

FINAL



Consultation Response

Heat Strategy for Wales

Prepared for: Welsh Government

Date: 08/11/2023

Elmhurst Energy

16 St Johns Business Park,
Lutterworth, Leicestershire, LE17 4HB
01455 883 236



elmhurst
energy

Contents

- 1. Introduction 2**
- 2. Questions and Answers 2**
 - Section 2: A vision for heat in Wales2
 - Section 3: Our enabling framework.....3
 - Section 4: Transforming our networks5
 - Section 4: Improving the energy performance of our Homes.....6
 - Section 4: Evolving our businesses 9
 - Section 5: Future-proofing our industry..... 10
 - Section 6: Leading the way with public services..... 11
 - Section 7: Taking action 12

1. Introduction

Elmhurst Energy are pleased that Welsh Government are seeking a call for evidence Consultation on the 'Heat Strategy for Wales' and as such we are delighted to respond to each question in turn.

The Consultation asked 31 questions and we have answered them below. We hope you find the responses considered and useful for taking the 'Heat Strategy for Wales' forward in a progressive manner.

2. Questions and Answers

Section 2: A vision for heat in Wales

1. Vision: Do you agree with our vision? (Yes/No) Please suggest amendments if you think it could be stronger.

Yes. We think that Wales is uniquely positioned to make use of the natural resources it has to offer through low carbon opportunities. Clean and affordable heat for all is a good objective to aim for, but we must not lose sight of the importance of energy efficiency in buildings and the part that has to play. As we move towards Net-zero, the amount of energy being consumed in buildings is as important as the cost and fuel type being used.

2. Objectives: The Heat Strategy for Wales policies are broken down into 17 objectives within six groups. Do you agree they adequately cover the areas where Welsh Government needs to focus? (Yes/No)

If you think there are any areas missing, please explain what they are.

Yes.

Section 3: Our enabling framework

3. Planning: Our Strategy identifies that the current permitted development rights related to heat pumps are a barrier to heat pump installation rollout. Do you agree? (Yes/No) Please explain.

Yes, Reducing the distance a heat pump can be installed from the boundary and allowing reasonable siting (providing the aesthetics of the home are not compromised) would mean more homeowners can benefit from a heat pump.

However, the heat pump must still be adequately sized and the fabric first approach must not be lost.

4. Planning: Each local authority in Wales is producing a local area energy plan (LAEP). This strategy proposes the LAEPs should be used to help deliver place-based heat decarbonisation. Do you agree with this approach? (Yes/No) Please provide evidence, where relevant.

No Strong opinion

5. Understanding and engagement: Does the strategy suitably address the advice needed to install low carbon heat? (Yes/No) Please explain which groups should be involved in raising awareness and providing advice.

Yes, it is key that relevant groups are included in the delivery process such as Domestic Energy Assessors and Retrofit Coordinators who will both be in a position to provide advice to homeowners on the best options to improve their home.

6. Standards: Do you believe the public available specification (PAS) standards are sufficient to ensure high-quality work and a whole-building approach? (Yes/No) Please explain. How can the adoption and implementation of these standards be further encouraged?

Yes: PAS provides a faster method of correction in an increasingly changing industry. Higher level documents need a longer review process and need to remain valid for longer periods. Adoption and implementation is achieved by providing funding relation options to homeowners that mandate the use of the PAS process, using qualified and recognised professionals already delivering in this framework (ie. Retrofit assessors and Coordinators).

7. Skills: Do you agree that Welsh Government has a role in understanding and subsequently supporting the development of the necessary skills for heat decarbonisation? (Yes/No)

Please highlight any emerging skills/roles which we should support.

Yes, Energy Assessors are the initial stage of providing the homeowner with energy efficient advice. Retrofit Coordinators would expand on this advice by developing improvement options for the homeowner.

Newer emerging skills sets which are relevant to the strategy include low carbon assessors, measured energy performance assessors and heat loss calculation assessors.

8. Costs: Do you agree with the position set out in the strategy that the UK Government should move environmental levies from electricity bills to general taxation? (Yes/No)

What additional policies should be implemented to ensure a fairer distribution of costs?

No.

Currently all green taxes get applied to electricity supply rather than gas. This means any carbon busting innovation that runs on electricity such as air source heat pumps are more expensive than gas boilers.

This should be rebalanced to make the likes of heat pumps more attractive financially. Price ceilings and floors should be applied to ensure that what is right for the environment is also right for the consumer.

Section 4: Transforming our networks

9. Electricity networks: Do you agree that upgrading Welsh electricity networks for net zero will require clear leadership and plans from Welsh Government and local authorities? (Yes/No)

Please explain your reasoning and highlight any further roles for Welsh Government on this challenge.

