Consultation on Proposals for a Heat in Buildings Bill

SPREEE
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The proposals: Standard for heating

Heating

We are proposing that the use of **polluting heating systems will be prohibited by the end of 2045**. This will cover all main heating systems in a home), but not secondary or backup systems for use in emergency situations when the main heating system might not be working.

The prohibition covers systems like gas boilers, oil boilers and LPG systems; these polluting heating systems will need to be replaced with a **clean heating** solution – such as an air or ground source heat pump, electric storage heaters or boilers, or through a connection to a heat network.

It will be for individuals to choose the system best suited to their circumstances. The prohibition will come into effect for all properties not affected by an earlier trigger or backstop date after 2045.

Early action – we are asking for views on an approach which would require some people to make this change earlier.

Someone who **buys a new home or property** will need to make the change within a defined "grace period". We are seeking views on how long that period should be – between 2 – 5 years.

There were over 100,000 house sales in Scotland in 2022-23, and as part of this process sellers must produce an EPC. This shows the main heating system(s) used in the home.

So prospective **buyers** can see whether the property meets the new standard and may wish to take this into account in any offer they go on to make.

Potential **sellers** may also consider investing in measures to meet the standard to make their property more attractive to buyers, potentially achieving a higher sale price.

For some properties, joining a **heat network** will be the best solution to using clean heat. These are localised systems which generate heat and use a network of pipes to supply it to nearby homes and other buildings.

When, and if, a heat network becomes available to a homeowner, they will be asked to either join that network, or change to another form of clean heating of their choice. There will be no obligation to join the network, but it will often be the most affordable and least disruptive solution.

The proposals: Standard for home energy efficiency

Energy Efficiency

Improved energy efficiency in a home means it needs less energy and can help households potentially reduce their bills as well as emissions. A good standard of energy efficiency also helps the performance of all clean heating systems, such as heat pumps.

We are asking for views on two ways to achieve this – by installing a list of fabric measures from a specified list, or making sure that homes reach a level of fabric energy efficiency equivalent to EPC C.

List of Measures – people can install as many measures as are appropriate for their home from a list of fabric measures:

- cavity wall insulation
- 270 mm loft insulation;
- draught-proofing
- heating controls
- 80 mm hot water cylinder insulation
- suspended floor insulation

Alternatively, a home can be assessed by an EPC Assessor who will model its energy efficiency and determine whether it meets the required standard. We are currently reforming EPCs to make sure they are fit to meet this purpose.

For the **private rented sector**, a property should meet this energy efficiency standard **before the end of 2028** even if it has a clean heating system installed.

For all other **privately owned homes**, the property should meet this energy efficiency standard **by the end of 2033** – unless the property has installed a clean heating system by then.

The proposals: Flexibility and support

Flexibility

We intend to include flexibility when it comes to meeting the clean heating and energy efficiency requirements – reflecting the complexity of the housing stock and in a way which considers and responds to individual circumstances.

- We are proposing to give **extra time** to some people – for example, where a clean heating solution isn't available at present, or if you are currently using a bioenergy system.

- We are considering giving **extra time for properties** where more complex solutions to install energy efficiency measures will be needed, for example a tenement or flat where all owners might need to work together, or for listed buildings.

- We may also need to provide **variations** on what is required to meet the standard in some situations depending on the building's characteristics or unique circumstances.

Managing the costs

We know that this will be expensive for many and are thinking about how we can limit the costs of meeting the Standard.

There are a range of ways in which this might be done:

- A **flat 'cap'** of £X that applies to all homes;
- A **'size-based' cap**, that applies to all buildings based on their internal area (£X / m2);
- **A 'purchase price-based' cap,** that applies to all buildings based on the price paid for the property (X% of the purchase price).

We have asked for views on whether a cost-cap is needed, thoughts on the methods of calculating a cost-cap (described in the consultation document) and any other views or ideas about a cost-cap that people may have.

The proposals: Social Housing Net Zero Standard

A Social Housing Net Zero Standard

We have also published a consultation on a new clean heat and energy efficiency standard for Scotland's social housing sector,

This follows a review of the existing Energy Efficiency Standard for Social Housing (EESSH) and has been designed to bring that standard into line with net zero and the shift to clean heating systems that that target requires.

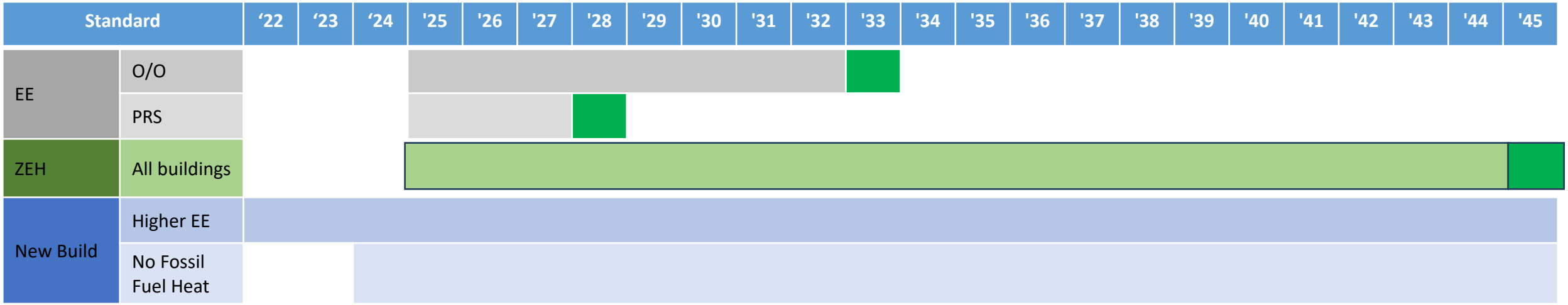
The consultation proposals have been developed through close working with representatives from across the sector, and are looking for views on:

