

COUNTRYSIDE ALLIANCE BRIEFING NOTE: ENERGY BILL

Report Stage, House of Commons

Tuesday 05 September 2023

- The Countryside Alliance fully supports net zero carbon emissions for the UK as an environmental and economic policy objective. We are conscious, however, that achieving this aim will require the maintenance of public support, including from the rural population.
- Accepting that the drive to net zero involves costs as well as benefits, we therefore seek to support policies that can help ensure rural Britain is not required to bear burdens that are impractical and disproportionate. We are also concerned to ensure that other important objectives, principally food security, are not sacrificed.
- The Energy Bill represents Parliament's newest opportunity to shape energy policy and Members have offered a broad range of amendments. The Countryside Alliance has analysed these and would like to draw Members' attention to a package that we believe merits attention as potentially helpful in rebalancing energy policy to alleviate rural burdens.
- These amendments follow the themes of supporting effective, low-carbon heating for rural homes that are not connected to the gas grid, and promoting solar generation on buildings rather than productive agricultural land.
- On [low-carbon rural heating](#), we support:
 - [NC 40: Renewable liquid fuels for low-carbon heating](#) (George Eustice MP)
 - [Amendment 8: Low-carbon heat scheme](#) (George Eustice MP)
- On [solar energy](#), we support:
 - [NC 48: Development of solar energy plants on agricultural land](#) (Alicia Kearns MP)
 - [NC 31: Requiring installation of solar panels on all new homes](#) (Caroline Lucas MP)
 - [NC 11: Enhancing rewards for solar panels](#) (Wera Hobhouse MP)
 - [NC 21: Value added tax on energy-saving materials](#) (Wera Hobhouse MP)

Low-carbon rural heating

- Oil boilers fuelled by kerosene are currently the leading form of heating used in homes that are not connected to the gas grid, which are predominantly located in rural areas where the relatively low property density made it less economic for companies to install gas connections.

- The Government has suggested there are 1.1 million homes off the gas grid in England,¹ rising to over 4 million in Great Britain plus around 278,000 non-domestic buildings in England and Wales².
- Per the heat and buildings strategy, the Government has already committed to legislating, through amendments to Building Regulations or otherwise, to cease installations of oil boilers in new-build homes from 2025.³
- Alongside that strategy, it published a separate consultation on whether to ban like-for-like replacements of existing oil boilers from 2026 and focus on heat pumps as the default heating method for off-grid homes. The consultation ran between 19 October 2021 and 12 January 2022, but as of now the Government has yet to publish the outcome or indicate whether it intends to proceed with this policy.⁴ There have since then been two changes of Prime Minister.
- The longer the Government goes without announcing a consultation outcome, the less likely it is that it will be practical to take the policy forward, given the need for industry and consumers to have time to prepare.
- The Government expresses recognition that not all homes are suitable for heating via heat pumps; it suggests solid biomass as an alternative for such homes. The Countryside Alliance shares concerns that heat pumps may be unaffordable for many homes and fail to meet the requirements of all properties. It is also unclear whether solid biomass systems can meet the affordability criterion.
- These amendments (NC40 and Amendment 8, George Eustice MP) suggest that the Government should subsidise hydrotreated vegetable oil (HVO), which can be used as a replacement fuel in existing or new oil boilers that have undergone minor modifications, and treat such systems as low-carbon for the purposes of the low-carbon heat schemes the Bill would create.
- HVO is a renewable liquid fuel that must be derived from sustainable sources, such as waste cooking oil, and the industry suggests it can achieve an 88% equivalent carbon reduction compared to kerosene.
- Converting an existing oil boiler to take HVO is estimated to come at an upfront cost of only £500. This presents an opportunity to achieve carbon reductions more quickly than by waiting for boilers to require replacement, especially considering reports that some oil boiler users plan to replace fully functional equipment shortly before the deadline, then continue running them as long as possible⁵. Supporting HVO conversion would obviate this perverse incentive.
- HVO does currently cost significantly more than kerosene. That is why NC40 would introduce a Renewable Liquid Heating Fuel Obligation, mirroring the Renewable Transport Fuel Obligation 2007 which has already significantly reduced the costs of these fuels to

