

The Rt Hon. Michael Gove MP
Secretary of State for Levelling Up, Housing, and Communities
2 Marsham Street
London
SW1P 4DF

Cc: The Rt Hon. Claire Coutinho MP, Secretary of State for Energy Security and Net Zero

15 March 2024

RE: Future Homes and Buildings Standards/Home Energy Model consultations – Assurances for Transparency and Ongoing Industry Engagement

Dear Secretary of State,

We are a cross section of trade associations representing manufacturers who supply the key Net Zero enabling technologies which allow new homes to decarbonise heat, use energy responsibly, and supply domestic EV charging capabilities. As such, we are strong supporters of the general policy direction with regards the Future Homes and Buildings Standards (FHS) and supporting Home Energy Model (HEM).

As individual trade associations, we are currently developing our respective member responses to the FHS and HEM consultations. While we support the policy objectives of both the FHS and the HEM, we have collectively decided to raise two fundamental shared concerns where we ask for your direct intervention, in advance of closing the current consultation process.

We seek ministerial intervention following a series of conversations with the Department for Levelling Up & Housing Communities (DLUHC) and the Department of Energy Security & Net Zero (DESNZ). These positive interactions include informational engagement sessions, and discussions on multi-trade association technical workshops to offer broad industry collaboration and discussion on the impact of key changes. These technical workshops would offer confidence to the market and ensure an informed and effective consultation process.

However, progress on the two key challenges outlined below has been restricted due to limited available time until the consultation closes,

limitations of modelling capability, and intention for further transparent industry engagement and consultation.

1. **The Home Energy Model does not allow for informed understanding of the specification impact of the Future Homes Standard.**

Both DLUHC and DESNZ have identified fundamental flaws with the Home Energy Model (HEM) which has led to a three-week extension to the consultation period. We do not believe this extension is long enough given how far we are into the initial consultation period.

Rather than seeking a further extension we are requesting your assurance that industry engagement will be an ongoing process through the course of this year, with an additional mini consultation in Autumn 2024. This assurance would also allow industry to shape commercially critical topics such as the SAP Appendix Q replacement and Product Characteristics Database (PCDB) integration, the subject of our second bullet point.

We would have expected DLUHC and DESNZ to outline their own comparative modelling to demonstrate the range of compliance options that were stress tested prior to the release of the consultation, something which has been made available in the past. However, on this occasion the data and detailed options have not been released, further undermining the validity of the consultation. In our correspondence regarding workshops, we have specifically called for this information but there seems to be little appetite for transparency in this area. To be able to support the government to deliver the HEM and FHS, industry needs full disclosure of pre-consultation assessments.

We therefore hope that your assurance on ongoing technical engagement and further consultation will extend to tackling our concerns around a lack of transparency and understanding of how the notional build options within the Future Homes Standard will impact specification flexibility. Current modelling capability appears to show that options within the consultation could limit specification choice, locking the market to air source heat pump and heat networks specification only. We do not believe this is the government's intention. We are seeking evidence of Government due diligence to ensure this specification flexibility has been modelled to allow a broad range of 'clean' heat and hot water technologies to comply with the Future Homes Standard.

From a wider perspective, there are significant flaws within the consulted HEM which make the sensible modelling of options impossible to undertake with little or no certainty of outcomes. For instance, the static primary energy figures for electricity do not accurately reflect the energy performance of flexibility-related technologies – the introduction of which aligns with the consultation's policy objective to promote energy flexibility to protect our electricity capacity.

We understand that moving to a completely restructured assessment model will incur learnings and testing periods. The basic anomalies currently found within the HEM will result in unintended consequences and compliance limitations.

2. We are concerned about the lack of formal consultation plans for key changes to the PCDB and SAP Appendix Q.

There is currently no detail within the HEM consultations on the future process for PCDB integration and the process by which the model will recognise new technologies. It has been noted that there will be no formal consultation for these but that Government officials intend to engage industry in their development. We are, therefore, highly concerned that one of the technical working groups we have proposed on this topic has not yet been confirmed.

The current PCDB has been developed through many years of investment by hundreds of manufacturers, including our collective member manufacturers (it, in fact, being their data) and to miss this detail and hold no pre-consultation sessions with industry undermines confidence in the HEM and the consultation process generally. We are alarmed with how the new process for these areas is being developed if industry engagement does not cover the manufacturers, who are the key stakeholders in this process.

One of the co-signatory associations - BEAMA - led the creation of the first SAP Appendix Q scheme (in relation to mechanical ventilation) and the HPA was a key organisation in the development of the heat pump variant which followed. As such, we understand how important the PCDB and Appendix Q are to our ability to accurately model energy use in future homes and create competitiveness in the market for low carbon technologies. We also recognize the PCDB and Appendix Q process is ripe for deeper reform. We want to work with your officials to achieve this.

As an industry, we are calling for your intervention to ensure that no finalising decisions are made on either the PCDB or Appendix Q without accurate modelling capability, transparency of specification compliance modelling, and additional industry consultation.

We do not believe that it is the intention of the Government or these consultations to limit technological innovation in the market and a choice of low carbon, affordable energy strategies for new dwellings. As key representatives of the supply chain to new homes, we are looking for assurance that you will intervene to ensure that our ambitious timeframes for introduction do not impact specification choice within the market and our member's confidence to invest in future innovations.

If required, we would be happy to have further discussions on these areas to ensure the best outcome from industry and the market, whilst meeting the aims of Government for the future of UK homes.

The associations signed below look forward to your response.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Caroline Bragg'.

Caroline Bragg, Interim CEO

A handwritten signature in black ink, appearing to read 'Yselkla Farmer'.

Yselkla Farmer, CEO

A handwritten signature in black ink, appearing to read 'Chris Yates'.

Chris Yates, Chief Executive



HEAT PUMP ASSOCIATION

A handwritten signature in black ink, appearing to read 'Charlotte Lee'.

Charlotte Lee, Chief Executive

A handwritten signature in black ink, appearing to read 'Stewart Clements'.

Stewart Clements, Director

A handwritten signature in black ink, appearing to read 'Tom Lowe'.

Tom Lowe, Founding Director

A handwritten signature in black ink, appearing to read 'D. Sowden'.

Dave Sowden, Interim CEO