

Call for a Fair Heat Deal

The UK needs a Fair Heat Deal to protect consumers and make sure no one is left out of pocket in the fight against climate change. The government and its independent scientific advisors are right that **the way we heat our homes must change, and start changing quickly, if we are to reach net zero**. Emissions from heating our homes are higher than those from household transport,¹ and heat across all buildings makes up 23% of the UK's contribution to climate change.

Alongside vital energy efficiency measures to reduce energy demand for heat, **heat pumps will have the largest role** to play in decarbonising our heat supply in the 2020s, alongside other solutions.²

This constitutes a significant investment in the UK's future, and brings enormous economic opportunity. As market growth progresses, and with the right early support in place, costs will come down for everyone – just like they did for wind power and are currently doing for electric vehicles. But to get there, **it must be attractive, easy and fair for every household** to switch their heating from the word go.

Therefore, **we call on the UK government to set out a Fair Heat Deal** for consumers that ensures everyone can benefit from the opportunity and no one is left behind. This means the government needs to:

1. **Offer up-front financial support for households to buy heat pumps.** This is essential to make the transition fair, while pump-priming the market to drive costs down. **Grants should cover the entire cost of heat pumps** for low-income households. For everyone else, **grants should be offered at a level which aims to make the upfront costs** of installing a heat pump and complementary energy efficiency measures the same as replacing a gas boiler, with subsidies reducing over time as costs fall. Incentives and subsidies can support the roll-out of **attractive financial solutions** to bring in private capital, or blend public and private capital, to further support households and communities.
2. **Seek to ensure lower running costs for heat pumps compared to gas boilers** – for example by **removing environmental levies from electricity bills** – while protecting the most vulnerable who live in or are at risk of fuel poverty.
3. **Introduce incentives that encourage households to make green heat choices**, such as Green Stamp Duty that is lower for buyers of low carbon, energy efficient homes, and zero VAT on green products and renovation works that decarbonise homes.
4. **Set up a Warm Homes Agency** to oversee the scaling of existing initiatives and programmes to protect consumers and, through skills and training, help to create thousands of secure, well-paid green jobs across the country, and ensure these opportunities are just as attractive as equivalent roles in gas heating installation and maintenance today.
5. **Ensure that there are impartial energy advice and support services for consumers.**

The Fair Heat Deal would reduce energy bills, channel investment directly into our communities, workforces and businesses, and help everyone to benefit from warmer, healthier homes fit for a net zero future.

¹See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/979588/Defra_UK_carbon_footprint_accessible_rev2_final.pdf

² The Climate Change Committee, in its 'Balanced Pathway' scenario, sees heat pumps installed in 75% of existing homes by 2050. <https://www.theccc.org.uk/2021/02/01/the-numbers-behind-the-budget-six-ways-to-explore-the-sixth-carbon-budget-dataset/> Other solutions available in the 2020s may include district heating, heat networks, solar thermal, electric resistive, storage heating and biomethane.

Signatories