¹ DESNZ/BEIS Consultation, [19.10.21](#)

² DESNZ/BEIS Policy paper, [19.10.21](#)

³ DESNZ/BEIS Policy paper, [19.10.21](#)

⁴ DESNZ/BEIS Consultation, [19.10.21](#)

⁵ The Telegraph, [15.08.23](#)

consumers. It is also envisaged that the policy framework would see the HVO duty of c. 10p/l reduced to zero, in line with kerosene.

- The industry further states that global HVO production is increasing at such a rate that there will be more than enough to meet UK home heating demand, and the Government has already removed tariffs and duties on HVO imports from the USA and Canada.

NC 40: Renewable liquid fuels for low-carbon heating

GEORGE EUSTICE MP (CAMBORNE AND REDRUTH, CON)

To move the following Clause—

“Renewable liquid fuels for low-carbon heating

Within six months of the passage of this Act, the Secretary of State must by regulation introduce a Renewable Liquid Heating Fuel Obligation, setting annual obligations on fuel suppliers to ensure the supply of recognised low-carbon renewable liquid fuels for domestic and commercial heating.”

Member's explanatory statement

This new clause would require the Government to introduce a Renewable Liquid Heating Fuel Obligation for home and commercial building heating purposes, which would create a scheme that mirrors the Renewable Transport Fuel Obligations Order 2007. This would offer the option to off-gas-grid properties to switch to renewable liquid fuels.

Amendment 8: Low-carbon heat scheme

GEORGE EUSTICE MP (CAMBORNE AND REDRUTH, CON)

Clause 142, page 127, line 2

leave out from “heat” to the end of line 18 and insert “from a renewable source.”

Member's explanatory statement

This amendment would enable the Secretary of State to make provision for the establishment of a low-carbon heat scheme which encouraged the use of heating appliances that generate heat from a renewable source but which might previously have burnt a fossil fuel.

Solar energy

- The importance of solar energy to meeting the UK’s energy security needs and fulfilling its commitment to net zero is undeniable. Solar development must continue but it is important to ensure that it is situated in the right places.
- The Countryside Alliance is concerned about the trend of situating solar farms on productive agricultural land. This arises for a range of reasons:
 - Leaving less land available for agricultural production presents a threat to UK food security. While the Government is right that food security does not necessitate self-sufficiency and it is reasonable to assume that some level of international trade in food will always remain a contributory factor, the war in Ukraine and its associated impacts on global food prices have demonstrated that the maintenance of historical trade patterns cannot be relied upon. Domestic production is essential to food security.

- Subsidies and developer impetus have created a situation where the conversion of agricultural farms to solar can be lucrative to landowners. There are, however, broader economic implications beyond the ability of single farms to generate revenue. Tenant farmers have been threatened with eviction so that land can be used for solar, and further pressure has been brought to bear on land values. These trends risk making it harder for new entrants to join the sector and begin farming, in turn threatening the long-run agricultural skill base.
- The economic viability of solar farms relies on cost-effective connection to an electric substation, which requires proximity. As a result, solar farm developments tend to cluster in areas where a nearby substation is available. This results in a disproportionate impact on affected communities.
- A perception has been allowed to develop that agricultural land has become the default option for solar energy infrastructure because it can be cheaper than alternative sites when deployed at scale, not because it is the right social and environmental option.
- While land inevitably faces competing usage demands, there need not be a direct, zero-sum conflict between food production and energy generation. Collectively, these amendments present an opportunity to rebalance energy policy to alleviate the burdens rural areas face.
- NC 48 (Alicia Kearns MP) would prohibit solar energy developments over 500 acres in size where over 20% of the land is well suited to agriculture and mandates the Secretary of State to create regulations to that effect. This would curtail the development of large-scale solar farms on productive agricultural land without preventing it entirely, which would be counter-productive since it would prevent, for instance, farmers from diversifying by siting small-scale generators on otherwise surplus land.
- NC 31 (Caroline Lucas MP) would require new homes to carry solar panels on their roofs and developments to be planned effectively to maximise solar gain. The Countryside Alliance fully supports the dual use of land that is already being developed so it can contribute to our energy needs, and a default expectation that new homes will incorporate solar panels is a sensible next step. The amendment is not dogmatic and provides for the regulations to specify exemptions where solar panels are not appropriate, for example a conversion to a residence of a listed building in a conservation area.
- NC 11 (Wera Hobhouse MP) would require the Secretary of State to report on enhancing rewards available through the Smart Export Guarantee to householders with solar panels. The Smart Export Guarantee is the Government-backed mechanism by which small-scale generators can be paid for exporting low-carbon energy back to the National Grid. Increasing these payments would improve the incentive to participate.
- NC 21 (Wera Hobhouse MP) would exempt batteries used to store solar-generated energy, for example in homes, from VAT. In addition to Smart Export Guarantee payments, battery storage is important to allow homes to retain generated electricity for use at times of low natural light. Exempting them from VAT would help make this key component of a home solar generation system more affordable.

