

Priorities for the Climate Change, Environment, and Infrastructure Committee Calor Gas

Consultation Response

1. Calor welcomes this opportunity to contribute to the Climate Change, Environment, and Infrastructure Committee's thinking in relation to its priorities for the Sixth Senedd.
2. Calor is the UK's largest supplier of Liquid Petroleum Gas (a low-carbon heating fuel used by many off-gas grid, rural properties) and BioLPG (a 'green gas' and our lower carbon renewable, direct alternative to LPG). We want to ensure that Wales' off-grid rural energy users are not forgotten about or left behind as we decarbonise heat in rural homes and businesses.

A new heat policy for Wales

3. We welcome the Welsh Government's commitment to develop a comprehensive policy on the decarbonisation of heat, as stated in the letter from the Minister and Deputy Minister outlining the Welsh Government's priorities. Whilst recognising that the Welsh Government has not yet published details of what this new and more comprehensive set of policies towards the decarbonisation of heat will look like, we highly recommend that the committee considers the decarbonisation of rural heat as a priority in the new Senedd term.

Securing a Just Transition for rural Wales

4. We believe the Welsh Government should support a mixed technology approach, including BioLPG, as it develops its new approach to heat decarbonisation, to ensure a just transition for rural communities. The recognition of BioLPG in future heat policy – and the support of it in government schemes – would help drive demand and provide certainty to the sector to further invest in domestic supplies of BioLPG.
5. From our knowledge of supplying heating fuels to thousands of rural homeowners and businesses, Calor believes the most cost-effective future off-grid heat strategy is a 'mixed technology approach', including green gas as well as other technologies. Our low carbon BioLPG is already available in the UK (representing about 8% of our total sales) and we are devoting significant research and development to bring more BioLPG into the UK. As a drop-in solution, homeowners currently using LPG do not need to change or alter their heating systems in order to use BioLPG, and BioLPG offers a much more straightforward and cost-effective transition for many homes currently heated by highly polluting heating oil.
6. However, existing barriers need to be addressed for low carbon fuels such as BioLPG to maximise their impact. For example, BioLPG is not currently recognised in the

Standard Assessment Methodology (SAP), the UK Government's National Calculation Methodology for assessing the energy performance of dwellings and determining Energy Performance Certificates (EPCs). We are urgently pressing the UK Government to rectify this anomaly so BioLPG can play a meaningful role in rural heat decarbonisation. We would therefore recommend that the committee gives consideration to how these barriers can be overcome, so as to ensure that consumers in Wales have greater choice in heating their homes.

Tackling the challenge of retrofitting Wales' housing stock

7. The scale of the interrelated challenges of retrofitting Wales' homes and providing low and zero carbon heating solutions presents a significant challenge for the Welsh Government over the new Senedd term. We recommend that the committee provides considerable scrutiny to Welsh Government proposals around the retrofitting of housing stock. In particular, we recommend that consideration of how the costs of uplifting the energy efficiency ratings of Welsh housing stock and installation of low-carbon heating technologies are shared between government and householders.
8. In October 2020, Calor commissioned an independent study, examining off grid heat decarbonisation across the UK. The study found that for 46% of homes currently using oil to heat their homes in Wales, the most cost-effective low-carbon heating option is a bioLPG boiler or bioLPG hybrid (heat pump and BioLPG boiler) deployment. This 46% figure comprises of homes defined as "Hard to Treat". To emphasise the challenge facing many rural households in the near future, for the largest and oldest rural homes, heat pump with retrofit costs could reach over £30,000.
9. In the remaining 54% of homes currently heated using oil in Wales, the cost-effective option is to either carry out a retrofit to enable the use of a heat pump or to immediately electrify. However, this route brings in wider considerations above levelised costs that may not make these properties suitable for retrofit or electrification.
10. Calor would seek to highlight to the committee that these options around heat pumps and electrification often require upfront costs that are simply unaffordable for many households. There are also space, technical constraints within the home, and electricity network constraints that may prevent the possibility of these installations, or consumers may want to avoid the hassle and time commitment that these routes often require.
11. For some off-grid consumers, particularly those with savings and a well-insulated home, electric heat pumps are a solution. For others living in properties that are less energy efficient, and if the household has less capital to spend, a biofuel – such as BioLPG – boiler can provide a better, affordable solution.
12. Therefore, we believe that the Welsh Government should make the case for more than 2 low carbon heating technologies (heat pumps & biomass) to qualify for the Clean Heat Grant to reduce total decarbonisation costs and offer consumers greater choice in heating their homes.

Fuel Poverty

13. As recognised by the Welsh Government in their letter to the committee, the intersectionality of heat decarbonisation, energy efficiency and fuel poverty makes the question of the Welsh Government's approach to decarbonising heat a critical one for the Sixth Senedd term and beyond. We therefore recommend that the committee considers fuel poverty in all of its scrutiny duties in respect to the decarbonisation of heat.