

Good Energy fossil gas 2040 transition plan

Background

Good Energy exists to power a cleaner, greener future. It has been a 100% renewable electricity supplier since it was founded in 1999 and was the first UK energy supplier to report a fully renewable fuel mix in 2005 when certification began.

In 2015 it started selling gas for heating. The vast majority of homes in the UK (85%) are heated with gas, so while Good Energy customers were able to make a greener choice for their electricity, if they were among the majority of households with a gas boiler had to purchase their gas from another provider. We launched a gas product that was initially 6% green gas (increased to 10% in 2019), and fully carbon offset, to meet the demand from customers for a greener gas alternative.

However, this product was only ever introduced as a stopgap. Fossil gas heating is contributing to climate change. In order to meet the UK's net zero targets, and limit global heating to no more than 1.5°C above pre-industrial levels, we need to dramatically curb and then cease the use of fossil gas. Carbon offsets are not an alternative to this, as they displace but do not reduce emissions.

This plan outlines how Good Energy intends to cease the sale of fossil gas by 2040, in line with a science-based emissions target based on a 1.5°C of heating scenario.

Electrification

Currently 10% of Good Energy's gas is biogas from anaerobic digestion. A carbon neutral process, it has a role to play in decarbonizing heat. However all credible modelling for future energy systems, including that which Good Energy has conducted, shows that the vast majority of heat decarbonization in the UK will take place via electrification – primarily heat pumps, as well as district heating.

- **National Grid ESO's Future Energy Scenarios 2022** shows heat pumps driving the vast majority of reduction in gas demand in both its 'Leading the Way' and 'Consumer Transformation' scenarios. In the former it forecasts 600,000 heat pump sales by 2025 and the latter 23 million homes having heat pumps by 2050.
- **The Committee on Climate Change's Sixth Carbon Budget** projects heat pump sales reaching just over one million by 2030, with a 2033 phase out for gas boiler sales.
- **Good Energy's Renewable Nation** report's Zero Carbon Britain scenario, using Energy Systems Catapult's modelling to envision a net zero pathway driven by renewables, projects 46% of heat demand to be electrified by 2030, primarily via heat pump.

As of December 2022 Good Energy became a heat pump installer, and its strategy is to scale this as part of a growing energy services product offering which includes solar and storage installs as well as other services to help people use, generate, store, share and travel with clean energy.

Whilst the electrification of heat will be heavily dependent on external factors such as government policy, consumer sentiment and industry influence, Good Energy will have a leading role and its target to shift away from selling fossil gas must reflect this.

Targets and transition planning

Good Energy is committing to the following interim and final 2040 targets, based on the reductions in gas demand outlined in National Grid Future Energy Scenario 2022's 'Leading the Way' scenario.

The report uses 2021 as a baseline year, and Good Energy's targets reflect this. The report projects demand reduction for 2030, 2035 and 2050, so we have used a median mid-point for 2025.

This reduction should position Good Energy and its customers as a leader in a system and consumer led transition away from gas, towards electrification of heat.

	Target revenue from gas as a percentage of total	Transition planning
2021	16%	Baseline year
2025	≤13%	Good Energy has a stated ambition to help one million homes and businesses cut carbon by 2025.
2030	≤9%	Based on its targets, 2026 will be the first year Good Energy's cumulative heat pump sales will over take gas customer numbers. By 2030, the government's deadline for 600,000 annual heat pump sales will have passed (in 2028).
2035	≤5%	The CCC's recommended end to gas boiler sales will have passed in 2033, Good Energy gas customers likely only to be a small minority of legacy customers. Potential to switch all customers to 100% green gas at this point or earlier, cost dependent, considering households which haven't switched to heat pump may be lower income.
2040	0%	Target deadline. Number of gas customers likely to have hugely decreased to under 1000. Plan to regularly communicate to this cohort in run up to 2040 with their options ensuring they are provided with an affordable way to transition their gas supply.