Yes, this will support the infrastructure to reach net zero.

10. Heat network zoning: Do you agree that local area energy plans (LAEPs), led by local authorities, is an appropriate method for identifying areas for heat networks? (Yes/No) Please explain.

No strong opinion.

11. Heat network connections: Do you agree that new housing developments and large commercial buildings should be required to connect to new district heat networks? (Yes/No)

Should small scale, ambient temperature, heat networks be included in this obligation? (Yes/No)

No strong opinion.

12. Heat network support: Do you agree heat network development requires further funding and support? (Yes/No) Please explain.

Yes, funding and support is imperative to upgrade existing heat networks.

13. Hydrogen for heat: The strategy states that based on evidence gathered, heat pumps will be the championed solution for most building heat. Hydrogen's role will be in defined zones for high-temperature industry, as well as for wider net zero solutions prioritised by how useful hydrogen will be (known as 'the hydrogen ladder').

Do you agree that a clear statement is needed on hydrogen's role in meeting Wales' heat decarbonisation ambitions? (Yes/No) Please explain.

Yes, some homes will be off the grid meaning that hydrogen is not an option. A clear statement on the ambitions would help the journey for improvements to people's homes.

Section 4: Improving the energy performance of our Homes

14. A clear framework: Do you agree that stronger regulation is needed to encourage the uptake of low carbon heat and more energy efficient homes?

(Yes/No) What other interventions must be implemented alongside stronger regulation to ensure no one is left behind?

Yes, we agree.

We want to see the enforcement and improvement in MEES, (currently confirmed in non-domestic) back in the domestic market.

In the Domestic market, funding is vital to encourage all to implement changes where possible. Thought needs to be given to homeowners being able to afford upgrades in the current financial climate, both for those on benefits and those who are not.

15. Holistic approach to fuel poverty: The Warm Homes Programme has been offering new gas boilers, where appropriate, to those eligible. Do you agree that our future investments in energy efficiency must, where possible, simultaneously support our heat decarbonisation pathway? (Yes/No)

Please explain and expand on opportunities to address fuel poverty holistically.

Yes, new gas boilers should be phased out for new buildings and replacement. Alternative low carbon heating systems should be included within the scope of further investment strategy.

Consideration does however need to be given to the fact not all low carbon heating system are viable for homes, e.g. Heat Pumps require well insulated homes (so additional costing for this must be considered), and space to accommodate the relevant equipment, which will not always be viable.

PAS 2035 (Domestic Retrofit) already have a good framework for a whole house approach, Traditional buildings qualification and knowledge is being brought into the Retrofit approach as a central part of the process. In order to properly measure the impact addressing fuel poverty an EPC should be updated whenever an improvement measure has been installed within a property.

16. Traditional buildings: Do you agree that demonstration projects for historic and traditional building retrofit are needed? (Yes/No) Are there further interventions needed to grow the market for traditional building retrofit?

Demonstration projects are useful for the stakeholders to understand the complexities of retrofitting a traditional building, as well as providing examples of good practise to industry.

In order to properly measure the impact of installing energy efficient measures, EPC should be updated whenever an improvement measure has been installed within a property.

National Energy efficiency awards provide good opportunity to recognise projects of particular note.

17. Smart meters and variable tariffs: Do you agree that emphasis on smart meter rollout and variable tariffs are important to address now, to minimise bills during the transition to low carbon heat? (Yes/No) How best can Welsh Government support this, while advocating for those who are unable to participate in energy flexibility?

Yes, ultimately the biggest driver of behavioural change is driven by bills. People are likely to make energy saving based decisions if they have a better understanding of their energy use. If the estimated upfront cost of heat pumps will remain higher than gas boilers, then people will want to find alternative ways to bring their costs down.

Consideration needs to be given to homeowners who do not have the internet (including the elderly and people consider in poverty) and those who live in older properties and are unable to connect to these devices due to overreliance on wifi connection. Hardwire options need to be provided.

18. Upfront cost of heat pumps: Do you agree that dedicated long-term finance packages are needed to support the installation of heat pumps? (Yes/No) Please explain.

Yes, people need an incentive and support to means to low carbon solutions. Especially, when the costs of electricity currently is so high and the cost of a heat pump (both purchase and install) is comparable to that of a gas boiler.

It is important to note, that insulation works are often needed in the properties heat pumps are needed in, making the cost impossible for most average homeowner's, particularly in the current financial climate. However, burdening a homeowner with another monthly bill to pay of loan or similar will unlikely encourage them to participate in the process.

Section 4: Evolving our businesses

19. Regulation: Do you agree that stronger regulation is needed to phase out fossil fuel boilers, on and off-grid, in commercial properties? (Yes/No) What other interventions must be implemented alongside this stronger regulation to ensure this transition does not have adverse impact on businesses.

