

Ditching costly gas and oil is cheaper thanks to heat pump scheme

- Government grants of £5,000 are now available for homeowners choosing to replace fossil fuel boilers with efficient low-carbon heat pumps
- £450 million 3-year Boiler Upgrade Scheme helps make electric heat pumps much cheaper and a viable alternative when families come to replace gas and oil heating
- government's commitment to low-carbon heating technology to help protect households from record high oil and gas prices

Costs to install cleaner, more efficient heating solutions have been slashed by thousands of pounds as consumers can now receive grants through the government's new £450 million [Boiler Upgrade Scheme](#).

Homeowners across England and Wales can now benefit from £5,000 grants to fit clean heating systems when they come to replace their oil and gas boilers. This includes clean heating systems installed from 1 April this year.

Heat pumps are now much cheaper and more competitively priced against gas and oil boilers than ever before and thanks to these grants, it will be significantly cheaper for consumers to install a heat pump and closer to the cost of installing a traditional gas boiler, whilst improving the energy efficiency of their homes, reducing their energy bills and cutting emissions in the long-term.

The scheme will also help kick-start the British heat pump manufacturing industry, helping government and industry to achieve the aim of bringing down the cost of the technology to ensure they are no more expensive to buy and run for consumers than fossil fuel boilers by 2030 when more households will be looking to make the switch.

With the market for electric heat pumps set to rapidly expand in Europe over the coming years, there is also a huge export opportunity for British firms in research and development, production, supply chain and installation over the next decade, creating well-paid jobs across the country.

It will contribute to the 175,000 green skilled jobs we expect to be delivered by 2030 through the BUS and other government commitments made in the Heat and Buildings Strategy.

Energy Minister Greg Hands said:

The Energy Security Strategy showed our strong commitment to powering Britain with homegrown renewable and nuclear energy.

Thanks to the government's Boiler Upgrade Scheme, heat pumps using this clean, cheaper electricity will be the cheaper, obvious choice

for households choosing to replace their fossil fuel boiler.

It will also kick-start a British manufacturing industry that will help bring down prices even further whilst creating huge investment and job opportunities.

Scheme funding will be available through a simple application procedure that installers carry out on behalf of property owners, with the up-front funding taken off their quote.

The grants are in addition to the 5-year long 0% rate of VAT on the installation of heat pumps and biomass boilers, announced as part of a package of measures to help ease the cost of living.

With a global spike in oil and gas after unprecedented pressures on global markets, the government is committed to ensuring households are better protected from unforeseen rises in fossil fuel prices by encouraging them to gradually move away from using gas and oil to heat their homes.

The scheme has a committed budget of £450 million over 3 years from 2022-2025, with an annual budget allocation of £150 million and property owners will be able to get:

- £5,000 off the cost and installation of an air source heat pump
- £5,000 off the cost and installation of a biomass boiler
- £6,000 off the cost and installation of a ground source heat pump

In its landmark [Heat and Buildings Strategy](#), the government committed to working with industry to help meet the aim of heat pumps costing the same to buy and run as fossil fuel boilers by 2030, with big cost reductions of between a quarter and a half by 2025 expected as the market expands and technology develops.

The Boiler Upgrade Scheme is designed to kickstart the mass rollout of heat pumps across the country in a similar way that government grants have accelerated the uptake of electric vehicles.

Business and Energy Minister Lord Callanan said:

We want to make it easier and more cost-effective for homeowners to move away from using expensive fossil fuels for heating. The Boiler Upgrade Scheme means they can make the switch to more efficient, greener alternatives today in an affordable and practical way.

This scheme makes it a straightforward process for consumers and installers to access significant funding so that, added to the zero rate of VAT on installations, heat pumps are an attractive proposition when looking to replace a gas or oil boiler.

In the Heat and Buildings Strategy, the government also confirmed its

intention that by 2035, all new heating systems installed in UK homes will either be low-carbon technologies, such as electric heat pumps, or will support new technologies like hydrogen-ready boilers, where we are confident we can supply clean, green fuel.

No-one will be forced to remove their existing boiler, with this transition of the next 13 years seeing the UK's households gradually move away from fossil fuel boilers in an affordable, practical and fair way. The new Boiler Upgrade Scheme grants are helping to make heat pumps an affordable option for homes and small businesses across England and Wales. Government-funded studies by the [Energy Systems Catapult](#) have recently shown that there is no property type or age that is unsuitable for a heat pump.

As well as not having to use expensive fossil fuels, heat pumps are also more efficient to run, able to deliver more than 3 units of heat for every unit of energy input, while traditional gas and oil boilers deliver less than one unit of heat per unit of energy.

CEO and founder of Octopus Energy Group Greg Jackson said:

Heat pumps are up to four-times more energy efficient than gas boilers but they need to come down in price. The government's new scheme will not only reduce the cost – often to the same price as a boiler – but it'll kickstart an industry so that sooner or later we won't need subsidies. The scheme is super simple and we are already seeing it help families move to cheaper green heating.

The Boiler Upgrade Scheme is being administered by [Ofgem](#).