- A fabric efficiency rating (which focuses on the amount of energy for heat consumed by a property) measured in **kWh**/m^2/year

- A requirement to replace polluting heating systems with a clean heating alternative by a backstop date of 2045 [with interim targets TBC]

Summary and next steps

- Introduction of Heat in Buildings Bill
- Passage of Bill (by Scottish Parliament elections, i.e. March 2026)
- Secondary legislation (2026 -)
- Requirements in effect



RAP
REGULATORY
ASSISTANCE PROJECT

27 February 2024

European energy in buildings regulations

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Experience from Europe

- Minimum Energy Performance Standards
- Phase out of fossil fuels for heating
- Overview of Energy Performance of Buildings Directive (subject to final votes)

Member States implementing MEPS, examples

The Netherlands: eg. offices must be EPC C by 2023.

Flanders, Belgium: Eg all homes sold from 2023 with a E or F EPC class must be improved to D class within 5 years. Further improvements required with next sale.

France: eg. Rented homes: “passoires énergétiques” must be improved from 2023, must be EPC F by 2025, E by 2028 and D by 2034.

England and Wales: Privately rented homes must be EPC ‘E’ by 2020. All privately rented non-domestic must be EPC E by 2023 and EPC B by 2030 (awaiting legislation).

https://www.raponline.org/knowledge-center/filling-the-policy-gap-minimum-energy-performance-standards-for-european-buildings/. Updated information on French standard here: https://www.ecologie.gouv.fr/loi-climat-resilience. Updated information on standard in Flanders here: https://www.vlaanderen.be/een-huis-of-appartement-kopen/renovatieverplichting-voor-residentiele-gebouwen Map adapted:

Implementation experience: The Netherlands

Offices must be energy label C by 1 January 2023. Announced 2018.

Experience:

- 62% of offices compliant, 9% non-compliant, 29% no label (Jan 2024)
- Considered a success: accelerated improvement in the energy performance of offices
- Impact on market: early impact on lenders; offices below C label 20% less valuable
- Lessons:
  - Early communication for early action
  - Clarity important (not overcomplicated exemptions)
  - Enforcement and support activity and resourcing
  - No one wants to remove buildings from the market
  - Local authority to lead by example

Sources: https://esb.nu/plicht-voor-energielabel-cvoor-kantoren-lijkt-gewenst-effect-te-hebben/ and https://www.linkedin.com/pulse/challenges-building-sector-serial-renovation/?trackingId=APdFX20yQQaXZYPVbMcjIw%3D%3D

Implementation experience: Flanders

From 2023 homes must be EPC D within 5 years of sale; increasing standard over time.

Experience:

- Relatively low standard credited with smooth early implementation
- Concerns over hardship responded to with support and decision tree
- EPC B homes 12% higher value than EPC D; (difference between A and F 25%)
- Renovation obligation has “downward impact on the prices of energy-hungry homes” (EPC F & E)
- Stakeholder proposal for "a sustainable heating obligation at property transfer"

