#ACCELERATING ELECTRIFICATION

eama
The trade association for energy infrastructure & systems



Making a Market for Electrification

Demand-side Policy Progress Report

November 2026

ABOUT THIS REPORT

BEAMA's core objective is to accelerate electrification. At roughly the midpoint of this Parliament, it would seem a timely opportunity to assess how the Government is delivering against its own stated policy ambitions for demand side energy transition. Our assessment should be considered against various market indicators as picked up through our own quarterly Market Pulse performance tracking.

Of most concern to policy makers, and the electrification industry as a whole, should be the fact that according to many BEAMA members, demand is flat or under expectations across many market segments. Given that policy intervention is now pervasive across every level of the energy transition value chain, BEAMA has created this policy progress report to highlight where further action is needed to stimulate growth.

Details of other BEAMA Guides can be found on the BEAMA website **www.beama.org.uk**

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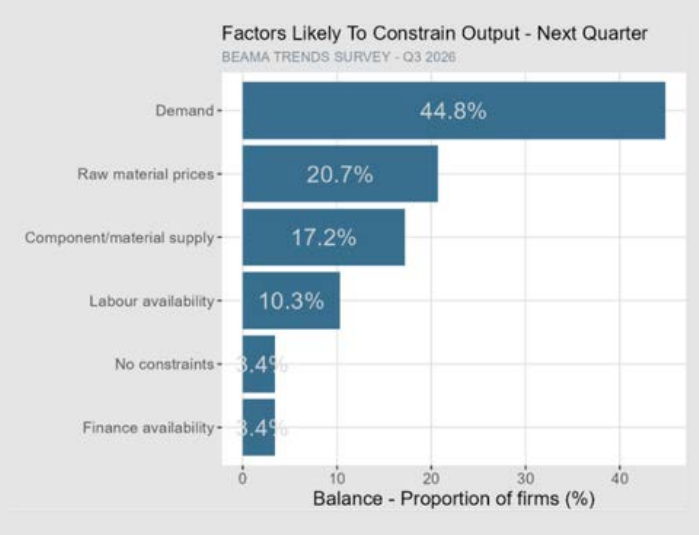
Making a Market for Electrification

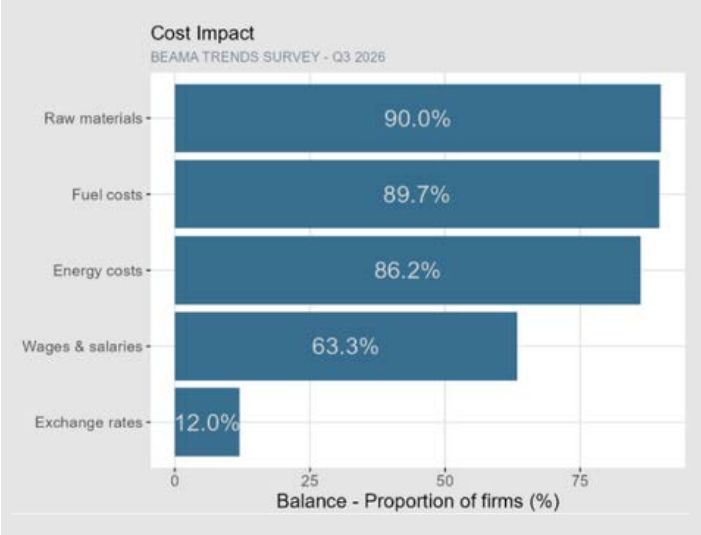
State of Play

The trade association for energy infrastructure & systems

Members are operating in a period of recently unprecedented high business costs:



Product demand remains the main constraint on manufacturing output for BEAMA members:



Demand in our industry should be ahead of the overall economic trend, given the context of the imperative to reduce energy costs and improve the energy system, coupled with the Government's stated ambitions for clean power, warm homes, flexibility, electric transport and construction.

Many policy decisions are either not yet delivering market growth, are making market growth less likely, or are sending mixed messages that hold back investment. Below we set out some positive demand-side measures the Government has taken, followed by a list of areas where more action is needed.

Positive Measures

- Two Prime Ministers have reconfirmed commitment to the UK's Net Zero requirement
- There is an aim to achieve around 95% share of electricity supply for renewables by 2030 in the Clean Power Action Plan
- ·The Government has also published several thematic documents with excellent pro-electrification pathway objectives, including:



Industrial Strategy – "Make it easier and simpler for companies to do business, giving them the stability to make long-term investments."

Warm Homes Plan – "Home upgrades are one of the quickest and best ways to cut the cost of living permanently. We want every household in Britain, regardless of circumstance, to have access to these transformative technologies."

Clean Flexibility Roadmap – "Empowering consumers with greater control over their energy use and unlocking tangible savings without disrupting their everyday lives. Businesses and households alike will benefit from a more predictable and affordable energy landscape"

Clean Energy Jobs Plan – "Someone is going to win the global race for the clean energy jobs of the future and we are determined that it should be the UK."

