

Energy efficiency: what you need to know

Improving energy efficiency, by reducing the amount of energy that households and businesses need, forms a crucial part of our British Energy Security Strategy.

We want to continue making UK homes more comfortable and cheaper to run. Every therm of gas saved grows our energy security and brings jobs to the UK.

We have already saved households on the lowest incomes around £300 a year on bills through energy efficiency measures – and we are investing over £6 billion on decarbonising the nation's homes and buildings.

What support does the British Energy Security Strategy offer to help consumers with the cost of energy or lowering bills?

The British Energy Security Strategy is part of an overall movement to greater energy security, building on the commitments set out in the Prime Minister's 10 Point Plan, the Energy White Paper, the Heat and Buildings Strategy and the Net Zero Strategy.

We have announced various measures worth billions of pounds to support consumers to cut their energy consumption, reduce our dependence on fossil fuels, make their homes warmer and more energy efficient and help them to reduce their bills.

This includes making available £9 billion to protect against the impact of rising global energy prices through a £200 discount on energy bills this autumn and a £150 non-repayable reduction in Council Tax bills, while giving up to £300 in Winter Fuel Payments to recipients of the State Pension and contributing £140 to the energy bills of 2.2 million low-income households through the Warm Home Discount.

Why is energy efficiency important?

Improving the energy efficiency of UK buildings is the quickest way we can support families and businesses, to respond to rising energy prices.

Over 90% of our homes are heated by fossil fuels, accounting for a third of UK total gas use. The price spikes in the gas market mean households are particularly exposed to these changes and facing energy bills upwards of £2,000.

Improving the efficiency of our homes could reduce our heating bills by around 20% and reduce our dependency on foreign gas.

Energy efficiency measures include double glazing, cavity wall, insulation to efficient light bulbs.

What is the government doing to improve energy efficiency?

We have gone further than any government in setting out an ambitious strategy by:

- publishing the landmark Heat and Buildings Strategy with an accompanying £3.9 billion of support.
- this includes nearly £1.8 billion targeted at low-income households through the Home Upgrade Grant and the Social Housing Decarbonisation Fund. This builds on more than £1.2 billion we have already invested this Parliament to support low-income households to install energy efficiency measures. We are also investing more than £1.4 billion to upgrade public sector buildings. This brings capital spending on buildings decarbonisation over the lifetime of Parliament to £6.6 billion
- expanding the Energy Company Obligation to £1 billion per year from 2022-2026, helping 133,000 low-income households annually to improve their energy efficiency
- combined, all this funding will improve up to 500,000 homes, saving households hundreds of pounds per year on their energy bills and reduce our reliance on gas
- setting a 2035 date by which we intend to phase out the sale of new and replacement gas boilers
- introducing a package of measures to increase deployment of heat pumps to 600,000 installations per year by 2028, and expanding heat networks through the Green Heat Networks Fund and designating heat network zones.

What has the government achieved so far?

We have already saved households on the lowest incomes around £300 a year on bills through energy efficiency measures – and we are investing over £6 billion on decarbonising the nation's homes and buildings.

The number of homes with an Energy Efficiency Rating of C or above is 46%, up from 13% in 2010, and rapidly rising thanks to government commitments.

The UK has a strong track record in making homes more energy efficient, with 40% in England now at EPC B and C or better and 84% of new builds in the top energy efficiency bands A or B.

By 2025, around 700k homes will be upgraded, and by 2050 all our buildings will be energy efficient with low carbon heating.

How is the government helping to cut the cost for

consumers?

We will cut the cost for consumers who want to make improvements by:

- zero-rating VAT for the next five years on the installation of energy saving materials, including insulation and low carbon heating, saving between £1000-£2000 on the cost of an air source heat pump
- launching the £450 million Boiler Upgrade Scheme this month. Thanks to government support, heat pumps are now priced much more competitively compared to gas boilers. We want as many people as possible who want one this year to be able to have one installed, so will continue to keep uptake of the scheme under review
- 'rebalancing' the costs placed on energy bills away from electricity to incentivise electrification across the economy and accelerate consumers and industry's shift away from volatile global commodity markets over the decade. This will also ensure heat pumps are comparatively cheap to run over time. We will publish our proposals on how to do so in 2022, considering overall system impacts and limiting the impact on bills, particularly for low-income consumers

What is the government doing to support people already in, or about to get pushed into, fuel poverty?

The Heat and Buildings Strategy sets out how we are prioritising the most vulnerable in society, ensuring that those on low income and/or at greater risk of fuel poverty are able to access energy efficiency measures and not be left behind.

- we're giving up to £300 in Winter Fuel Payments to recipients of the State Pension and contributing £150 to the energy bills of 2.2 million low-income households through the Warm Home Discount
- last summer, BEIS consulted on proposals which would expand the scheme from around £350 million to £475 million per year (in 2020 prices), reaching 3 million households from winter 2022/2023 onwards. The additional funding and proposed reforms would mean around 780,000 more households would receive rebates of £150 from winter 2022/2023 until 2025/2026
- through the Cold Weather Payment scheme we also provide an extra £25 a week for poorer households when the temperature is consistently below zero
- the most vulnerable can get additional help with essential costs through our £500 million Household Support Fund
- the Energy Company Obligation is now worth £1 billion per annum. ECO has been in place since January 2013 and has delivered around 3.4 million measures in around 2.4 million homes. We have committed to a 4-year, £4 billion extension and expansion of the scheme to accelerate our efforts to improve homes to meet fuel poverty targets

How are you supporting property owners improve their properties?

We are catalysing a world-leading competitive low-cost green finance market to help property owners improve their properties stock. For example:

- we are working with mortgage lenders to support homeowners to improve the energy performance of their properties and will publish our response to the consultation on Improving Home Energy Performance through Lenders in due course
- the policy proposals in the consultation could help improve the comfort of 2.8 million households and lead to bill savings of £196 per property by 2030
- our £1.8 million Green Home Finance Innovation Fund, which completed in March 2022, was a key early step in supporting the lending community to design, develop and pilot green finance products for homeowners
- as announced in the Net Zero Strategy, the Innovation Fund will be followed by a £10 million Green Home Finance Accelerator programme, focused on supporting the development of innovative green finance products and services, enabling homeowners to decarbonise their homes and improve thermal comfort
- finally, we are also working with the new UK Infrastructure Bank to explore whether they can play a wider role in scaling up green home finance in the future