Schedule of the long-term path for single-family homes

Schedule of the long-term path for apartments

Implementation experience: France

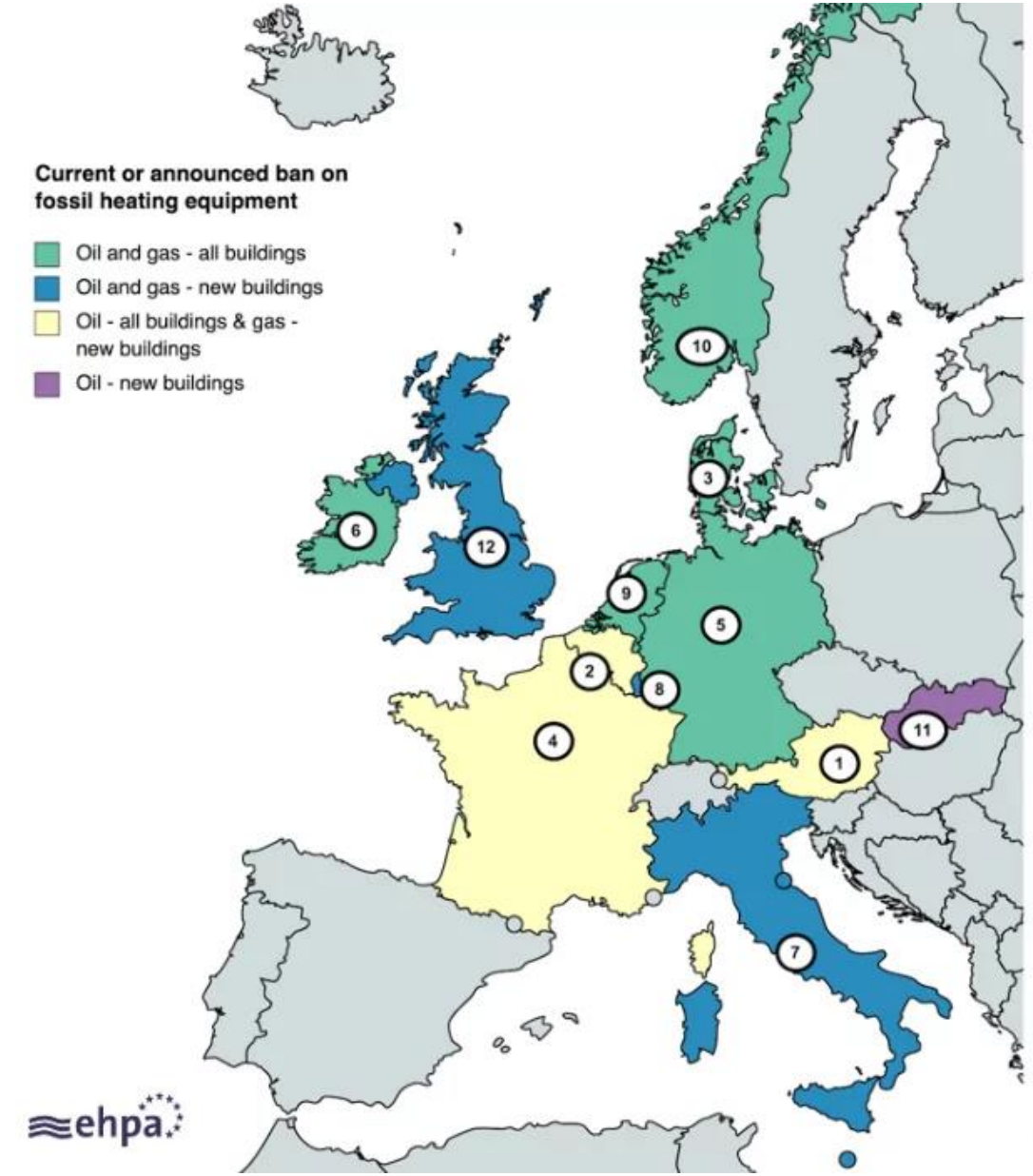
Rented homes that are “passoires énergétiques” must be improved at new lease from 2023. Decree, 2021

All rented homes must be EPC F by 2025, E by 2028 and D by 2034: Decree 2023.

Experience:

- Decree with schedule of dates only published in August 2023, clarity provided on exemptions
- Landlords “perplexed and annoyed”
- Homes withheld from the market
- Reliance on tenant to request upgrades and take action to compel landlord
- Changes to EPC (Feb 2024) effectively reduce the number of apartments that are classified F and G.

Fossil fuel phase out policies



1.AUSTRIA
Ban of oil/coal boilers installation from 2020 in new homes. Plans on banning oil and gas heaters from 2023 in new buildings and on banning oil/coal boilers in existing buildings.

2.BELGIUM
Regional ban in Flanders on the installation of oil boilers in new buildings and renovated ones from 2022. Gas connection ban for large new building projects in Flanders from 2021 and gas connection ban for all new buildings in Flanders from 2025. For Wallonia, no bans have been announced.

3.DENMARK
Use obligation for renewable heating and different zones with exemption regulations. Plans to convert all 400 000 remaining gas boilers. About 50% of buildings will be heated by district heating by 2028 and the rest by heat pumps by 2029.

4.FRANCE
From 1/7/2022 oil boilers banned in all buildings. From 2023 ban on gas boilers in new buildings.

5.GERMANY
Ban on installations of mono-fuel oil/coal boilers from 2026 (new and existing buildings) and regional use of obligations for renewable heating. From 2024, a share of 65% RE in heating in new and existing building – which means a real ban on stand-alone fossil fuel boilers.

6.IRELAND
Oil and gas boilers are to be banned from being installed in both new and existing homes. The ban would apply to newly built homes from 2023 and to installations in existing houses possibly from as early as 2025.

7.ITALY
Share of 60% renewable energies in new buildings from 1/6/2022.

8.LUXEMBOURG
Building requirements that make oil and gas impossible from 1.1.2023.

9.NETHERLANDS
Ban of connection to the gas grid for new buildings from 2018. From 2026, hybrid heat pumps will be the mandatory minimum standard.

10.NORWAY
Ban on the use of oil and gas for heating in new and existing homes.

11.SLOVAKIA
Plans on banning sales and installation of new fuel and oil boilers by 2023.

12.U.K.
Ban on gas and oil boilers in new buildings from 2025. In Scotland, the new buildings ban will take place in 2024, and existing commitment to legislation prohibiting fossil fuel heating systems in existing buildings at various trigger points from 2025 onwards.

Source: EHPA https://www.ehpa.org/news-and-resources/news/which-countries-are-ending-fossil-fuel-heaters/

Experience from Germany

- Plan to ban all standalone fossil fuel appliances from January 2024 (65% rule).
- Now:
  - Only new developments from 2024
  - For existing buildings only when municipalities have presented a 'plan' 2026 (cities) or 2028 (small towns).
  - 2045 backstop

Experience from The Netherlands

- Long term plan to get of gas.
- Energy agreement 2012
- Heat vision 2016
- Further exposed by Russian war
- High levels of local engagement and engagement with installer industry
- Local authority the responsible party to plan for transition
- Replacement standalone boilers to be banned from 2026 – hybrids to be allowed.