- Policy costs and VAT have been moved away from electricity bills; discounted loans for energy upgrades are being introduced; a trajectory for energy efficiency requirements in rented buildings has been set; improvements in energy performance for new buildings have been committed to; grants for electric transport and heating remain available (albeit diminished or market distorting in some cases for heat); regulations for energy smart appliances have been published.
- ·Government has published proposals and unresolved consultations on dozens of other issues that could influence supply and demand for our members' products.
- The new Prime Minister has stated his commitment to devolving powers for delivering the core pillars of the energy transition. Whilst a very welcome and sensible approach, this may be constraining policy progress as stated policy objectives are now having to be re-framed for devolved delivery (delays to the Low Income Support Scheme for example).

This seems like a significant amount of action, yet as shown by our survey results, it has not yielded transformational market growth. Equally concerning is the lack of optimism that such growth will be realised in the foreseeable future. The following is an assessment of progress against the policy topics we have identified that would help demand in our sector.

Policy Gaps Affecting Markets

Topic	Status	Consumer Impact	Supply Chain Impact
Energy Assessment	New Energy Performance Certificate (EPC) format outlined, but not yet finalised, nor integrated with new Home Energy Model calculation method.	Out of date measurement of product benefits and an uneven playing field for reliable choices. Uncertainty of how to meet minimum energy efficiency standards for landlords and likely increase in cost impact if advice recommendations are skewed towards limited technology choices. Lack of clarity on new metrics including the definition of smart ready and its relevance to other policy themes. Lack of Indoor Air Quality indicators as an EPC metric means there will be 1.8m missed opportunities to improve health every year.	EPCs and the under-pinning Home Energy Model will be the binding platform for many policies and advice services, and a lack of clarity makes the impact of Building Regulations, the Warm Homes Agency and Minimum Energy Efficiency Standards (MEES) difficult to assess for many product categories. Unless the EPC can bind energy smart appliance regulations, the Warm Homes Plan, minimum energy efficiency standards and new building specifications in a coherent manner, market and product development investment is difficult to present and justify.
Improving Energy Performance of New Buildings	Confirmation that Building Regulations will be changed so new homes will have better energy performance and electric vehicle (EV) charging provision.	New homes unlikely to be built to new regulations until 2029, so any new homes built before then are likely to need retrofit in future.	The right direction of travel for many technologies, but companies cannot yet model implications because final details and new calculation methods have not yet been finalised.

Topic	Status	Consumer Impact	Supply Chain Impact
Improving energy performance of existing buildings for able-to-pay	The 'Spark Gap' has been reduced slightly but remains a barrier to electrification, although promise of further bill reform apparently yet to come. No end date for the sale of fossil fuel heating. Grants and loans available for some but not all types of efficient electric heating which is severely limiting consumer choice. VAT to revert to 5% for Energy Saving Materials, but heat batteries in scope. Plan for a Warm Homes Agency and Warm Homes Fund, but neither launched yet in full. Likely move to a more devolved approach to energy efficiency upgrades, but scale, deliverability and timing of this is uncertain. Waiting for details on heating system standards and efficiency proposals. Waiting for response on non-heat pump electric heating options. Indoor air quality not always given the status it should, e.g. not included on new EPC metrics, but there will be more powers for residents to challenge poor IAQ. Mixed and volatile policies on EV charging and vehicles – vehicle and chargepoint grants remain, but eVED being introduced and uncertainty over ZEV mandate targets. Proposals not yet fully implemented on energy data, ESA regulation, support for suitable tariffs and energy system planning that could each be stepping stones to allowing more consumers to benefit from flexibility. Compliance window chosen for ESA regs will increase prices for consumers.	According to the Public Attitudes tracker, and borne out by BEAMA figures, consumers do not appear ready to purchase low carbon heat or energy efficiency measures in large numbers. PV and batteries are on a popularity uptick, but there appears to be little messaging on how these could benefit those using or wanting to use electric heating, as the Government-backed advice package has not yet been launched. While there are many pockets of work aimed at delivering flexible energy, getting more consumers interested in energy improvements in general and completing the smart meter rollout are prerequisites to achieving the aims of the Clean Flexibility Roadmap. EVs and EV charging are popular with many and some policies have helped to improve demand, but regularly changing policy is likely to put many off and destabilise the market, thereby delaying the realisation of the benefits of driving EVs to consumers and to the flexibility potential of the energy system.	For heating and energy performance, the package of policies has not stimulated a mass market for retrofit, not given a clear trajectory towards it. Some policy decisions can help set the foundations of an organic market, but selective subsidies alone will not, and that limits investment. Delays in decisions on heat technology standards negatively impacts R&D and investment. Inconsistent demand-side policy for EV charging, coupled with compliance costs for Energy Smart Appliance Regulations are muddying the waters of what should be a clear stream of growth for the electric transport sector.

