

GSHPA submission to Ofgem consultation on the administration of the proposed Boiler Upgrade Scheme

1. Do you agree or disagree with the proposed approach to evidencing existing heating systems? If you disagree, please say why.

In general terms we agree with this approach, but we have concerns. After the failures of the Green Homes Grant scheme, it is vital that the administrative demands, including installation certification, placed on installers are proportionate and that there is clarity on what exactly is required of both homeowners and installers in terms of supporting evidence. This scheme needs to avoid repeating the mistakes made during the Green Homes Grant scheme, particularly an over-complicated application process, application delays and late payments to installers. Some basic information required eg EPCs could be supplied directly from the home owner to Ofgem through a dedicated customer portal.

2. Do you agree or disagree with installers being the party to provide evidence to Ofgem regarding custom-build properties? If you disagree, please say why.

Yes, but we also urge Ofgem to consider whether there is scope for the customer to provide some of the basic information required directly through a customer portal.

3. Is there any other evidence we should request to prove that properties are custom-build?

We favour a self-declaration process, which should be as straightforward as possible, minimising administrative costs to both the custom-builder and the installer. This should avoid unnecessarily complex burdens of proof, reducing the administrative burden on the installer and helping to avoid scheme delays.

4. Do you agree or disagree with the proposed approach to evidencing that a property is not social housing? If you disagree, please say why.

Again, we favour a self-declaration process, with a requirement on the homeowner to confirm the status of the property directly, minimising the administration required by the installer.

5. Do you agree or disagree with the proposal to use an API to access the information we need from a property's EPC? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Yes, but it would potentially exclude property owners that had undertaken improvements since their last EPC. The scheme must allow for homeowners to be able to provide evidence of eg recent insulation work, or to have a new EPC assessment.

6. Do you agree or disagree with the approach to administering insulation exemptions? If you disagree, please say why.

The consultation states that applications may be made for properties which are planning to have insulation work carried out, so long as the insulation is installed before the voucher is redeemed. We are concerned that where there may be delays to the insulation work outside our members control, this could impact adversely on voucher redemptions, penalising companies unnecessarily for heat pump work carried out in good faith. This scheme needs to avoid the lengthy delays to payments that characterised the Green Homes Grant scheme.

7. Is there any other evidence that Ofgem should consider when determining the eligibility of a low carbon heating system?

We support the requirement of clear criteria for low carbon heating systems, including the need for MCS Certification and for the relevant equipment to be listed on the Product Eligibility List (PEL), with should reflect the MCS MID.

8. Do you agree or disagree with our proposed approach to evidencing whether a property is connected to the gas grid? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

This should be a simple tick box exercise, with the homeowner providing gas meter or bill evidence direct to the installer.

9. Do you agree or disagree with our proposed approach to evidencing whether properties are in a rural area? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

We disagree that this is necessary for heat pump installations. Since this requirement is aimed at biomass installations, heat pump installers should not be required to provide such evidence and the application process should make that clear.

10. Do you agree or disagree with our classification of parts that can and cannot be used before the heating system is first commissioned? If you disagree, please say why.

We agree that heating units should be new, in line with the MCS-001 Standard which specifies that products and materials installed shall be new and not previously used (https://mcscertified.com/wp-content/uploads/2021/10/MCS-001-1-Issue-4.2_Final.pdf)

11. Do you agree that the ‘authorised signatory’ for business accounts should be an individual with legal authority to represent the organisation e.g. a Director, Chief Operating Officer, Chief Executive Officer or Company Secretary? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Yes.

12. Do you agree or disagree with the proposed sets of user permissions? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

We agree with the flexible approach to user permissions set out in the consultation, including the proposal that users granted user management permission will have the ability to add and remove additional users from the account, as well as update key company information.

13. Should we collect other information contained on the quote for the purposes of assurance that the property owner has been consulted and reducing speculative applications?

We favour a simple checklist form confirming eligibility for the property and a name address, postcode and signature for the homeowner and the installer should be sufficient proof as to the consultation process and assurance from the homeowner about a voucher application.