EPBD overview (subject to vote)

- Minimum energy performance standards for all non-residential buildings.
  - Worst-performing 16% of stock to be improved by 2030 and 26% by 2033
- Residential sector-specific stock improvement trajectory with milestones in 2030, 2035 and beyond.
  - A requirement that renovations focus on the worst performing housing stock.
- An end to subsidies for stand-alone fossil boilers from 2025.
- Mandatory national plans to phase out fossil fuels in heating and cooling by 2040.

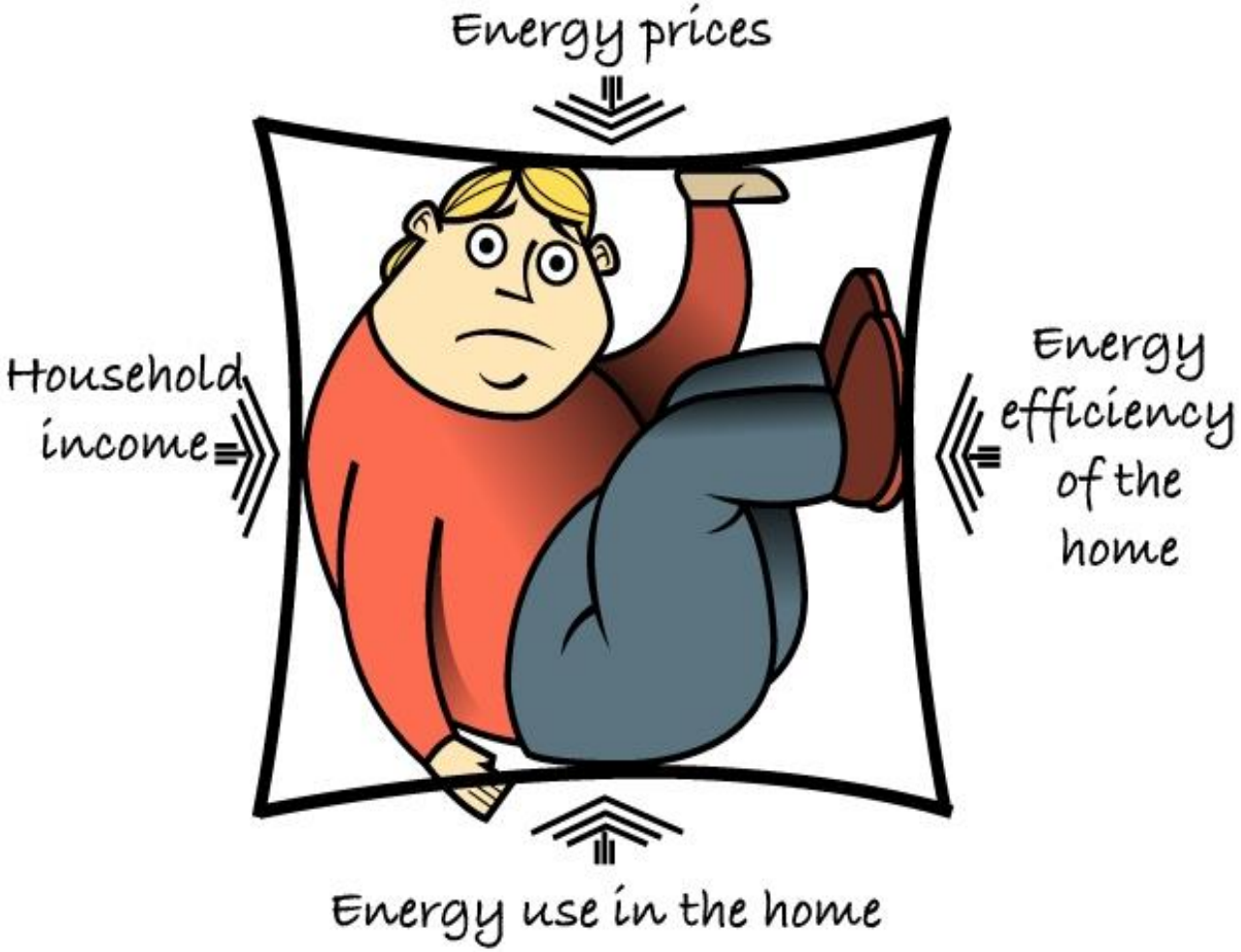
Provisional text: https://www.consilium.europa.eu/en/press/press-releases/2023/12/07/fit-for-55-council-and-parliament-reach-deal-on-proposal-to-revise-energy-performance-of-buildings-directive/

Lessons

- Clarity
- Simplicity
- Early announcement
- Stakeholder consultation and industry engagement
- Regulation, enforcement, enabling and **support**