Yes.

High rates for electricity, that are subject to fluctuation may make it difficult for businesses financially.

Support for heavy plant/process industries currently reliant on fossil fuels, to encourage a move away is vital.

Encouragement of net-zero through renewable opportunities ie. decarbonising the grid (hydro, PV). This would help support the move to electric driven heat systems.

20. Accelerator programme: Do you agree that an accelerator programme is needed to share best practices and build confidence in low carbon heat, across different commercial building types? (Yes/No) Please explain.

Yes. Focus on decarbonising the grid may go a long way to support this. Public sector leading by example here would be a good way to demonstrate to the commercial sector what can be achieved.

21. Net zero targets and tracking: Do you agree that heat decarbonisation will require us to foster a culture of transparency and accountability for businesses? (Yes/No)

With reference to heat decarbonisation, what more should Welsh Government do to ensure reliable information is communicated to customers?

There is an opportunity to track the impact of the move away from fossil fuel related heating by measuring the actual consumption in buildings. Currently this is only done for Public Buildings, however DEC's for commercial buildings would be very easily achieved – this would allow government and businesses to truly understand the impact that energy related decisions have on both the consumption and cost to run their properties.

Section 5: Future-proofing our industry

22. Industrial roadmaps: Do you agree that we should create decarbonisation roadmaps across key industrial applications, and if so which champion the best available techniques? (Yes/No) Should Net Zero Industry Wales have a role be in this process? How can the identified techniques be effectively disseminated and further incentivised?

No strong opinion.

23. Small and medium-sized enterprises (SMEs): As an integral part of the industrial sector, what specific resources or assistance are needed to help industrial SMEs with their heat decarbonisation?

No strong opinion.

24. Industrial hydrogen: Do you agree that Welsh Government has a role in understanding and mapping future demand for hydrogen from high temperature industrial heat, to ensure the infrastructure is in place to allow fuel switching? (Yes/No) Please explain and expand on Welsh Government's role, if applicable.

Yes – Implementing the infrastructure is one key aspect, but another point is that any move away from one fuel type another must be able to be trackable and measurable in order to see the impact. National Calculation Methodologies currently do not recognise Hydrogen as an available fuel type, and would need to be updated to ensure calculations can be done accurately.

Section 6: Leading the way with public services

25. Leading the way: Public buildings provide vital services across Welsh communities. Do you agree that a near-term focus for this Heat Strategy should be to improve resilience, by continuing to decouple our public buildings from fossil fuels and improve their energy efficiency? (Yes/No)

How can this help lead the way to decarbonise the rest of Wales' buildings?

Yes, leading by example with Public Buildings is key as businesses will witness positive step change, and feel that positive results can be achieved for themselves as a result. The impact the public sector could have on making grid less carbon intensive would pave the way for the commercial sector to follow.

26. Collaboration: Our Strategy states the need for public bodies to collaborate effectively to ensure successful and cost-effective transitions. How best can Welsh Government support effective collaboration and shared learning?

Education and demonstration. All public bodies should have an up to date energy certificate and publish the results. Similarly where public bodies choose to make improvements, these should be shared or published so others have that visibility.

27. Resource and skills: We have identified that skills and capacity building in public bodies are essential to support local area energy planning, resource local planning authorities, and deliver the transition on the public estate. Do you agree that the Energy Service is best placed to support this upskilling and provide additional resource? (Yes/No) Please explain.

Elmhurst are considering their response to this question.

Section 7: Taking action

28. Our asks of others: Do you agree that we have identified the main asks of others? (Yes/No) Please explain.

Yes, engagement and joined up thinking is required from the whole of UK government in order to deliver the goals of this strategy.

29. Costs and savings: The costs set out in the strategy are drawn from the Climate Change Committee analysis. Is there additional evidence on the costs and potential savings that we should consider?

Elmhurst are not aware of additional evidence.

30. Our routemap: Do you agree that our policies routemap is sufficiently clear? (Yes/No) Please explain.

Yes

31. Our pathway: The strategy is based on the Climate Change Committee's Balance Pathway. Do you agree with this approach? (Yes/No) Please explain.

Yes, we welcome the intention to act on the advice of the Climate Change Committee and align the strategy against the recommendations listed. It is recognised that the success of the strategy within the timelines outlined still hinges on the engagement from UK Government. As such, we agree with the strategy's proposal to include policy levers that call upon UK Government to take action.

Contact Details

Should you require any further clarification, please contact us at:



Elmhurst Energy
16 St Johns Business Park,
Lutterworth,
Leicestershire,
LE17 4HB



01455 883 250



enquiries@elmhurstenergy.co.uk



www.elmhurstenergy.co.uk



elmhurst
energy