NC 48: Development of solar energy plants on agricultural land

ALICIA KEARNS MP (RUTLAND AND MELTON, CON)

To move the following Clause—

“Development of solar energy plants on agricultural land

(1) The Secretary of State must by regulations prevent the development of solar energy projects on sites of over 500 acres where over 20% of the land is Best and Most Versatile agricultural land.

(2) For the purposes of this section “Best and Most Versatile agricultural land” means land classed as grade 1, grade 2 or subgrade 3a under the agricultural land classification published by Natural England.

(3) Regulations under subsection (1) must—

(a) include provision for the prevention of the development of solar energy projects for which permission has already been sought, but not granted, and

(b) apply both to applications determined by local planning authorities and to those determined by the Planning Inspectorate.

(4) Regulations under subsection (1) may amend primary legislation.

(5) Within six months of the day on which this Act is passed, the Secretary of State must publish plans and incentives for the development of solar energy on rooftops, commercial and residential sites, and brownfield sites composed of ungraded land.”

Member's explanatory statement

This new clause would end the development of large-scale solar plants on BMV land and require the Secretary of State to publish plans to incentivise the building of solar on rooftops and brownfield sites.

NC 31: Requiring installation of solar panels on all new homes

CAROLINE LUCAS MP (BRIGHTON PAVILION, GRN)

To move the following Clause—

“Requiring installation of solar panels on all new homes

(1) Within six months of the day on which this Act is passed, the Secretary of State must by regulations require—

(a) the installation of solar panels on the roofs of all new homes; and

(b) that new housing developments are planned in order to maximise solar gain.

(2) Regulations under subsection (1) may provide for exemptions in cases where the installation of solar panels on the roof of a new home is not appropriate.”

Member's explanatory statement

This new clause would mandate the installation of solar panels on the roofs of all new homes and require new housing developments to be planned in order to maximise solar gain.

NC 11: Enhancing rewards for solar panels

WERA HOBHOUSE MP (BATH, LD)

To move the following Clause—

“Enhancing rewards for solar panels

Within six months of the day on which this Act is passed, the Secretary of State must prepare and lay before Parliament a report on enhancing the reward under the Smart Export Guarantee for customers who install solar panels.”

Member's explanatory statement

This new clause seeks to enhance the reward under the Smart Export Guarantee for energy customers who install solar panels.

NC 21: Value added tax on energy-saving materials

WERA HOBHOUSE MP (BATH, LD)

To move the following Clause—

“Value added tax on energy-saving materials

In Schedule 8, Part II, Group 23, note 1 of the Value Added Tax Act 1994 (meaning of “energy-saving materials”), at the end insert—

“(1) batteries used solely for the purpose of storing electricity generated by solar panels.””

Member's explanatory statement

This new clause includes batteries used solely to store energy generated by solar panels in the list of energy saving materials subject to a zero VAT rate.

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