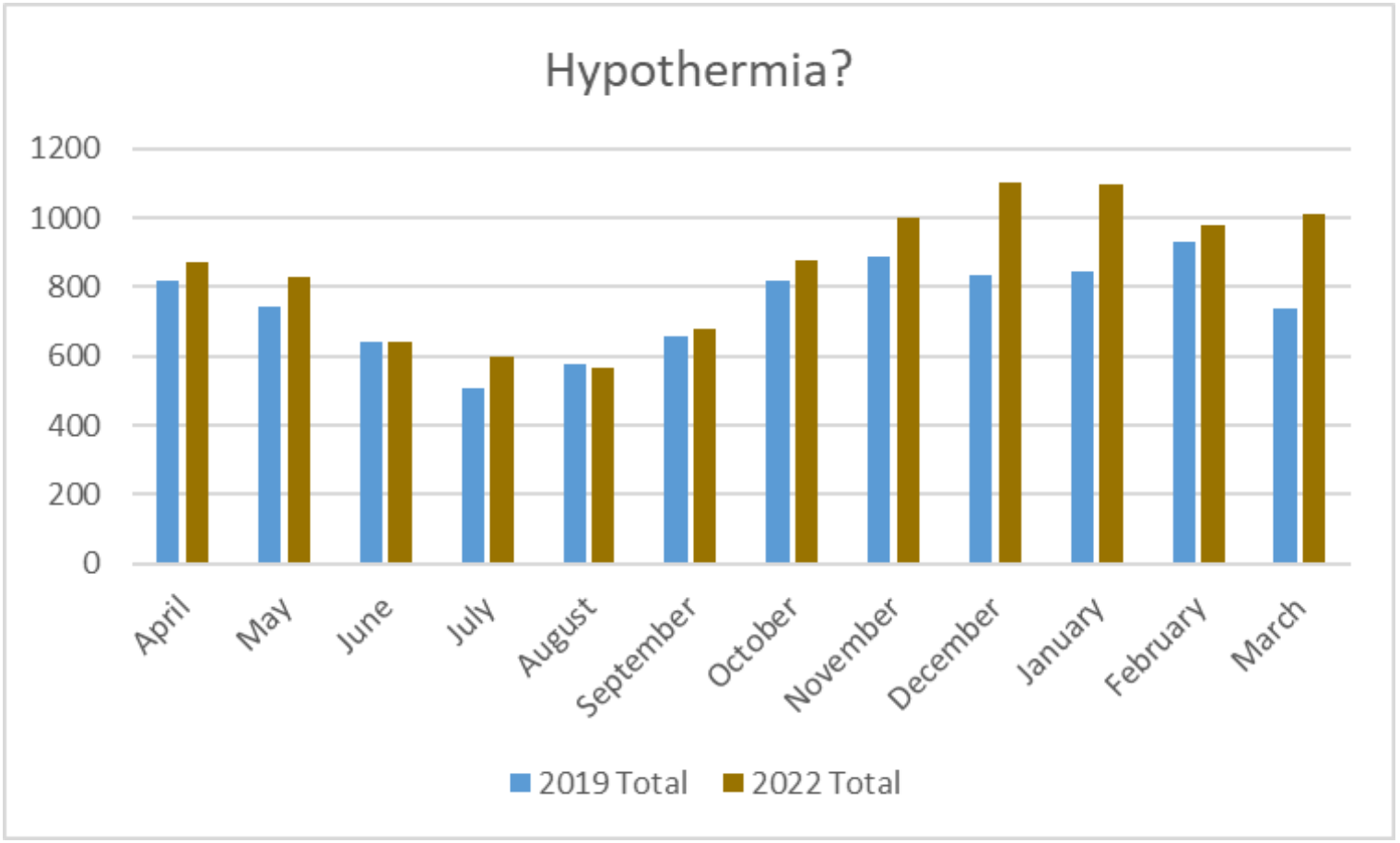
Heat in Buildings Bill: Energy efficiency, affordability and fuel poverty

www.eas.org.uk
#EssentialWarmth


Energy prices
Household income
Energy efficiency of the home
Energy use in the home

ENERGY ACTION SCOTLAND

Health Indicators – Winter 2022/23



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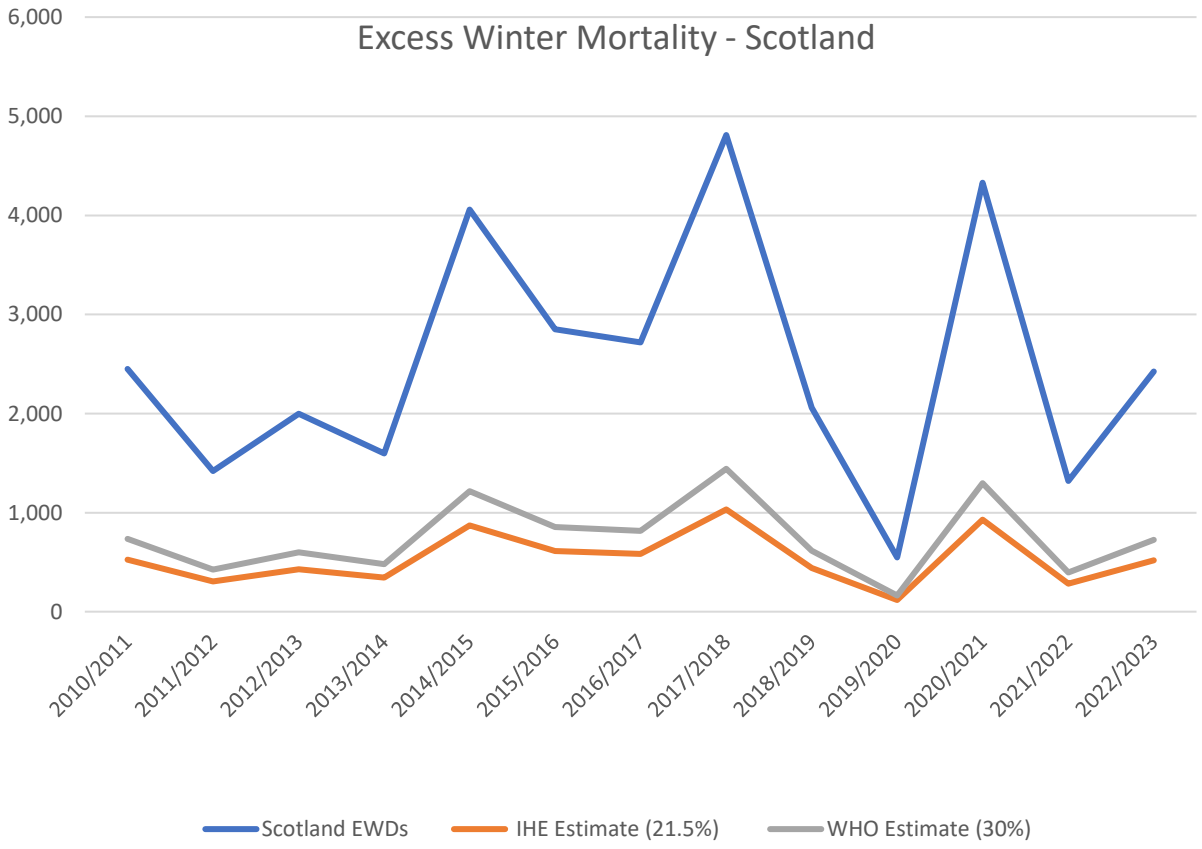
Health Impacts – Mortality 2022/23



