Energy Performance Certificate reform consultation (Scotland)

Domestic Energy Performance Certificate Metric Reform Proposals

1. Do you agree with the set of metrics that we propose to display on the reformed EPC?

Yes and No. Whilst the metrics themselves are an improvement on the current metrics for calculating Energy Performance Certificates (EPCs), the finer details of how these will be calculated should be amended. We agree with the attempt to reform EPCs because there is widespread industry agreement that the methodology used for calculating EPCs is outdated. EPCs are determined by the Standard Assessment Procedure (SAP), but the SAP does not use up-to-date figures on cost, efficiency, and carbon intensity. These outdated methods regularly produce inaccurate results and can act as a barrier to the installation of low carbon heat technologies.

The proposed methodology for calculating the metrics will result in the prioritisation of heat pumps over all other low carbon heat technologies. Whilst heat pumps will be critical for the decarbonisation of the majority of homes, it is also important that the right technology is used in the right situation. EPCs should provide information that enable consumers and developers to work out the most appropriate low carbon technology for that building, as well as providing information to consumers on how much their home will cost to run over the year as this is consumers' primary concern. It is currently proposed that the cost rating is displayed as 0-100 rather than a figure in pounds. We would encourage detailing the actual monetary cost, as recommended by the CCC[1], as this makes ratings easier for consumers to understand. Whilst the consultation is concerned that doing so would suggest to users the figure accurately predicts running costs, they could instead include a disclaimer that this is only an estimate. Furthermore, it would also make it easier for consumers if the absolute cost were detailed, rather than per m^2 as this makes comparison easier between properties. The methodology used to calculate this should be made clear and the various fuel costs published and regularly updated alongside this to ensure estimates are realistic.

EPCs can help drive the change to net-zero but this should be in a technology agnostic manner. Indeed, both the Climate Change Committee and the National Grid's Future Energy Scenarios recognise the need for various heating systems in heat decarbonisation, including biomass boilers. A key metric is what level of CO_2 emissions (both directly and indirectly) a building will be responsible for each year – this is currently included in the Emissions Rating metric which could be used to calculate the EPC rather than being documented separately.

The heating system type metric focuses on zero direct emissions systems. We would not recommend categorising and ranking different systems in this manner. Whilst the intention to encourage a switch to zero-direct emissions heating systems is important, giving heat pumps the highest rating could risk encouraging the installation of heat pumps where they might not be the most suitable solution. Heat pumps are more energy efficient in well insulated homes, whereas biomass boilers can operate at a higher heat load than heat pumps, making them more suitable for poorly insulated homes. We do not agree with the proposed classification that places biomass boilers in the same category as gas boilers. Firstly, biomass needs to be treated differently to gas boilers because biogenic carbon is different to fossil carbon – as described by the IEA and IPCC in their greenhouse gas emissions

[1] Climate Change Committee. Annex. Reform of domestic EPC rating metrics to support delivery of Net Zero. https://www.theccc.org.uk/wp-content/uploads/2023/02/Annex-Reform-of-domestic-EPC-rating-metrics-to-support-delivery-of-Net-Zero.pdf

inventory[2]. An approach that conflates these two carbon types is counter to the science, because as long as biomass is done sustainably it is not the same as a fossil fuel boiler.

It is important EPCs remain technology neutral and ensure the right technology is used in the right situation. Government modelling in the recently published Biomass Strategy estimates that 80% of the UK's 1.1 million off-gas-grid properties will be suitable for heat pumps, suggesting that there are 220,000 off-gas-grid properties where biomass boilers could be a suitable solution[3]. Whilst the figures above are for the whole of the UK, Scotland will have a sizeable proportion of off-gas-grid homes, given its property stock is made up of many remote rural homes. Indeed, the Biomass Strategy states: "We recognise that heat pumps will not work everywhere, a small number of off gas-grid properties are simply too poorly insulated or have certain characteristics that would make installing this technology unfeasible. Consistent with the principles of best use of biomass we expect any use of biomass to decarbonise heat off the gas grid would be focussed on those properties which are not readily suitable for electrification". Thus, although biomass boilers will play a niche role in heat decarbonisation it is not an insignificant one and an appropriate industry must be in place to be able to design, install and maintain such systems.

