

Future Homes Standard Consultation  
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6 February 2020

## The Future Homes Standard

Energy UK is the trade association for the energy industry with over 100 members spanning every aspect of the energy sector – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

We represent the diverse nature of the UK's energy industry with our members delivering almost all (90%) of both the UK's power generation and energy supply for over 20 million UK homes as well as businesses. The energy industry invests over £13.1bn annually, delivers around £85.6bn in economic activity through its supply chain and interaction with other sectors, and supports over 764,000 jobs in every corner of the country.

This is a high-level industry response to the Ministry of Housing, Communities and Local Government's (MHCLG) consultation on the Future Homes Standard (FHS). Individual members may hold different views.

## Overview

As set out in our 2019 Future of Energy Report<sup>1</sup>, if the UK is to decarbonise buildings, strong regulations will be needed to drive action. Energy UK has long called on Government to ensure that new homes are built to a standard that ensures they are sustainable, and welcomed the Government's 2019 Spring Statement commitment to introduce a FHS by 2025.

Energy UK is, therefore, disappointed with the scope of the consultation published by MHCLG in that it is limited to changes to Part L and F of building regulations and does not take forward the promise of the 2019 Spring Statement. A delay of seven years has taken place since the Zero Carbon Homes standard was abandoned in 2013, with c.300,000 higher carbon homes built each year as a result.

As such, Energy UK holds the following key recommendations:

- Set out a clear timeline for implementation of ambitious regulatory frameworks to enable industry to adapt and supply chains to develop;
- Implement an ambitious fabric first target for energy efficiency;
- Review performance metrics for integration of low carbon heat and energy efficiency measures
- Ensure effective compliance governance is introduced alongside the FHS;
- Integrate a consideration of cooling requirements in the standard, and;
- Integrate the FHS with the anticipated Heat Policy Roadmap and the range of wider workstreams targeted towards enabling net zero.

Specific comments are set out in more detail below.

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<sup>1</sup> <https://www.energy-uk.org.uk/our-work/future-of-energy.html>

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## **The Future Homes Standard**

The timetable for legislating for a FHS, as set out in the consultation, is lacking. The level of detail set out in the consultation is discouraging in that it does not go as far as the Chancellor's 2019 Spring Statement. Whilst an ambition for a house built to the requirements of the FHS to produce 75-80% less CO2 emissions is welcome; the Government needs to provide further detail as to how it will be achieved.

Given the Government's legislative commitment to net zero and the work of the Committee on Climate Change (CCC) it is disappointing that Government is proposing to wait until 2024 to consult on and introduce legislation for a FHS. Energy Efficiency is core to reducing costs for consumers across many elements of the transition to net zero and, as such, further transparency on this process and the justification for it would be welcome. The technology to build zero carbon homes already exists and adopting this early on will be significantly easier than retrofitting homes in years to come.

While the Government is right to note that not all home builders are ready to build to high specifications yet, this should not constitute a reason to delay putting in place the appropriate regulations. In fact, by putting in place long term frameworks that set a clear trajectory, the Government can provide industry with the certainty it needs to bring forward investment in supply chains and training or upskilling.

## **Energy Efficiency (Changes to Part L)**

Energy Saving Trust evidence notes that new buildings constructed today will not meet the level of efficiency needed to meet the 2050 carbon targets<sup>2</sup>. Energy UK, therefore, welcome the proposal to uplift the current energy performance requirements in building regulations for new homes. Improved insulation standards are important to reducing heat demand and allow heating systems to operate more effectively. However, given the importance of the energy efficiency of the building fabric, Energy UK does not believe that either Option 1 or Option 2, with a lower level of energy efficiency, go far enough to evoke a material impact.

There are also gaps between buildings' expected level of efficiency and their actual operational performance<sup>3</sup>. A more robust approach to ensuring compliance and enforcement with any improved Building Regulations is, therefore, also required. The proposed changes to compliance and performance do not go far enough and would benefit from more vigour here. Energy UK would note, for example, that the Boiler Plus policy was introduced through changes to the Domestic Building Services Compliance Guide (DBSCG) with no enforcement or compliance regime associated; and as a result, compliance with the standards have been lacklustre to date.

We also note that the proposed approach to compliance does not align with other government initiatives in this space, including, for example, the Each Home Counts review. Energy UK strongly supported the findings and recommendations of the aforementioned review in 2016 and has since been heavily involved in the initiatives to implement its recommendations, including the Steering Groups for PAS2030:2019, PAS2035 and PAS2031:2019 as well as ongoing engagement with TrustMark.

Different expectations and requirements with regards to installing energy efficiency measures in the retrofit and new build markets risks the development a two-tiered market for energy efficiency measures between retrofits and new-builds. In fact, some Energy UK members already report that they are seeing installers exit the retrofit market in favour of new builds, due to less stringent requirements.