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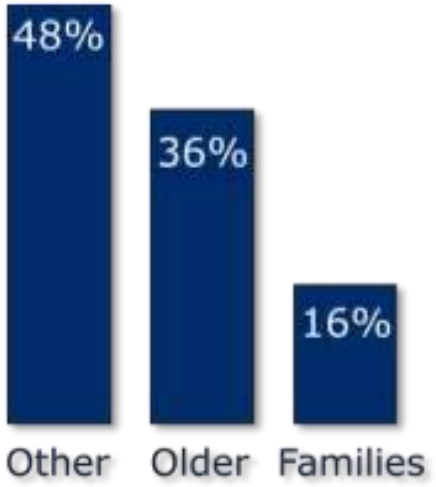
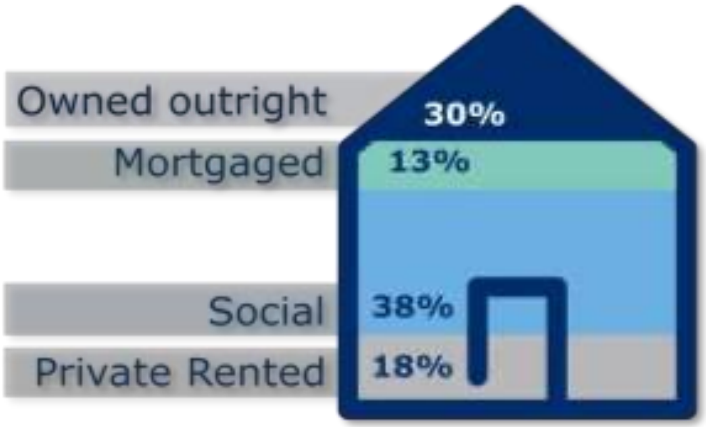
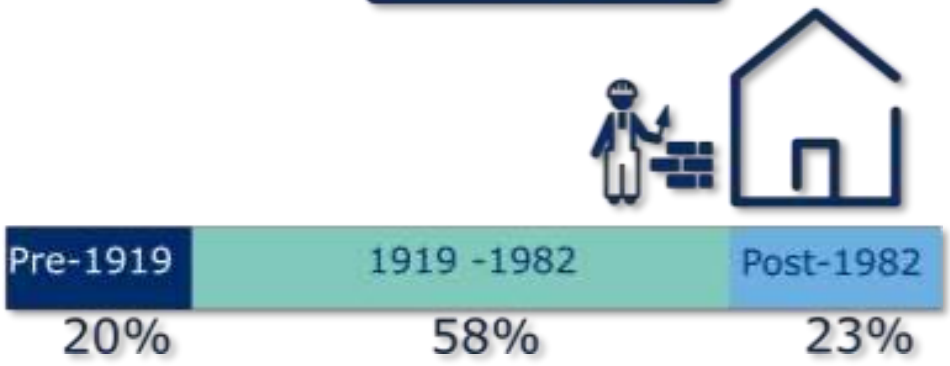
In perspective