2. Are there additional metrics that you think should be included on the EPC, or metrics that you do not think should be included?

Should be included, please give reasons for your views:

Emissions rating should be included in the main EPC metrics. This figure should include indirect and direct emissions as this defines the buildings impact on the environment. The CO_2e figures should be updated annually so, for instance, as CO_2 emissions from electricity generation fall as predicted, then electric based heating systems will improve over time. This rating also takes into account the benefits of, for instance, installing a heat pump rather than night storage radiators. This rating can then be used by policy makers to drive progress to Net Zero.

Should not be included, please give reasons for your views:

EPC reform should consider all options for heat decarbonisation and aim to see the right technology used in the right situation. Thus, heating system type might be more appropriately included as an additional metric to be displayed rather than contributing to the calculation of the EPC itself.

3. Considering our proposal to include a Fabric Rating on EPCs, do you think this metric should include domestic hot water heat demand?

Should include, please give reasons for your views:

Yes - the Fabric Rating should include domestic hot water demand. An EPC should consider the full heat requirements of a property including hot water and ensuring whichever technology is used meets the consumers entire heat demand.

When switching from a gas combi boiler (which has no cylinder) to a heat pump the fabric efficiency will likely fall because you would be adding in the losses from the cylinder. This should not be a reason for excluding hot water demand within the fabric rating, as this is an essential requirement of a household's heat needs. Alternatively, a metric such as overall energy efficiency would give credit

[2] See 2.3.3.4 (Chapter 2, page 2.4) of the IPPC 2019 Refinement of the 2006 Guidelines for National Greenhouse Gas Inventories.

[3] 20% of 1.1 million households = 220,000 properties. See the page 164 of the Biomass Strategy, *"Decarbonising Properties off the Gas Grid",* https://www.gov.uk/government/publications/biomass-strategy

for a heat pump. Additionally, concerns about the impact of replacing cylinders on the rating, should not be factored into whether the fabric metric should include hot water demand or not, as it is highly unlikely an insulated cylinder would be replaced with an uninsulated one, as our members inform us the latter are not available on the market.

Should not include, please give reasons for your views:

N/A

4. Do you have a view on the way that the Fabric Rating mapped against a scale, for example, how 'A' or 'G' rated performance is determined?

Scaling the fabric metric seems appropriate, and could align A with 'PasivHaus' and B with current 'new build' performance.

5. Do you agree with our proposal to give more prominence to the energy efficiency features of the home (such as the depth of loft insulation)?

Yes, we agree with this proposal however, it should include information of all low carbon heating systems including biomass not just zero direct emissions heating systems. This will ensure the right technology is used for the right building.

<u>Non-Domestic Energy Performance Certificate Metric Reform Proposals</u>

6. Do you agree with the set of metrics that we propose to display on non-domestic EPCs?

Yes and No. We support the reform of EPCs because there is widespread industry agreement that the methodology used for calculating EPCs is outdated. These outdated methods regularly produce inaccurate results and can act as a barrier to the installation of low carbon heat technologies.

We support the alignment of the Energy Rating to the UK system for consistency.

We do not support the direct emissions metric. This should be replaced with an overall emissions rating (direct and indirect) – similar to the additional metric proposed to be displayed on domestic EPCs. Merely documenting direct emissions penalises biomass boiler uses, which is a low-carbon technology and the Biomass Strategy has made clear that biomass has a role to play in decarbonising heating, including in industrial decarbonisation, particularly where there are limited options for alternatives. Furthermore, biomass boilers work particularly well at medium-large scales due to higher heat loads, making them suitable for use in larger properties including hospitals, schools, care homes, particularly older properties. It would be inappropriate to rule out the use of biomass boilers where it can be shown to be the most suitable solution. An alternative to a combined emissions metric could be to provide sub-categories of direct and indirect emissions.

