

1. **Do you support postponing the launch of the CHMM scheme to 1 April 2025 to allow more time for the market to develop? Please provide reasoning to support your response.**

**No.**

Building heating is one of the biggest sources of UK carbon emissions, with hot water, space heating and cooling contributing 21% of the UK's emissions in 2018. Accelerating the decarbonisation of heat is therefore an urgent priority to reach our local and national decarbonisation goals. For context, the West Midlands has a target to reach Net Zero across the region by 2041.

It is vital that Government sends consistent and clear signals to households and industry about the direction of travel towards Net Zero. Delaying the Clean Heat Mechanism will undermine such clear messaging and reinforce the narrative that Net Zero is a burdensome and costly target.

By contrast, accelerating the roll out of heat pumps and other, primarily electricity-based, Net Zero heating solutions should increase heat price stability for energy users over the medium to long-term. The impact of the Clean Heat Mechanism delay will be to increase the number of new gas boilers installed, leaving more households exposed to gas price volatility and undermining a Just Transition.

The rationale for rejecting the delay is that this will undermine the transition to Net Zero and will not support a Just Transition as it will not lead to reduced costs for energy users (and is more likely to increase costs to them over time). Similarly, by undermining the transition to Net Zero, at a national scale, this will directly impact the likelihood of the West Midlands reaching its own 2041 Net Zero target.

The reasoning for this conclusion is two-fold:

1. It is not clear that delaying the introduction of the Clean Heat Mechanism will reduce costs for consumers. It has been widely reported that boiler manufacturers have increased the upfront costs of boilers pre-emptively in anticipation of the CHMM, however there is no guarantee these will be decreased in response to the delay, particularly because the delay of one year will not result in an overall reduction in the sales target level for 2025/26.

Moreover, it is not clear there has been any impact assessment conducted to assess the lifetime costs to end users from installing a boiler – especially because gas prices have been shown to be volatile and the Government has made a key commitment in its Clean Heat and Buildings Strategy to rebalance energy prices to ensure that heat pumps are no more expensive to buy and run than gas boilers. Given this trend, households installing gas boilers now may end up paying more in the long run, increasing their risk of fuel poverty.

2. It is essential that central government send consistent and clear signals about the transition to Net Zero. We would support enhanced measures to drive the

supply and demand for heat pumps, including correcting the current imbalance between electricity and gas pricing, as well as simplified and accessible grants funding for heat pumps and skills programmes. These measures and more were outlined in the University of Birmingham-led 2022 report “Pathways for Local Heat Delivery”, for which WMCA was represented on the Commission.

WMCA stands ready to support Government to do this and is ready to support improved funding streamlining and heat pump roll out delivery through the trailblazing Devolution Deal. In the face of mixed signals, the region will instead face an uphill climb, while urgent action is essential: it is estimated that there were fewer than 2000 installed electrically powered domestic heat pumps across the region, according to the Parity Database as of 30/04/2024.

**3. In adjusting the start of the CHMM, are there any specific factors that government should take into account?**

We do not support the adjustment of the start date for the CHMM. However, should the start date be delayed the Government must agree on and monitor the steps taken by boiler manufacturers to scale up the supply market for heat pumps and should send a strong signal that no further changes to the targets or start date would be made. Likewise, it should monitor that boiler manufacturers reduce the pre-emptively increased boiler costs and refund customers who have already faced price hikes as a result.

Given the likely administrative costs of implementing these measures, we would again underline the efficiency of retaining the current entry into force of the CHMM in 2024/25, rather than 2025/26.