14. Do you agree or disagree with the proposed approach to obtaining evidence of property owner consent? If you disagree, please say why.

We agree with the approach to providing consent and a simple signature from the homeowner, with name, address and postcode as a confirmation process. Supporting evidence could be provided directly to Ofgem by the homeowner through an online portal.

15. Do you agree or disagree with the 7-day period for property owners to provide consent? If you disagree, please say why.

In our view, it would be more efficient to gain owner consent at the time the installer is assessing the property. This would limit the time required for the application process to be completed and reduce the administrative demands on installers.

16. Is there any additional information that you think should be included in the boiler upgrade voucher notification?

We are concerned at the potential cliff edge in funding in any given financial year, with Ofgem unable to issue a voucher once the available FY budget has been allocated. This raises the prospect of installers having undertaken considerable pre installation work, only to discover that they are too late to secure funding, with obvious negative impacts on business cashflow and confidence in the scheme. In these circumstances, any applications received after the funding allocation has been reached, must be carried over to the following financial year, with clear messaging for both customer and installer.

17. Do you agree or disagree with our proposed approach to issuing vouchers? If you disagree, please say why.

It is vital that Ofgem learns important lessons from the Green Homes Grant Voucher Scheme process. In particular, the voucher process needs to be simplified, with a guarantee of quick payments, to avoid the huge delays to installer payments under the GHGVS. It is also important that vouchers are issued to customers efficiently and without delays, to ensure that our members can plan their business effectively without facing the backlog of orders that characterised the GHGVS.

18. Do you agree or disagree with the proposed approach to administering applications for voucher redemption? If you disagree, please say why.

We are concerned that under this approach, the burden of proof and evidence collecting all falls to the installer, rather than the householder, thus adding significantly to the administrative impact on small businesses. We support the proposal that this burden could be reduced through a self-declaration form from the householder to the installer, with a checklist of requirements confirmed by the installer on the same form.

19. Do you agree or disagree with weekly payment cycles? If you disagree, please set out why?

We strongly support weekly payment cycles, which should help to reduce delays in payment. Ofgem should make a payment to the installer for the amount associated with the redeemed voucher, within five working days of the notification that the application has been successful.

20. Do you agree or disagree that installers should be required to inform property owners about the possibility of audits at the application stage and to confirm this to Ofgem? If you disagree, please say why.

We agree that this is necessary to reduce possible fraud, but Ofgem should set out exactly what would be included in a possible audit and what would be expected of property owners and installers in such a process.

21. Do you agree or disagree with our proposed administration of withholding payments? If you disagree, please say why.

While withholding payments should be a last resort, we support the government ambition to ensure grants are only paid as a result of high-quality installations and that procedures are in place to resolve issues quickly with supported installations, and that failure to carry out corrective action within a specified time frame could result in payments being withheld.

22. Do you agree or disagree with our proposed administration of offsetting payments and requiring repayments? If you disagree, please say why.

We agree that Ofgem should have the power to withhold grant payments during an investigation into an installer or in the case of non-compliance of an installer. But investigations need to be carried out to a reasonable timeframe and to ensure that conclusions are reached as quickly as possible. If Ofgem decides to withhold a payment, the affected company must receive notification of why that decision has been reached and what steps need to be taken over what timescale to rectify the problem.

23. Do you agree or disagree with our proposed administration of the right of review? If you disagree, please say why.

We agree. Installers must have the right to request a review of decisions made to reject voucher applications by Ofgem.

24. How frequently would you like Ofgem to publish reports on vouchers issued and available budget? Please provide a frequency and your reasoning behind it.

Given the limited budget available, there is a danger that regular reporting of the available remaining funding may lead to a rush of applications as the cliff edge of support is neared. On the other hand, the industry needs transparency for business planning purposes and for ensuring customers are kept fully informed, so we favour monthly reports (at least).

25. What additional information could be included in the reports? Do you have any suggestions for additional information that could be included in reports, or on the format of the reports?

Additional information should include breakdown of applications by technology type and region. The reporting should also highlight the number of disputes and their resolution.