Finally, we support the energy use rating, however it would be useful to have it broken down into different fuel types so that prospective renters/purchasers can work out likely costs.

7. Are there any additional metrics that you think should be displayed, or any in the proposed set that should not be included?

Should have additional metrics, please explain your view further:

Emissions Rating – similar to the domestic metric display, as this includes direct and indirect emissions. This would be useful for businesses also looking at their sustainability disclosure requirements and general decarbonization plans.

Should not be included, please explain your view further:

Direct emissions. See response to question 6.

EPC Purpose and Validity

8. Do you agree with us that the primary role of the EPC should be to provide basic energy efficiency information for the purpose of comparison and act as a prompt to consider retrofit options?

No. The primary purpose of an EPC should be to drive change towards net zero in a technology agnostic manner and displaying the building's CO_2 emissions should be a key figure. However, it is also recognised that from a consumer's point of view, they are most concerned with costs – energy efficiency is part of this but there are numerous other factors which have an impact. An EPC must enable the consumer to make an informed decision on that basis. Therefore, it's important that an EPC is appropriately considering all available technologies to ensure that right technologies are utilised in the right situations. It is also important that all metrics used to calculate the EPC are based on up-to-date figures.

9. If you disagree, or have further comments about the role of the EPC, please provide your comments.

EPCs are going to have a strong role to play at the point of sale of properties and will have an increasing role to play in Scottish support mechanisms for the decarbonisation of heat. Therefore, the government might consider the use of EPCs in future support mechanisms.

10. Do you agree that the validity period of EPCs should be reduced from 10 to five years?

No. Given the focus of policy and building regulations, the likelihood of building performance deteriorating over the period of an EPC is minimal so this just adds burdens on property owners. If building work or significant changes are made, then it is in the owner's interest to get an updated EPC to demonstrate the improved performance. Also, it will be in the building owner's interest to get an updated EPC if the underlying assumptions on which cost and/or CO_2 emissions have changed since the last survey. As an alternative, it would be useful to have a truly 'live' EPC with the data gathered by the surveyor input into a database and for the resultant EPC to be generated in 'real time' when required using the current cost and CO_2 emissions figures. The date of the survey could be easily displayed and cease to be valid after 10 years. Clearly a balance would have to be struck as to how often cost and CO_2 emissions factors were updated, but annual figures should be adequate and this would provide a much more useful figure than a snapshot from the time of the survey.

11. We welcome any views on the usefulness of our proposals for other relevant policy areas, such as fuel poverty or the delivery of government schemes. Please provide any comments you wish to share.

N/A

Digital and Accessible EPC Format and Content

12. Do you agree with our proposal that EPCs should move from PDF to webpage format?

N/A

13. Do you agree with our proposal to improve signposting to further support and advice schemes on the EPC?

Yes. The EPC should also provide impartial advice that recognises all low carbon technologies, so that consumers and developers can ensure the right technology is installed in the right situation.

14. Do you agree historical EPCs should be publicly accessible on the EPC register (while clearly marked as historic)?

Yes

15. Do you agree that the EPC register should be accessible by API?

N/A

16. Do you have any further comments on our proposals to move to a digital and accessible EPC?

N/A

EPC Auditing and Assurance

17. Do you agree with our proposals to review and update the auditing and assurance requirements for EPCs in Scotland?

N/A

18. Please detail any additional assurance activity that you think would be appropriate to enhance the accuracy and reliability of EPCs.

N/A

Consultation Questions: Legislating for EPC Reform and Timeline

19. Do you have a view on our timeline for reform implementation?

Yes. We would encourage the Scottish Government to align with the launch of SAP 11 and developments in EPC methodology with the rest of the UK to ensure there is consistency in approach across the UK.