

Quarterly Energy Policy Update: February 2018

Prepared by Ecuity Consulting LLP for Sustainability West Midlands

This update is aimed at organisations operating in or impacted by policy in the heat, power and low-carbon energy sectors. It provides insights into the fast-moving world of UK low carbon energy policy to enable your organisation to influence and benefit from future changes. To develop your opportunities further, why not support Sustainability West Midlands' future research, think pieces, or roundtables with Government. Please get in touch with our partner [Ecuity Consulting LLP](#) if you require further information or if you would like support with responding to the consultations or inquiries highlighted in the update. If you have enjoyed this briefing, why not also take a look at our [Quarterly Environmental Legislation Update](#).

Achieving the carbon targets; closing the gap

The Committee on Climate Change (CCC) published its [Independent Assessment of the Government's Clean Growth Strategy](#). The CCC's report welcomes the publication of the Strategy on the 12th October but stresses that further action is needed if we are to meet carbon budgets. As we outlined in our last [Energy Policy Update](#), the Clean Growth Strategy sets out a series of ambitious targets and these provide clear signals to industry, however what is needed now is the development of detailed policies and measures to meet these ambitions. The Committee rightly refers to these as a proposed set of milestones and states that further milestones must be identified.

CCC highlight that even if all the aspirations were achieved, there would still be a gap in meeting the fourth and fifth carbon budgets. The Government is committed to publishing a range of consultations to begin to develop the policies needed to achieve their ambitions, some of these are outlined overleaf. Areas of particular interest include the aspiration to bring all homes up to EPC Band C by 2035, the commitment to phase out high carbon fossil fuels in properties off the gas grid in the 2020s, and improving the standards of new buildings to ensure that they are future proofed. Firming up these policies is key and the Department for Business, Energy and Industrial Strategy are in listening mode as they work with industry to develop the measures required to make the Strategy a reality.

Renewable Heating

Improvements to the Government's Renewable Heat Incentive (RHI)

The Government has recently laid new RHI regulations and if they are approved they will introduce a range of new policies which were announced in December 2016 including tariff guarantees and the ability to gain non-domestic RHI payments for shared ground loops. These long-awaited changes are subject to parliamentary approval and will come into force in Spring 2018.

For the domestic scheme, the Government is introducing the Assignment of Rights which will enable a third-party investor to cover the capital cost of the installation and receive RHI payments. This will help householders overcome the barrier of the upfront cost of renewable heating systems.

The introduction of tariff guarantees will allow applicants to the non-domestic scheme to secure tariff rates before the installation is complete. This should help to reduce the uncertainty associated with potential tariff depressions and encourage larger plants to be developed. Tariff guarantees are only available for installations that will be commissioned before 31st January 2020 and fall within the capacity criteria below.

Technology	Capacity
Biomass	>=1MWth
GSHP	>=100kWth
WSHP	>=100kWth
Biogas	>=600kWth

To understand more about how you could influence the development of these policy areas or to find out more about the changes to the RHI, please get in touch.

Engagement Opportunities

Consultations

The following consultations are currently open:

- [Air quality: domestic burning of house coal, smokeless coal, manufactured solid fuels and wet wood](#) – **27th February**
- [Road vehicles: improving air quality and safety](#) – **2nd March**
- [London Plan](#) – **2nd March**
- [Private Rented Sector Minimum Energy Efficiency Standards](#) – **13th March**

Inquiries

The following inquiries are currently open:

- [Environmental Audit Committee: 25 year Environment Plan Inquiry](#) – **28th February**
- [Environmental Audit Committee: Green Finance](#) – **open ended**
- [Communities and Local Government Committee: Private Rented Sector inquiry](#) – **open ended**

Upcoming Opportunities

The following consultations or reports are expected to be published shortly:

- **Consultation:** Energy Company Obligation Phase 3
- **Call for evidence:** Extension of Energy Performance Certificates, including views on how EPCs could be improved
- **Call for evidence:** Future Framework for Heat in Buildings: the phase out of oil and coal in properties off the gas grid
- **Consultation:** Review of energy performance standards in Building Regulations
- **Call for evidence:** Building Regulations encourage future proofing new homes for low carbon heat
- **Report:** Independent Review of Building Regulations and Fire Safety – Final Report

Key Policy Developments

The table below provides a snapshot of recent consultation outcomes, publications and announcements since the last Energy Policy Update. Please contact [Ecuity](#) if you would like to see a more detailed list.

Consultation Outcomes and publications		
Title	Status	Org.
Non-domestic Renewable Heat Incentive	Outcome published	BEIS
25 Year Environment Plan	Report published	DEFRA
Potential change to the Fuel Poor Network Extension scheme	Response published	Ofgem
Planning for the right homes in the right places	Analysing feedback	MHCLG
Rules for bioliquids, wastes and residues under Renewables Obligation	Outcome published	BEIS
Independent Review of Building Regulations and Fire Safety: interim report	Report published	BEIS
Leading by example: cutting energy bills and carbon emissions in the public and higher education sectors	Analysing feedback	BEIS
Building a market for energy efficiency: call for evidence	Analysing feedback	BEIS
Streamlined energy and carbon reporting	Analysing feedback	BEIS
Industrial Heat Recovery Support Programme	Analysing feedback	BEIS
National security and infrastructure investment review	Analysing feedback	BEIS
Housing White Paper	Outcome published	MHCLG
Building our industrial strategy	Outcome published	BEIS



Contact Ecuity Consulting LLP for more information.

Radcliffe House | Blenheim Court | Solihull | B91 2AA
samantha.crichton@ecuity.com | www.ecuity.com