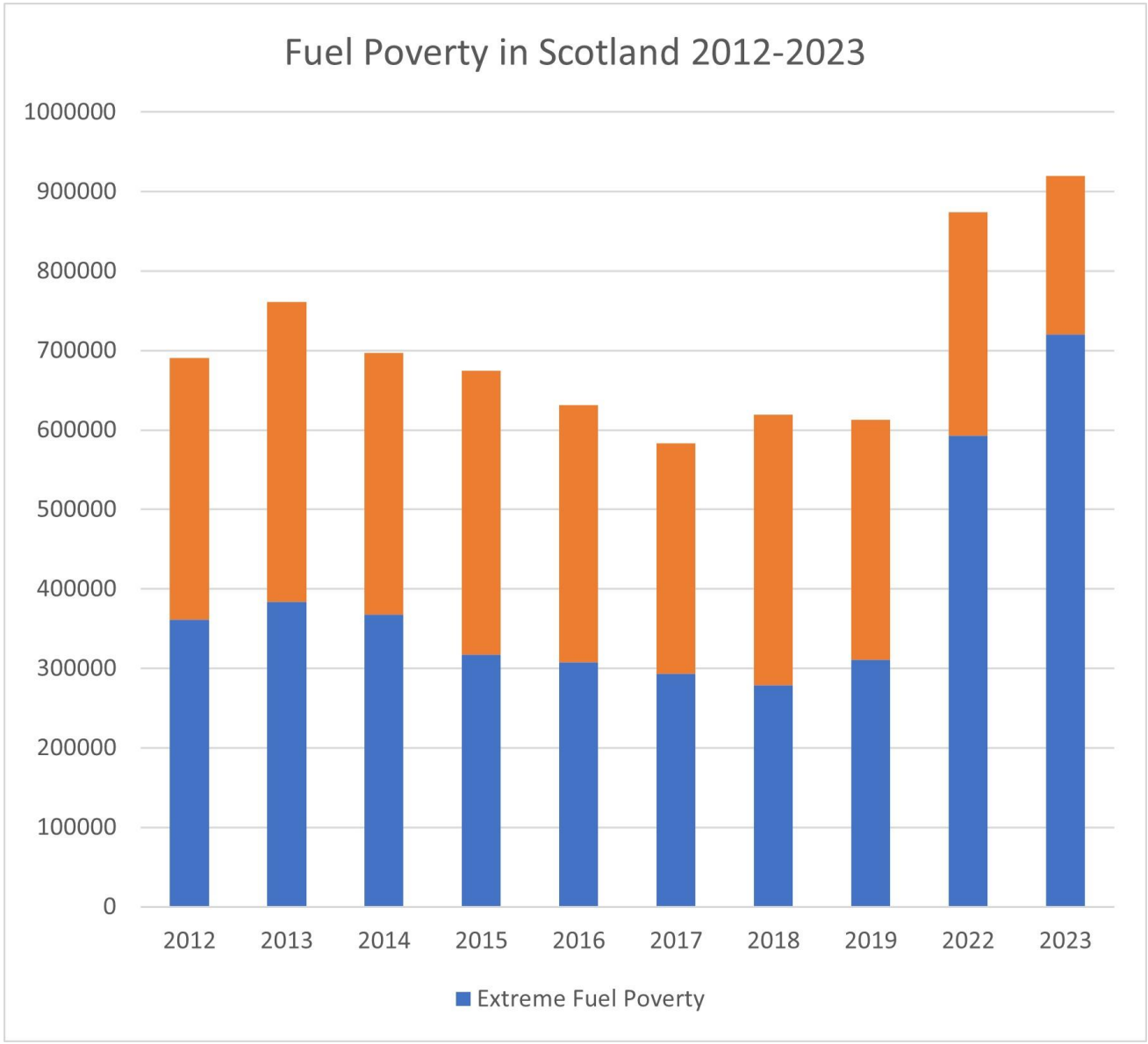
• 2022 – Road Deaths Scotland	174
• 2022 – Drugs Deaths Scotland	1051
• Winter 2022/23 – Fuel Poverty Deaths Scotland	1241

Who is most likely to be affected?

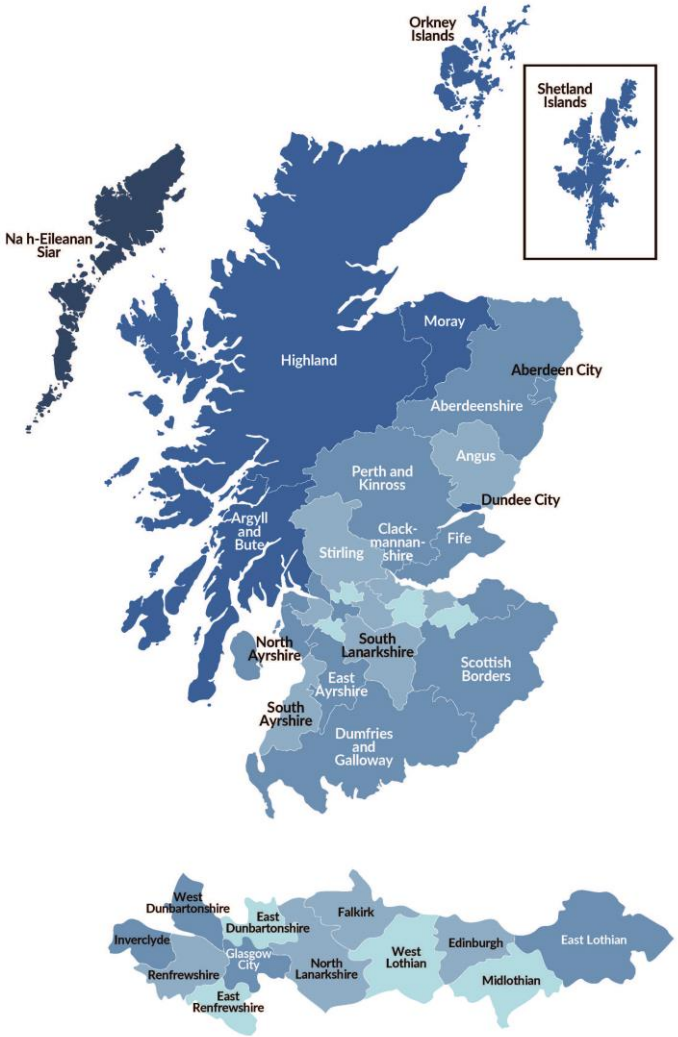







Fuel Poverty in Scotland 2012-2023
1000000
900000
800000
700000
600000
500000
400000
300000
200000
100000
0
2012
2013
2014
2015
2016
2017
2018
2019
2022
2023
Extreme Fuel Poverty

