumps as the technology becomes more mainstream and as the market develops further.
- Whilst we support the Government's ambitions to phase out fossil fuel boilers by 2026, the Government will need to provide holistic support in addition to the Boiler Upgrade Scheme, such as, home efficiency upgrades and a progressive decision on rebalancing of energy policy costs in order to achieve this date (especially with regards to storage heaters). There is a need for synergised funding for low-carbon heat and energy efficiency improvements.
- As the demand for heat pumps increases, it is important that the Government ensures that the grid is optimised to accommodate the electricity demand alongside the increase use of EVs. This optimisation will be facilitated by technologies like demand side response and battery storage (at a grid level, at a commercial level, in the home or in electric vehicles). Flexibility markets to enable grid optimisation are paramount.