ESA UK Position Paper: Supporting a Just Transition to Net Zero

Summary of key points from the roundtable – 22nd April 2025

Introduction

In response to the roundtable held on 22nd April 2025, the Energy Storage Association (UK) Ltd presents this document to confirm key points raised by our members and to reaffirm our commitment to a **just transition to net zero**. The following sections outline our policy recommendations and industry priorities to support households, accelerate decarbonisation, and drive equitable and effective energy solutions across the UK.

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1. Fabric first approach

We support the continued rollout of energy efficiency measures such as loft insulation, which offer strong returns on investment. However, we recommend that more **costly and intrusive measures**, such as external cladding, be pursued only in exceptional cases. Evidence suggests that investment in **clean in-home technologies** often delivers greater benefit than certain high-cost retrofit measures.

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2. Technical solutions for home decarbonisation

ESA UK promotes a full suite of technical solutions to **improve energy efficiency and reduce household bills**. These include:

- Heat pumps
- Solar PV
- Thermal batteries

- Electrical batteries

Each housing type (e.g. flats, terraces, semi-detached, bungalows) should have a **standard "stock" solution**. This prevents over-engineering, reduces waste, and protects consumers from substandard installers. **New homes must include these technologies as standard**, with realistic benchmarks such as:

- **10kWh minimum storage capacity**
- **Maximum solar PV deployment**

Affordability, reliability, and **home energy management software** (including AI-driven optimisation and data reporting) are also critical to performance and user experience.

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3. Incentives and scheme coverage

We recommend that current energy schemes (e.g. ECO4) expand eligibility to include technologies such as:

- Heat batteries
- Standalone electrical batteries (with or without solar PV)

These technologies can improve **EPC ratings** by enabling the use of cleaner, cheaper electricity. We also propose:

- **Extending VAT exemptions** on energy storage to 2030
- **Guaranteed benefits** for homeowners providing grid flexibility services
- Separation of **flexibility services from standard tariffs** to enhance competition

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4. New incentives for the "squeezed middle"

A **salary sacrifice scheme** should be introduced for home energy storage, similar to electric vehicle schemes. This would make adoption simple, cost-effective, and scalable. Additionally, we propose:

- Gradually **shifting the green levy** from electricity to gas (e.g. 2p/kWh per year), to lower electricity bills and support the electrification of heating.

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5. Funding mechanisms

Public announcements of support must be carefully timed to avoid disrupting ongoing installations. We support:

- Government facilitation of **private sector funding** for social housing improvements
- Use of **GB Energy funds** to reduce capital costs and offer healthy returns
- Green home loans or grants from banks or GB Energy

To build trust, we recommend that:

- Grant access is **simple and transparent**
- Financial benefits are **clearly defined**
- Installers and manufacturers be **pre-approved** to uphold standards

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6. Supporting UK industry

Government funding should prioritise **UK-based businesses** to boost:

- **Clean tech investment**
- **Green job creation**
- **Domestic supply chains and the circular economy**

This aligns with DBT's clean growth strategy and could be bolstered through a **Clean Energy Bonus**.

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7. Homeowner and tenant engagement

The **Warm Homes Plan** must drive engagement through:

- National advertising campaigns
- **Evidence-based results** that homes are warmer or energy bills are lower

This requires access to **half-hourly metering** and potentially in-home monitoring (temperature, humidity) to ensure residents experience the tangible benefits of retrofit investments.

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8. Protection for vulnerable people

Energy storage can now protect vulnerable residents from **short-duration power cuts**. Those with **critical health conditions** (e.g. those relying on dialysis or

breathing equipment) should have **backup power provisioned as standard**, ensuring access to heat and essential services even in emergencies.