

Energy in Action: How clean energy can deliver for social housing

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Energy is an essential part of our lives, but the impact of volatile price shocks has made it too expensive for many households up and down the country. Global events have destabilised energy markets and pushed up energy bills – increasing affordability challenges for customers and contributing to record energy debt, which has reached £5.5 billion.^[1]

Read about the support available from energy suppliers on [Energy UK's information for customers page](#).

Reducing dependence on international fossil fuel supplies is a key strategy for breaking the ongoing cycle of high energy bills driving debt levels even higher, but many households are unable to afford or access the technologies needed.

This is particularly challenging for people living in the social and affordable rented sector, which accounts for around 4.5 million homes – about 17% of all dwellings – in England alone.^[2] Many are likely to be in low-rise purpose-built flats where retrofit projects require coordinated agreement among multiple leaseholders or a single landlord decision affecting the entire building fabric.^[3]

The cost and high level of complexity of these works can result in limited action, particularly by social landlords who are restricted from how much they can increase rents. This creates significant barriers to investment in upgrades that often block many residents from accessing the benefits of low carbon technologies.

Installing packages of measures such as a battery, a heat pump and rooftop solar can save households up to 64% on their energy bills where a supportive policy environment is in place if they use energy flexibly. But cost remains the biggest barrier, according to landlords.^{[4], [5]}

What support is available?

The Government has worked to deliver finance through various means including the Warm Homes: Social Housing Fund, formally the Social Housing Decarbonisation Fund. This has

¹ [Energy UK \(2026\) Energy debt: Everyone pays](#)

² [Department for Energy Security & Net Zero \(2026\) Warm Homes Fund: call for evidence](#)

³ [Ministry of Housing, Communities and Local Government \(2025\) English Housing Survey 2024 to 2025](#)

⁴ [Energy UK \(2025\) Clean Heat: Financing the transition](#)

⁵ [National Housing Federation \(2022\) New research sheds light on decarbonisation of social housing](#)

provided waves of grant funding to the social rented sector to upgrade existing homes and deliver bill savings to residents. Social renters are also eligible for support under the Energy Company Obligation, which is set to close at the end of 2026.^[6]

Energy efficiency support for low-income households will be folded into the recently unveiled £5 billion fund for low-income households announced in the Warm Homes Plan. The funding is made up of £4.4 billion in direct capital grants and an initial £600 million of financial transactions from the Warm Homes Fund. Once the Social Housing Fund comes to an end in 2028, the funding will be put toward a consolidated successor scheme.

Energy UK has proposed two complementary schemes in the interim in its paper [Clean Heat: Supporting low-income households](#) – the Warm Homes: Local Delivery Fund and the Warm Homes: Energy Upgrade Grant.

Several Energy UK members are already working directly with housing associations, social landlords and tenants to roll out support and low carbon technologies to provide stable, affordable and secure energy to customers on low income, in social housing or with a range of vulnerabilities.

Centrica, EDF, E.ON, Octopus, Kensa, Mitsubishi Electric and National Grid are all contributing to projects across the country to ensure widespread access to the technologies and resources delivering the benefits of the energy transition.

Overcoming the price barrier

Many of the low-carbon technologies that deliver the most tangible benefits to residents now offer revenue opportunities for social landlords, allowing them to benefit from new installations alongside their tenants.

Octopus has partnered with several housing associations to offer its Tenant Power tariff to hundreds of social homes. The product is specifically designed to allow both social housing tenants and landlords to benefit from smart green tech, with expected annual savings of up to £200 compared to a standard variable tariff.^[7]

Under the offer, homes fitted with solar panels and a compatible battery system help lower costs for tenants while any excess generation is sold back to the grid when demand is highest, helping to balance the grid while rewarding the landlord financially.

⁶ [Department for Energy Security & Net Zero \(2026\) Extending the ECO4 end date: government response](#)

⁷ [Octopus \(accessed 2026\) Tenant Power](#)

Octopus has partnered with housing associations in the North of England, Scotland and Wales in 2026 to offer Tenant Power to more than 1,700 homes, with plans to reach 10,000 homes committed to the tariff by the end of 2026.^[8]

EDF has also worked with social housing providers to deliver low-carbon technologies. A home retrofit project carried out with Wiltshire Council under the Home Upgrade Grant Phase 2 scheme rolled out solar panels and heat pumps to low-income homes not connected to mains gas and with low energy efficiency. Tenants reported improved warmth in addition to “a huge difference” to their heating costs.^[9]

Wiltshire Council has also partnered with PH Jones, part of the **Centrica**-owned British Gas, to deliver a renewable retrofit at the Downside sheltered housing scheme. The project replaces existing gas boilers with a low-carbon system centred around air source heat pumps, supported by mechanical ventilation with heat recovery and a large-scale solar installation.

By integrating pre-heated hot water into showers and taps, the solution is designed to significantly cut energy use while maintaining resident comfort. The scheme is expected to deliver carbon emission reductions while lowering annual running costs from approximately £17,500 to £6,700. Additional onsite solar generation further enhances savings potential, helping to create a more efficient, lower-cost and sustainable living environment for residents.

