



12 January 2022

Citizens Advice response to the BEIS consultation on a market-based mechanism for low-carbon heat

Citizens Advice welcomes the opportunity to provide a short response to the Department for Business, Energy & Industrial Strategy's consultation on developing a market-based mechanism for low-carbon heat.

Since 2014, Citizens Advice has been the statutory advocate and advice provider for energy consumers. Our vision is for an energy market that is inclusive by design and recognises the essential nature of energy supply. It should facilitate and encourage innovation, be accessible by all and treat everybody fairly, regardless of their circumstances. Furthermore, Citizens Advice supports the plans for transitioning the UK's energy generation and use to deliver net-zero carbon emissions.

The need for support to deliver low-carbon domestic heating

Supplier obligations can be useful mechanisms in developing supply chains for products with low market demand, and we have seen great success, in the past, in using these obligations to drive improvements in the energy efficiency of the UK's housing stock. Whichever mechanism the government chooses to use to support the rollout of low-carbon heat, it is important that lessons are learned from previous schemes in the energy sector; ensuring that support mechanisms are sufficiently long-term avoiding cycles of boom and bust, that they provide incentives that consumers will respond to and that these mechanisms are sustainable and fair¹.

The success of the proposed market-based mechanism for low-carbon heat will be dependent upon other, supporting policies. While we welcome the recently announced Boiler Upgrade Scheme (BUS), Citizens Advice is concerned in particular, that there is a need for a variety of

¹ Citizens Advice (2021), [Lessons for net zero](#)

financial support options to allow for the variability across households and tenure. Furthermore, the BUS will only support around 30,000 heat pump installations a year. To meet the challenging targets for heat pump deployment, BEIS, in partnership with other government departments, will need to develop and implement policies to provide further incentives to increase the uptake of heat pumps. For example, a reform of Stamp Duty Land Tax² that would encourage people to make low-carbon improvements at point of sale.

The need for better consumer protections across the low-carbon domestic market

Citizens Advice supports the net zero transition and acknowledges that this will require a step change in the delivery of low-carbon heating systems to homes. However, the rapidly increasing number of low-carbon heating systems that will be installed over the next decade has the potential to cause significant detriment to people if there is not a corresponding step change in the consumer protections for the installation and maintenance of these systems. Last year we outlined the need to establish a mandatory accreditation scheme for businesses and firms active in the home energy technology market, through the use of a single accreditation and inspection body. Consumers need to be able to cut through the current confusion caused by the number of protection schemes, codes and bodies and have the confidence to engage, knowing that the government has ensured they'll be protected if things go wrong³.

Ensuring a mechanism that is inclusive by design

A criticism of past obligation schemes has been that they do not always provide help and support where it is most needed. To maximise the benefits for the net zero transition, it will be important that this scheme provides robust guidance for manufacturers as they seek to deliver their obligation. This guidance must take into account the variety in households, housing stock and tenure in order to maximise the benefits of the scheme, and to ensure that heat pumps are installed appropriately.

Please do get in contact if you have any queries regarding our response.

Yours sincerely,

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² UKGBC (2021), [A housing market catalyst to drive emissions reductions](#)

³ Citizens Advice (2021), [The net zero protections puzzle](#)