

LPG HEATING INCENTIVE POLICIES

Policy Playbook

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The Heating Incentive Policies Report

WLPGA, in conjunction with Liquid Gas Europe, has produced a wide-ranging report on LPG Heating Incentive Policies, a comprehensive survey of why and how governments can, and should, encourage heating with LPG. This playbook will enable key stakeholders in both industry and government to have a quick grasp of the key messages and a brief overview of five country case studies.

The LPG Heating Incentive Policies report addresses the following issues:

- The challenge facing policymakers in creating sustainable heating markets.
- An overview of trends in the global heating market.
- The socioeconomic and environmental benefits of switching to LPG/bioLPG for heating.
- A review of the LPG heating technologies commercially available or in development.
- A review of the type of policies and how these are deployed.
- A review of heating policies in five countries; Chile, France, Germany, UK and USA.

For more details, view the full report on the WLPGA website <https://bit.ly/39HWPau>

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Recommendations for Policy Action

- Government policies are critical to encouraging the use of LPG for heating in off-grid locations.
- Experience in the five countries surveyed in this report shows that policies must involve making LPG competitive with other heating fuels for households and businesses.
- Ensuring that LPG is priced competitively through a rationale energy-tax system is a necessary but not always a sufficient condition for encouraging large-scale switching to the fuel for heating.
- It is vitally important that policy makers recognise explicitly the environmental advantages of bioLPG, either sold as a pure renewable form of energy or blended into conventional LPG.
- Energy and emissions standards are another crucial area where government need to act to address air pollution and lower CO2 emissions.
- Technical and safety standards are another important area of responsibility for governments in partnership with LPG suppliers and equipment manufacturers.
- Labelling is also an effective way of raising the awareness of the energy efficiency and emissions performance of alternative heating systems.
- There is no “one-size-fits-all” approach to formulating and implementing a government programme of incentives to promote the development of LPG and other clean heating systems.
- Policy stability and a strong, long-term commitment by the government to achieving environmental-policy objectives are crucial to success in promoting switching to LPG.

Typology of Government Policies and Measures to Promote LPG for Heating

Fiscal / Financial	Regulatory	Other
Excise-duty exemption or rebate on LPG purchases vis-à-vis alternative heating fuels	Restrictions on use of coal and/or heating oil in all or some areas or types of building/types of boiler or heater	Information dissemination and public awareness campaigns
Carbon taxation (favouring LPG and bioLPG over more carbon-intensive heating oil and coal, as well as electricity in some cases)	Emissions standards for heating equipment	Voluntary agreements with heating equipment manufacturers to develop and market LPG and other clean heating technologies
Grant/tax credit or sales/value-added tax exemption for acquisition of heating equipment	Mandatory labelling of the efficiency and emissions performance of heating equipment	Direct funding for research, development, demonstration and deployment of clean heating technologies and bioLPG
Rapid depreciation for commercial purchasers of heating equipment and owners of LPG distribution infrastructure	Health and safety regulations	
	Mandatory requirements for public buildings to use LPG/bioLPG	

GOVERNMENT POLICIES SUPPORTING LPG FOR HEATING ARE CRITICAL IN KEEPING OFF-GRID, HARD TO ELECTRIFY AREAS WARM.

Globally, LPG use for heating amounted to:

34 million tonnes in 2019, or around **4%** of total energy use for that purpose.

The environmental advantages of LPG provide a strong rationale for governments to support its use for heating.

Compared with other fossil fuels and some biofuels, LPG is also a

low-carbon

fuel, contributing less to climate change.



The lower carbon intensity of LPG means that switching to it from heating oil or electricity for space and water heating can result in

SIGNIFICANT REDUCTIONS IN CO2 EMISSIONS.

THERE IS NO “ONE-SIZE-FITS-ALL” APPROACH TO FORMULATING & IMPLEMENTING A GOVERNMENT PROGRAMME OF INCENTIVES TO PROMOTE THE DEVELOPMENT OF LPG & OTHER CLEAN HEATING SYSTEMS.

BIOLPG supplies of which are growing, when combined with conventional LPG could significantly lower the carbon intensity of LPG for heating in the coming years, yielding even



bigger CO2 savings.

THE NEED TO SWITCH TO CLEAN FUELS LIKE LPG FOR HEATING HAS NEVER BEEN MORE URGENT.



Governments can also strongly influence the

choice of heating technology & fuel

through the design of the regulatory framework, including restrictions on the deployment of specific technologies.

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Country Survey Overview



Country Survey - Chile

In Chile, the main incentives include building codes, a sustainable heating programme and information campaigns to encourage switching from firewood to LPG and other clean fuels.



Country Survey - France

France taxes LPG less than heating oil and electricity, and offers incentives for efficient boilers.



Country Survey - Germany

In Germany, a tax rebate is available for LPG used for co-generation while the introduction of carbon pricing for heating fuels and the extension of a ban on the installation of heating oil systems from new to all buildings will increase opportunities for LPG.



Country Survey - United Kingdom

The Government of the United Kingdom recognises the benefits of lower carbon fuels, compared to higher carbon fuels in public policy.



Country Survey - United States

In the United States, federal and state tax credits for efficient LPG boilers and an investment credit for co-generation are available. LPG is also encouraged through federal boiler standards and labelling schemes, research and development programmes and procurement rules.



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Summary of Main Heating Incentive Policies and Impact on LPG Use in Surveyed Countries, 2020

	Fiscal / Financial	Regulatory	Other
 Chile	Heating fuels not taxed	Building codes	Information campaigns to switch to clean fuels
	Subsidies on kerosene	Sustainable Heating Programme (to replace wood)	
 France	LPG taxed less than oil & electricity	New emissions standards that effectively ban LPG in new homes	
	Incentives for efficient LPG boilers		
 Germany	Higher taxes on LPG than oil & natural gas	Planned carbon pricing for homes	
	Tax rebate for LPG used in co-generation	Tighter building codes from 2021	
	Incentives to install non-fossil fuel heating systems	Ban on installing oil heating systems from 2026 (already banned in new buildings)	
 United Kingdom	Excise tax on oil only for households	Recent tightening of boiler standards & building codes	Support for Simple Energy Advice
	Carbon tax on heating fuels for businesses	Plans to ban oil & gas boilers from 2025	Service
 United States	No federal taxes on heating fuels	Boiler standards frozen in 2018	Federal Trade Commission and Energy Star labelling programmes
	Federal & state tax credits for efficient LPG boilers	Some cities have introduced bans on installation of oil and gas boilers in new homes	Federal support for boiler R&D
	Investment tax credit for co-generation (including LPG)		Federal office procurement rules impose condensing boilers

Note: Green indicates that the policy encourages LPG use; red that it discourage its use; yellow that it is neutral (no clear net impact or can be either positive or negative for LPG use).