Topic	Status	Consumer Impact	Supply Chain Impact
Improving energy performance of existing buildings specifically for low income/wealth households	New energy efficiency requirements for rented homes for 2030. The ECO scheme was closed whilst Local and Social grants. The latter are due to be merged but we have no further clarity on how and when. Consultation launched on giving tenants access to EV charging but no outcome as yet.	Faced with rising energy prices, the Government has recently focussed more on providing financial discounts to bills rather than accelerating the deployment of energy saving technologies through support schemes and regulation. This is not the most sustainable approach – improved heating controls alone can save householders thousands of pounds over a 15-year product lifetime. Installations of energy saving measures under grant schemes have fallen meaning fewer householders are benefiting. The drop in funding allocated may possibly be linked to a reset following poor quality installations of insulation, but more clarity and ambition is needed to help install other measure types. Those unable to charge EVs at home typically still face higher charging costs than those with off-street parking. The proposed Low Income Support Scheme remains delayed which has opened up a simple grant scheme funding gap of 8 months and counting since the closure of ECO at end March 2026. The result is limited direct support for customers struggling with fuel bills during the cost of living crisis.	Without an assessment of the new grant structure or plans for merging the two grants, it is difficult to see what the trajectory for energy efficiency improvements is for many buildings, and what that will mean for industry. The removal of direct grant support for low income households has had a catastrophic effect on some energy efficiency industry sectors such as insulation, and limited sales of high impact measures such as heating controls.

Topic	Status	Consumer Impact	Supply Chain Impact
Improving electricity networks	Government support for launch of **Electricity Networks Sector Growth Plan**. Current spend heavily influenced by RIIO framework for regulated market – there has been growth over the past few years, but the price control cycle does not give longer term demand visibility. Delays in publication of energy system plans. No final decision on SF6 regulation.	Improvements to electricity networks are key enablers to better consumer experiences. We are in a race to accelerate network deployment to connect generation and demand, helping to reduce curtailment costs and their impact on bills, bring faster grid connections, manage the grid and plan for the future.	The Growth Plan, if backed by action to meet its aims, will improve demand visibility, helping the supply chain to plan investments. It should also stimulate the availability of workforce for the sector. This will mean network product manufacturers can invest on the basis of clarity rather than hope. We have seen some underspend on distribution networks. For network product manufacturers, this currently equates to a boom and bust demand picture. More action is needed to ensure the supply chain can scale up when electricity demand increases.



Summaries

Summary of Market Positions in BEAMA Sectors

Networks

There has been some boom and bust despite an overall increase in market activity. To plan investments, manufacturers need more detail on what demand will be. Ofgem's role is important and Government has set its remit – but all players need to use the Growth Plan to fulfil the sector's potential.

Transport

There is significant consumer and growing private sector (fleet) interest which could be harnessed further, but we have also seen Government policy send mixed messages that may impact consumer confidence just as we reach the tipping point for mass consumer adoption.

Heat

Technologies needed to deliver warm homes are already on the market, but it does not feel like we are in the midst of a trajectory to mass market retrofit.

Flexibility

There are numerous pockets of activity to build up flexibility potential but many challenges for businesses. The sector would also benefit from a general rise in consumers investing in energy performance.

Building Electrical Systems

Demand is heavily dependent on construction, electrification and datacentre trajectories. There are some additional routes to intervention in rented homes, but the delivery of the Building Safety Act has caused issues.

Indoor Air Quality

There are some additional routes to improvement of ventilation provision e.g. Awaab's Law and the Decent Homes Standard, but some of this implementation is far into the future. The impact of the Future Homes Standard is not fully known and IAQ was not included as a simple indicative EPC metric.

Summary of Strategic Recommendations for Government

We appreciate that stimulating a mass market for energy technologies in buildings, or building an energy system fit for today and the future, does not happen overnight, especially with only mixed progress under previous governments, and is not solely dependent on policy. But businesses do want to see a suite of policies that are communicated well to form a clear plan to meet all of the criteria above, and more. Our appraisal is that currently we are not there, and more needs to be done to bring market growth and the confidence to invest.



Pursue technology deployment as the best way to deliver energy and economic policy aims.

Consider the impact on business investment in all policy decisions.

Accelerate decision making and delivery.

Share Government's view on the state of BEAMA members' markets and clarify how progress is assessed.



Conclusions and Questions for Government

Two years ago, in our **Industrial Strategy White Paper**, we commented:

> *"Based on the estimates of investment and growth required for the Net Zero transition – in which our members need to play a critical role – we should expect to be seeing transformational levels of planned investment, but this is not the case."*

Regrettably, that conclusion still stands. We would like to work with Government to improve demand in our members' markets, helping them to expand, employ more people, create growth, and provide more solutions that will benefit consumers.

In its last formal assessment the Climate Change Committee said the pace of electrification was 'too slow'. We await the Government's full response to that assessment, but we would also welcome more clarity from Government on what it thinks success look like. As it stands, not all policy strategies published by government have progress indicators that would show what level of product demand is deemed suitable by what year. BEAMA would be keen to know, based on the Government's own plans and assessments, and combined with the evidence we publish from our members and the appraisal above, whether the Government is satisfied with the current market position, and whether it believes its policy aims will be met. If it does not believe we are on track, we would be eager to discuss what other policy actions could help, and establish some landmarks for measuring progress.

Our consistent message is that we will do whatever we can as an industry to develop our members' markets, but that there are some issues that can only be solved by Government. We also remain keen to work with Ministers and officials to establish what non-policy actions they think could help.

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