FUEL POVERTY BY LOCAL AUTHORITY



Na h-Eileanan Siar	61%
Highland	51%
Argyll and Bute	50%
Moray	49%
Dundee City	48%
Shetland Islands	48%
Orkney Islands	47%
West Dunbartonshire	45%
Dumfries and Galloway	44%
Inverclyde	44%
Scottish Borders	44%
North Ayrshire	43%
East Ayrshire	42%
Aberdeen City	40%
Glasgow City	39%
Aberdeenshire	38%
Perth and Kinross	38%
East Lothian	37%
Fife	37%
Clackmannanshire	36%
South Ayrshire	35%
Angus	34%
Falkirk	34%
Renfrewshire	34%
South Lanarkshire	34%
Stirling	33%
Edinburgh, City of	32%
North Lanarkshire	31%
East Dunbartonshire	30%
Midlothian	29%
West Lothian	28%
East Renfrewshire	20%
Scotland	**37%**

Ref Scottish House Condition Survey fuel poverty estimates as at 1 April 2023

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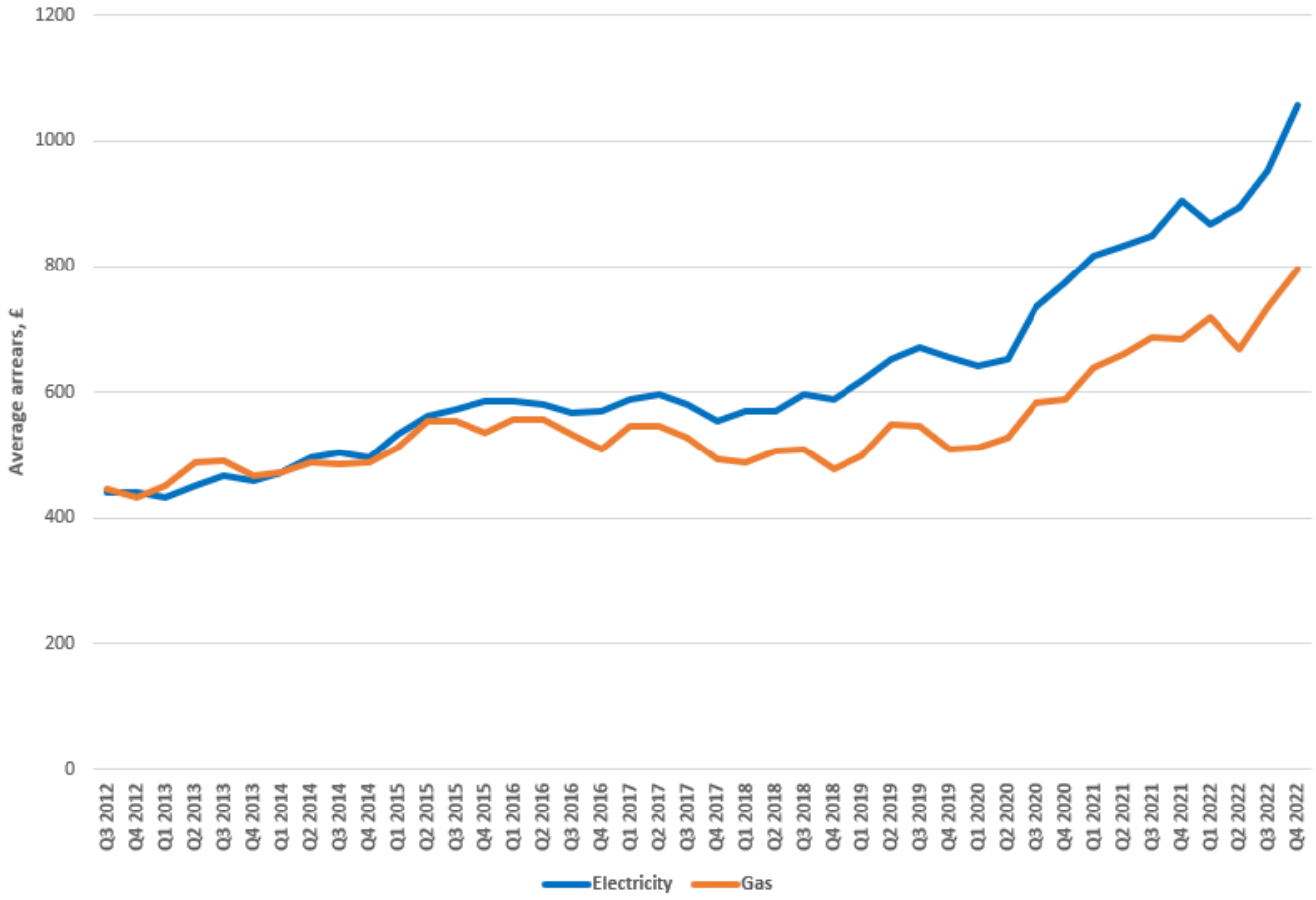
Levels of debt



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Opportunity

- Energy Efficiency Programmes – medium to long term
- Advice Provision – coping mechanism
- Crisis funding – temporary relief to transformative respite

What else is needed

- Energy price reform – social tariff, fairer
- Transformational financial support – targeted, impactful
- Debt relief -

Just and Fair

energy action SCOTLAND