Mitsubishi and SGN, meanwhile, have piloted high-temperature heat pumps utilising narrow pipework suitable for use with existing radiators. Installation can be completed in as little as two days, saving costs while providing high-efficiency and low-carbon heating technology to older social homes with limited inconvenience to residents.^[10]

Direct funding is also being provided to deliver new heating systems to tackle fuel poverty. **National Grid** works with a range of expert charities and frontline delivery organisations

⁸ Octopus (2026) [Watt a deal! New clean tech tariff slashes energy bills for 1,500 social homes by up to £200 / Say watt?! Octopus Energy's Tenant Power arrives in Scotland, slashing energy bills for social housing tenants by £200 a year / Shocking savings! Cutting-edge tariff slashes energy bills for Scottish social homes by £200 / Powered up: Octopus and Muirhouse slash energy bills for Scottish social homes by £200 / Amp-ing up savings: Tenant Power arrives in Wales, cutting energy bills for social homes by £200 a year](#)

⁹ [YouTube \(2025\) EDF Home Upgrade Grant - Wiltshire Council Case Study](#)

¹⁰ [SNG \(2025\) SNG's and Mitsubishi Electric innovative heat pump approach leads the way in cost-saving, low-disruption retrofit](#)

through its £10.3 million Grid for Good Energy Affordability Fund to provide direct support to households most affected by rising energy costs.^[11]

This includes working with councils to provide assistance and small energy efficiency measures to tenants in need and, through its partnership with Affordable Warmth Solutions, air source heat pumps are also being deployed across England and Wales to provide clean, efficient heat to households with health, age and income vulnerabilities.^[12]

E.ON also works with over 60 housing association and local authorities to deliver solutions ranging from insulation and glazing to heat pumps, solar panels and batteries.^[13] These technologies not only benefit social housing tenants but can deliver much wider system benefits to all households.

E.ON's modelling has suggested rolling out domestic batteries could cut energy bills in the short term while easing the strain on local power networks. Research conducted with Oxera found targeted battery deployment in social housing could provide up to 77% of the additional local grid capacity the UK is expected to need by 2035 while delivering £220 in annual bill savings for social households through bill credits and reduced electricity costs.^[14]

With around 1.6 million social households expected to sit near constrained substations by 2035, E.ON believes there is a major opportunity to pair neighbourhood scale flexibility with communities that stand to benefit most from lower bills. It has already been working with Northern Powergrid to install small domestic batteries alongside other measures for free in selected homes near existing substation constraint.^[15]

In exchange for hosting the battery, the customer receives a guaranteed bill credit without any need to change their behaviour. For those in fuel poverty, this can provide immediate, tangible support to reduce their cost of living.

Heat networks

Low-carbon heat networks are also growing as a practical solution to decarbonising heat demand across entire neighbourhoods while improving affordability, system efficiency, energy security, and wider community benefits.

¹¹ [National Grid \(2025\) National Grid announces £2.3 million funding package to support vulnerable households struggling with energy costs across England and Wales](#)

¹² [Affordable Warmth Solutions \(accessed 2026\) Low-Carbon Energy Schemes](#)

¹³ [E.ON \(accessed 2026\) Building a sustainable future](#)

¹⁴ [E.ON \(2026\) Targeted battery use could save households hundreds and ease investment pressures on power networks, E.ON modelling shows](#)

¹⁵ [E.ON \(2025\) E.ON Next and Northern Powergrid launch joint initiative to help lower electricity bills](#)

Systems of pipes are used to transport heat from a central source, such as a large heat pump, to connected homes across entire neighbourhoods. This spreads out the costs of installation, maintenance and operations across multiple properties while enabling bulk energy purchasing at lower prices, resulting in reduced heating costs.^[16]

The Government believes heat networks could save energy customers between £5 billion and £7 billion from reduced distribution network costs.^[17]

Two-thirds of heat networks are owned and managed by social landlords.^[18] Energy UK has called for increased investment and strategic focus on this sector to improve energy efficiency and ensure that the benefits of the energy transition reach all segments of society.^[19]

Many projects are already up and running, such as the networked heat pumps delivered by **Kensa** alongside housing groups around the country.^[20] A five-year project with Clarion Housing Group refurbished four blocks of socially rented flats, each over 100 years old, to use a Shared Ground Loop (SGL) connected to ground source heat pumps instead of gas boilers. The retrofit delivered a 70% reduction in emissions and average annual running cost savings of £441 per property – reaching over £700 for larger flats in the development.^[21]

Kensa is also working with **Octopus** to build a low carbon heating network for 114 new homes in South Wales. Octopus Energy Generation funds and owns the underground infrastructure while Kensa delivers the heat pump systems in each home.^[22]

This model is intended to remove upfront infrastructure costs for developers and homeowners, make clean heat affordable for homeowners and tenants, and create a long-life utility asset that will attract investment. Residents will simply pay a small standing charge to connect to the network, much like they would with gas, when the project is set to be complete by the end of 2027.

¹⁶ [Energy UK \(2025\) New heat network customer protections: The launchpad for growth?](#)

¹⁷ [Department for Energy Security & Net Zero \(2026\) Warm Homes Plan](#)

¹⁸ [National Housing Federation \(2026\) Housing associations and heat network regulation](#)

¹⁹ [Energy UK \(2023\) Energy Matters: Across the Economy](#)

²⁰ [Kensa \(accessed 2026\) Networked Heat Pumps](#)

²¹ [Kensa \(accessed 2026\) Central London social housing retrofit - Sutton Dwellings](#)

²² [Kensa \(accessed 2026\) Low-carbon heating network powers 114 new homes in South Wales](#)

Energy in Action

As households continue to feel the effects of volatile international energy markets, the case for accelerating affordable, low-carbon solutions in social housing is only becoming stronger.

From solar and batteries to heat pumps and clean heat networks, Energy UK members are demonstrating how these clean technologies can help cut bills, improve comfort and bring wider benefits to the energy system when the right support is in place.

Energy UK will continue to push Government to take up the opportunities presented by low carbon technologies to deliver support to the households that need it most. That means backing stable, targeted funding for social housing decarbonisation, maintaining strategic support for heat networks, and ensuring policy and regulation work together to make clean heat and smart energy technologies affordable and accessible to the communities that stand to benefit.

If you have a case study showcasing innovative work within the sector, please get in touch via press@energy-uk.org.uk.