

## Liquid Gas UK Submission

### Environmental Audit Committee Possible Future Inquiries

April 2020

Liquid Gas UK is the trade association for the Liquefied Petroleum Gas (LPG) industry in the UK, representing companies who are LPG producers, distributors, equipment and service providers, and vehicle convertors. It is dedicated to the safe and effective development of LPG and takes a leading role in consultation and negotiation with legislators and policy makers. Member companies cover 98% of the total LPG distributed in the UK.

We believe there is a role for the Environmental Audit Committee in reviewing the options the UK Government has for decarbonising off-grid heating and considering whether Energy Performance Certificates are an appropriate regulatory tool and measure of energy efficiency in off-grid homes.

#### Decarbonising off-grid heating

Liquid Gas UK believe the Government should take a technology neutral approach to decarbonising off-grid homes, rather than imposing a 'one size fits all' electric solution which will not work for all off-grid homes. A technology-neutral, market led approach to decarbonising heat will allow homeowners to choose the right solution for their home.

There are four million homes off the gas grid in this country with approximately two million homes in rural areas. Rural off-grid properties are historically known as 'hard-to-heat' and 'difficult-to-treat', which do not lend themselves to being practically or cost-effectively retrofitted to installing electric heat solutions. Taking a 'one size fits all' approach to electrifying off-grid heat will leave rural homeowners financially disadvantaged, with less warm homes. The policy framework that Government ultimately adopts to drive change must be realistic and attractive to consumers and homeowners.

Energy Consultancy Ecuity found that a mixed technology approach to decarbonising heat using a mix of bioLPG and heat pumps, as well as one that relies solely on fitting heat pumps, could both help the UK realise its net zero target; but that a mixed technology approach could do so for over £7 billion less. BioLPG is a renewable, 'drop-in' solution to LPG, a popular fuel used for rural homes and businesses, which can be used in existing LPG supply chains and is available on the market today.

There are clear, benefits to taking a mixed technology approach to decarbonising off-grid heat, as well as significant risks by taking a 'one size fits all' approach of sole electrification. The UK Government should empower rural households, not disadvantage them with extortionate (unwanted) retrofit costs or with a cold home. Government must make clear that it will adopt a technology neutral, market-led approach to decarbonising off-grid heat so it doesn't disadvantage domestic consumers who live off the gas grid with a 'one size fits all' policy framework. This should be outlined in the

upcoming heat in buildings strategy and/or heat policy road map, in order to stimulate the off-grid heating market.

## EPC Methodology

This Committee also has a key opportunity to review the Energy Performance Certificate (EPC) methodology, so it does not disproportionately impact off-grid homeowners. Due to the focus on input fuel, off-grid homeowners automatically achieve a worse EPC rating just because they can't use natural gas.

Removing the fuel cost from the EPC methodology would stop off-grid homeowners from being unfairly penalised. It is important that this is addressed sooner rather than later, before EPCs are used as legislative tools and have negative financial impacts on off-grid homeowners.

Left un-addressed, this policy change will force off-grid homeowners to spend more money on their home, compared to an on-grid homeowner with an identical home. This will also cause damage to the rural off-grid housing market, devalue off-grid properties and could result in 'Buy to Let' mortgages being refused – impacting the supply of rural rental properties.

In addition, EPCs are currently more likely to encourage off-grid property owners to take up higher carbon heating solutions (such as heating oil), rather than invest in energy efficiency measures or low carbon heating, such as LPG/bioLPG or electrified heating solutions. This unintended consequence is the exact opposite of what UK Government wants to see.

### If the EPC methodology is left unaddressed:

- **Rural homeowners will be mobilised towards higher carbon fuels** as they attempt to improve ratings by using the cheapest fuel available, rather than improving building fabric. This directly counters Government's wider decarbonisation objectives.
- **Identical properties in terms of fabric situated on and off the gas grid will receive different EPC ratings.** Due to the way that EPCs are calculated, off-grid homeowners receive a worse rating than homes on the grid.
- **Homeowners will have to spend more money on off-grid homes, compared to an identical home on the gas grid, in order to get the same EPC rating.** This is unfairly and unjustly penalising rural areas, homeowners and house builders for no other reason than the fact they don't use natural gas.
- **"Buy to let" mortgages will be refused.** This will result in a reduction in the supply of rental properties in rural areas and have a significant impact on local communities.
- **Flawed and unfair off-grid EPCs will devalue off-grid properties** as potential homeowners and landlords choose not to invest in rural locations due to the unfair policy penalties.

Removing the fuel cost from the EPC methodology would stop off-grid homeowners from being unfairly penalised just because they are off the gas grid. It is important that this is addressed sooner rather than later, before EPCs are used as legislative tools as we are currently seeing in Scotland where off-grid homes could be further penalised.

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