# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Consultation on the Heat Strategy for Wales**  |
| **DATE**  | **16 August 2023** |
| **BY** | **Julie James, Minister for Climate Change** |

*Net Zero Wales:Carbon Budget 2* contained a commitment to scope out the challenges and opportunities around low carbon heat and to publish a heat strategy for Wales in 2023. Today I am pleased to publish the [Welsh Government’s consultation on our heat strategy](https://www.gov.wales/heat-strategy-wales).

The production and management of heat across our buildings and industry accounts for over 50% of the total energy demand in Wales, three-quarters of which comes from the combustion of fossil fuels. The climate emergency requires us to change our approach to energy – reducing our demand, increasing energy efficiency and using low carbon sources of energy. This is true of our space heating and cooling in our homes, businesses and public buildings, heat for cooking and industrial heat use.

But we face significant challenges in Wales. Our homes are among the oldest and least energy efficient in Europe and a significant number of properties are off the gas grid. Emissions from industry account for a greater percentage of Welsh emissions than the UK average with a significant contribution coming from the combustion of fossil fuels for the provision of high temperature heat.

This heat strategy supports our aspiration for a net zero public sector by 2030 and it supports the decarbonisation of our homes, our industry and our businesses in line with our statutory responsibilities by 2050. It is a strategy for the long term, reflecting the scale of the challenges and the range of interventions needed to drive change.

Our review of the published evidence shows there is strong evidence to support electrification as the main technical solution for space heating. There is also likely to be a role for heat networks as centralised sources of heat distributed to homes and businesses within a specific area. We also see a targeted role for hydrogen to support the decarbonisation of industry in Wales.

The strategy has been developed with input from key stakeholders across sectors and across Wales. A number of specific challenges have been identified to us including: a lack of clear information and advice; the need to upskill the workforce to respond to the demand for new services; a need to increase the supply chain of affordable new low carbon heating solutions; a need for targeted financial support to support the case for change; and a need for more investment in our energy infrastructure to support the transition away from fossil fuels.

Continuing with the current level of action will not be sufficient to drive the change we need. The Heat Strategy sets out a wide range of activity we should seek to deliver against timescales required to meet our targets. This includes establishing an enabling framework to support delivery across the economy and ensure a just transition. It also addresses how we might target our funding to support the financial case for change.

Once these enabling actions are in place, we can take action to put in place the standards and regulation needed to drive the transition and provide a regulatory backstop to avoid regression. This must include a firm date for the phase out of fossil fuel boilers in domestic and commercial buildings.

The recent energy crisis has demonstrated our exposure to global events and energy markets, with volatile prices affecting people and businesses across Wales. Supporting a transition away from fossil fuels for our heating will support greater energy resilience and benefit households and businesses alike. But we also recognise that costs will need to be borne by businesses and householders and there are important considerations in relation to who should pay for aspects of this transition and to ensure costs are fairly borne. We are committed to developing detailed costings, including an assessment of distributional impacts, as part of the next phase of work to developed detailed action plans to implement this strategy.

The strategy also addresses the importance of actions by other actors, notably the UK Government and the network operators as well as skills providers and businesses. We will not meet our ambitions without these important actions.

Implementing energy efficiency measures and decarbonising heat will not only reduce the emissions from buildings and industry but will also have significant wider benefits including: affordable warmth; resilient businesses; Green jobs and growth and supporting greater energy security.

The consultation on our heat strategy is an opportunity for everyone to help shape the development of a decarbonised heating system for Wales that delivers on our net zero ambitions.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Senedd returns I would be happy to do so.