## **Encouraging the uptake of low carbon heat technologies**

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<sup>2</sup> <http://www.energysavingtrust.org.uk/clean-growth-plan-2050-ready-new-build-homes-policy>

<sup>3</sup> <https://www.ukgbc.org/ukgbc-work/delivering-building-performance/>

Decarbonising heat is a core element of meeting the UK's net-zero target and must be integrated into a range of regulations and standards in 2020 to encourage uptake and enable markets to develop across low carbon heat technologies. A FHS that integrates ambitious heat and energy efficiency measures could be integral to developing market certainty required to enable decarbonisation at lowest cost to consumers.

There remains some apprehension that the combination of the proposed SAP methodology and regulatory amendments may not achieve the Government's objective of encouraging the uptake of low carbon heat technologies. Energy UK would support a review of how current performance metrics are calculated, to ensure that all low carbon technologies are properly assessed.

Energy UK has some specific reservations regarding the impact on heat networks which, according to Government expectations and (CCC) net-zero scenarios, are expected to play a crucial role in the decarbonisation of heat. In order to compare heat networks to other technologies, whole life costs may need to be considered in SAP calculations.

Energy UK is aware of faltering heat network investor confidence as developers move to a phase by phase approach to energy strategies, impacting on considerations of long-term sustainability including whole-life environmental impacts. The integration of heat networks into SAP methodology and FHS could aid in bolstering investor confidence.

Furthermore, Energy UK believes that 2020 is too early to phase out gas fired CHP heat networks, as this technology can be utilised as an efficient 'bridging' technology. Integrating an element of 'Future Proofing' in SAP calculations for heat networks, in terms of ability to transition to low carbon sources of heat, could aid in enabling a transition to low carbon heat at lowest cost to consumers.

## **Changes to Part F**

It is unclear from the consultation whether MHCLG intends to address cooling in the revised documents. Energy UK would support its consideration. There is a need to consider if there is sufficient cooling in properties based on the technologies being installed. Cooling may not be available for homes that are part of a heat network or for homes that have direct electric heating. As a result, consideration needs to be given to the impacts on comfort for home owners and determining whether the (Part F) ventilation changes proposed in this consultation are sufficient.

## **Further clarity and alignment**

It is crucial to achieving net zero at lowest cost to consumers that MCHLG coordinate with other offices and departments to ensure that ambitious and aligned policy and regulatory changes are delivered now. At the least, the FHS should be coordinated with the following workstreams:

- Stakeholder engagement and the wider Heat Policy Roadmap being developed by the BEIS Clean Heat Directorate. Energy UK is aware of a number of examples of homeowners removing low carbon technology to fit a gas boiler because of a lack of understanding or confidence in the equipment installed by the home builder. Engaging consumers will be a critical enabler in the decarbonisation of heat at lowest possible cost.
- Boiler Plus policy, where there is scope to align the interim standard. Energy UK members submitted evidence to BEIS on its 2019 review of Boiler Plus policy, where the case was set forth to move to the installation of 94% efficient boilers, higher than the 92% standard consulted on here. Clarity would also be welcome with regards to continuing the requirements of Boiler Plus guidance, i.e. the need to install a qualifying energy efficiency measure.

- Proposals from the Office for Low Emission Vehicles<sup>4</sup> to require installation of electric vehicle (EV) chargers in new build developments. Failing to coordinate low carbon heat and transport policy for new build could require sites to increase connection capacity and result in additional capacity requirements on distribution networks.
- Actions of the Smart Systems and Flexibility Plan<sup>5</sup>, including smart appliance standards being developed by the British Standards Institute and developing low voltage markets for flexibility. To ensure that capacity upgrades to enable the electrification of heat and transport are cost-effective, local flexibility must be leveraged to optimise use of network infrastructure, ensuring lowest overall system cost.
- The Smart Meter rollout. With energy suppliers operating under the New & Replacement Meter Obligation already, another 'quick win' could be achieved by adding a new requirement into the Building Regulations that requires smart meters to be installed in all new homes with immediate effect. Longer-term thought should be given to consider how building design and planning regulations can be updated to ensure any new or existing properties are adequately designed to allow Smart Meters to operate effectively within them.
- Local Planning Authorities – Energy UK does not support removing the ability of local planning authorities to set energy efficiency standards above the Building Regulations; they should be allowed the flexibility to go above and beyond the standards as and where it be possible.
- Ongoing development of the SAP methodology – BEIS work to develop methodologies for SAP 10 and SAP11 need to be integrated into –planning for a future homes standard, particularly with the introduction of SAP 11 in 2025 aligning with the proposed introduction of a FHS.

I trust you find our comments useful. We would welcome the opportunity to discuss further with MHCLG or any other interested stakeholders. If this is of interest please feel free to contact me on [daniel.alchin@energy-uk.org.uk](mailto:daniel.alchin@energy-uk.org.uk).

Kind regards

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<sup>4</sup> <https://www.gov.uk/government/consultations/electric-vehicle-chargepoints-in-residential-and-non-residential-buildings>

<sup>5</sup> <https://www.gov.uk/government/publications/upgrading-our-energy-system-smart-systems-and-flexibility-plan>