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Dear BEIS Energy-related products team,

## **Citizens Advice response to UK Energy-related Products Policy Study draft final report**

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We are the statutory representative for domestic and small business energy consumers across Great Britain. We welcome the opportunity to respond to the draft final report. This document is not confidential and may be published on your website. If you would like to discuss any matter raised in more detail please do not hesitate to get in contact.

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Citizens Advice welcomes the opportunity to respond to the draft UK Energy-related Products Policy Study final report. Improving the standards of energy-using products will be an important part of ensuring that the Government meets its target of net zero emissions by 2050. This letter reiterates the position set out in our initial response to BEIS' call for evidence, which you can read [here](#).

### **The EU context**

As highlighted in our earlier response, while we are now responsible for our own products policy, the EU will remain our main trading partner. Therefore, it is important that any new ecodesign improvements are coordinated with parallel efforts in the EU, and that the UK ensures it is aligned with EU standards.

It's encouraging to see that the draft final report pays close attention to the European Commission's ecodesign workplans and review studies. It is our view that this is the correct approach. National variations in standards applying to supply lines for UK markets risk limiting the availability of products and/or increasing costs. The draft report correctly identifies that the EU has the largest number of minimum energy performance standards and the most ambitious energy performance standards. At a minimum, the UK should aim to keep pace with rising EU rising standards, to prevent the UK from becoming a default market for out-of-date products.

### **Improving the UK energy label**

As discussed in the report, labels can help to remove information gaps and assist with the decision. Labelling can play an extremely important role, by helping consumers to understand the energy consumption of certain products, and helping them to estimate the costs or savings of a particular product. Particularly with smart appliances, such as smart chargers, people may struggle to assess

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the lifetime value or costs of products in a meaningful way. If people are unable to assess these costs or savings, it may prevent them from adopting these products going forward.

Our recent report 'powering up or facing resistance', provides some insights which could be instructive.<sup>1</sup> We looked at how people understand information about smart appliances, and how that comprehension could be improved.<sup>2</sup> When people are presented with information about how they might use a smart appliance, they struggle to understand what the value might be for them. The research also found that using visual aids increased the average comprehension of the content as compared to the control content. However this was less effective for people who had the lowest levels of comprehension to begin with.

We understand that the scope of the draft report is limited to identifying horizontal measures which can be applied to energy-related products, and identifying existing evidence related to those measures. While the specific detail of energy labelling is therefore out of scope at this stage, we would urge that any new labelling is trialled and tested when it is introduced, to ensure its effectiveness.

## **Boilers**

In our previous response we highlighted that care should be taken that further, incremental improvements deliver cost-effective emissions reductions. We noted that the Future Homes Standard consultation states that all new build homes from 2025 will need to be built with low-carbon heating systems.<sup>3</sup> At the same time, the Climate Change Committee (CCC) has recommended that any replacement heating systems in off-gas properties will need to be low-carbon from 2030, widening to all building stock by 2035.<sup>4</sup> Therefore, clarity will be needed as to the benefit and costs of further boiler efficiency measures.

The draft report agrees with this assessment, and concludes that the 'potential for boiler technology is limited', including in comparison to heat pumps. Where there is potential for efficiency improvements, you note that the costs of replacing these boilers may outweigh the benefits. The government should keep this in mind when considering ecodesign measures for heating appliances.

## **Heat pumps**

In our previous response we highlighted heat pumps as a key technology to deliver emissions reductions, and noted the deployment would need to scale up significantly to meet the majority of current gas boiler demand. Citizens Advice recently published research which explored how people make choices about low carbon heating.<sup>5</sup>

For heat pumps to operate effectively it will be critical that people understand how to use them in their homes. Given the importance of heat pumps when it comes to decarbonising heat, efficiency improvements have excellent potential for further gains. The feedback from the draft report indicates that products on the market are more efficient than required by existing Ecodesign regulations, and therefore that future MEPS should be made more ambitious.

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<sup>1</sup> [Powering up or facing resistance?](#), Citizens Advice, 2020

<sup>2</sup> [Powering up or facing resistance?](#), Citizens Advice, 2020

<sup>3</sup> [Future Homes Standard](#), 2020, BEIS

<sup>4</sup> [Reducing UK emissions Progress Report to Parliament](#), 2020, CCC

<sup>5</sup> [Taking the temperature: consumer choice and low carbon heating](#), 2020, Citizens Advice

Given that over 29 million homes will require a low-carbon intervention to meet our net zero ambitions, helping people navigate this market will be essential. Early communication with consumers will be essential, while efforts should be taken to de-risk the process. Where consumers have less control over their heating system, they should have additional reassurance over cost and quality.<sup>6</sup>

## **Smart appliances**

In our response to your earlier consultation we highlighted that the smart appliance market, although currently in its infancy, will be an international one. We would like to re-emphasise that it is important that British ecodesign standards keep pace with the international standards affecting UK supply lines, including developing European regulatory requirements

The draft report notes that there are currently no regulations on smart functionality, but that developments are happening at pace. This includes PAS 1878 and 1879, the smart readiness indicator (SRI), the Smart Systems and Flexibility Plan, and the Smart Data Strategy. We encourage you to monitor these developments as you consider policy levers on smart appliances going forward. The recently developed BSI standards not only build on but contribute to the development of new international standards. How these are picked up within European and international forums may well influence the future interoperability of smart technologies on the UK market also.

For improvements in smart appliances to be effective, public understanding will be essential. People will need to be able to assess the lifetime value or costs of products. In a recent report we looked at how people might be supported better to understand smart appliances.<sup>7</sup> Above all, it is essential that different ways of communicating information are trialled and tested with consumers.

## **Policy levers**

We support the Government's decision to explore a range of ways to drive the uptake of more energy and resource efficient products. We also support the study's goal of identifying product groups and horizontal measures with high potential for savings and cost savings. This will help to ensure that the right policy levers are chosen to offer good value to consumers.

As we transition to net zero, people will require a lot of support to engage with and understand new energy products in their home. We have called on the government to adopt a net zero homes guarantee: including a national framework of protections, public information, advice and redress, and financing and funding solutions.<sup>8</sup>

The draft reports approach of exploring potential policy levers through existing secondary research is the right way to initially assess options. We note however that the study found little impact evidence, particularly at the product level. Given that this is the case, we recommend that the government takes a trial and test approach when considering new policy levers.

We are happy to discuss or clarify any of the content in this letter.

Yours sincerely,  
Tom Brooke Bullard  
Policy Researcher, Citizens Advice

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<sup>6</sup> [Net zero homes guarantee: How to support people and improve the nation's homes](#), Citizens Advice, 2020

<sup>7</sup> [Powering up or facing resistance?](#), Citizens Advice, 2020

<sup>8</sup> [Net zero homes guarantee: How to support people and improve the nation's homes](#), Citizens Advice, 2020