Ofgem Director of Delivery and Schemes Philippa Pickford said:

Ofgem is helping to create the infrastructure for net zero to thrive so we have clean, affordable and secure home grown energy. Heat pumps are a proven scalable option to heat homes and businesses without reliance on fossil fuels.

Ofgem is delighted to be administering the Boiler Upgrade Scheme on behalf of government, which will play an important role in supporting energy customers to switch to greener technologies in an affordable way. Today is an important milestone for the Boiler Upgrade Scheme as installers will be able to submit applications for grant funding.

Chair of the Heat Pump Association Phil Hurley said:

The Heat Pump Association welcomes the launch of the Boiler Upgrade Scheme and the financial support it will provide to those who opt for a heat pump. An upfront financial incentive like this will not

just help to kickstart the industry by making the technology more accessible but will also provide heating installers with the confidence boost they need to upskill.

With the capacity to train 40,000 installers each year, we have made huge strides as an industry to improve the heat pump training pathway, and we are hopeful that this scheme will inspire the workforce to take up the opportunities available.

Heat pumps represent a readily available and long-term solution to fossil fuel heating and the scheme is a big step towards kickstarting the mass rollout needed to grow the sector and put the UK economy on track to meet Net Zero.

Energy UK Deputy Director of Policy (New Energy Services and Heat) Charles Wood said:

Energy UK welcomes the Boiler Upgrade Scheme as a mechanism to deliver clean heat to households across the country.

Aligning this scheme with the government's objectives for improving the energy efficiency of homes, and delivering the smart meter roll out, will enable energy suppliers to decarbonize their customers' homes faster and more affordably.

MCS CEO Ian Rippin said:

The Boiler Upgrade Scheme is a huge opportunity to increase momentum of the home heating revolution and an integral part of the shift towards net zero. We welcome the BUS as part of the drive to make home-grown energy more accessible and affordable. With heat pump installations and contractor certifications at an all-time high, this is the perfect time for a strong financial incentive for people to decarbonise their home heating.

Managing Director of Customers at EDF Philippe Commaret said:

Heat pumps are a proven, low carbon technology which will help customers significantly reduce their carbon emissions at home.

The grants available through the Boiler Upgrade Scheme will help even more households switch to clean, electric heating now, reducing the UK's dependence on gas and protecting customers from increasingly volatile global fossil fuel prices.

Smart Solutions Director at ScottishPower Chris Carberry said:

Now is the time to really accelerate the delivery of both energy efficiency improvements and clean home heating solutions, such as electric heat pumps. This will help to reduce our dependence on gas and ease the upward pressure on energy bills for households.

We strongly welcome the government's new Boiler Upgrade Scheme with upfront grants for households to install a heat pump, and look forward to further progress on the Heat & Buildings Strategy. Our Smart Solutions business is committed to playing its part in helping consumers across the UK to realise the benefits of a low carbon transition in their homes and progress towards meeting the Net Zero challenge.

Home Insulation & Energy Systems Quality Assured Contractors Scheme Chief Executive Faisal Hussain said:

The Boiler Upgrade Scheme should help consumers transition from fossil fuel to low-carbon technologies such as heat pumps. This in turn will help the climate and should give us the platform to achieve net zero-carbon by 2050.

Director of Consumer Codes at Renewable Energy Assurance Ltd (which administers the Renewable Energy Consumer Code (RECC)) said:

RECC welcomes the Boiler Upgrade Scheme going live today. We will continue to assist with the scheme by providing information and assistance to both our member installers and consumers. Our aim is to ensure that the grant-issuing process is well-understood and straightforward for all concerned so that take-up will be high.

To meet its net zero targets government needs to scale up installations of low carbon heating systems including heat pumps and biomass boilers. But, if the Boiler Upgrade Scheme is to deliver cost efficiency and greenhouse gas emissions reductions, we must ensure that heating systems are well-designed and correctly installed in homes that are well insulated.

The BUS is an installer-led scheme which provides up-front capital grants to support the installation of heat pumps and, in limited circumstances, biomass boilers in domestic and small non-domestic buildings in England and Wales. Grants of £5000 will be available for air source heat pumps (ASHPs) and biomass boilers, and grants of £6000 will be available for ground source heat pumps (GSHPs). The grant value is deducted from a consumer's quote upfront.

[Consumers can find out whether they are eligible for the scheme](#) and installers can find full guidance on the website of the [Boiler Upgrade Scheme administrator, Ofgem](#).

Consumers can be eligible for a BUS grant for clean heating systems installed from 1 April. We have been gradually opening up the scheme working closely with installers. Installers have been able to open their accounts since 11 April. From 23 May, the scheme will be opens for grant applications and payments.

Installers fitting heat pumps under the Boiler Upgrade Scheme will need to be certified by the [Microgeneration Certification Scheme](#). This demonstrates that installers are technically competent, that the installation will be compliant with scheme requirements and that homeowners are covered by consumer protection schemes.

To help grow the electric heat pump market and expand British manufacturing, a £60 million [Heat Pump Ready innovation programme](#) is being run by the government, part of the £1 billion Net Zero Innovation Portfolio.

In the [British Energy Security Strategy](#), the government has also committed to expanding heat pump manufacturing in this country through the £30 million Heat Pump Investment Accelerator Competition.