

**CONSULTATION ON OFGEM'S ADMINISTRATION OF THE BOILER UPGRADE
SCHEME – SCOTTISHPOWER RESPONSE**

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

We have some concerns around the accuracy of existing EPCs and welcome BEIS's on-going commitment to improve the quality and oversight of EPCs ¹. If an existing EPC accurately reflects the heating system and insulation in the property, then the EPC can be used. However, a requirement of MCS is for a full pre-retrofit technical survey to be carried out which includes a pre-install and post-install SAP assessment. If there is no existing EPC or the existing EPC is not accurate a pre-install EPC should be produced and lodged. The full technical assessment will also be lodged within the MCS database. The MCS process also requires the production of a post-installation SAP assessment and lodgement of a post-install EPC. Ofgem will need to ensure that they are able to access the pre-install EPC as evidence as the post install EPC will override the pre-install version on the EPC database.

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

As BUS is an installer-led application process, we agree installers should be responsible for all elements of the application process, particularly given that they have the technical knowledge to answer questions about the installation. The homeowner will need to provide sufficient evidence to establish that a property is a custom-build to support the application.

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

Others will be better placed to suggest other evidence that could confirm whether a property is custom-built, outside of title deeds, DIY VAT refund from HMRC or invoices. Given that custom-build properties are likely to represent a smaller proportion of applications, evidence can more easily be assessed on a case-by-case basis.

Question 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.

No, we believe this approach could be open to misuse: simply asking installers to confirm if a property is social housing appears light touch in comparison to other government funded schemes.

We support a standardised approach to evidencing across all government funded schemes and would suggest the tried and tested approach that is used within ECO should be utilised for BUS.

¹ <https://www.gov.uk/government/publications/improving-energy-performance-certificates-action-plan-progress-report>

This approach adds a valuable degree of rigour and requires:

- In England and Wales, documentation evidencing that the relevant interest is registered on the Land Registry as not belonging to a social housing landlord; or
- A declaration signed by the social landlord confirming that the property is let at below market rate, and if unoccupied, has previously been and will be let at below market rate.

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

Yes, we support the proposal to use an API to access the information that Ofgem requires from a property's EPC, provided the technical survey is happy that the EPC accurately reflects the property that they are surveying. Ofgem could also use an API to access data held within the MCS database, which we understand is likely to be integrated into the TrustMark data warehouse. MCS requires the technical survey and pre and post SAP information to be uploaded into their database.

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

The approach seems sensible and the information should be captured within the MCS certification process. The pre-installation EPC information is subject to oversight by MCS Certification Bodies which should avoid the need for additional scrutiny by Ofgem.

The MCS Certification process must ensure that the installer is satisfied the pre-installation insulation requirements are met. Where the pre-installation EPC recommends that cavity wall and loft insulation should be installed, the installer must provide sufficient evidence that these measures have been installed or adequate evidence of insulation exemptions.

Question 7: Is there any other evidence that Ofgem should consider when determining the eligibility of low carbon heating systems?

The eligibility is captured by the MCS certification process (see our response to Question 6) and the list of products is detailed within the Product Eligibility List (PEL) which was created by Ofgem.

Ofgem will need to ensure that the PEL is updated regularly given the speed that the heat pump market is developing and manufacturers continue to launch new products into the market. We need to ensure that the PEL and MCS lists are updated at the same time.

Question 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.

Installers being required to submit a declaration at the application stage stating that the property is not connected to the gas grid seems a reasonable approach. Also, Ofgem can cross reference this against <https://www.nongasmap.org.uk/>

We note that only properties that are not connected to the gas grid will be eligible for support to install a biomass boiler. However, there needs to be more clarity around the stated intent that the limitation also extends to properties that are connected to the grid but have a clamped or capped-off gas supply.

Question 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 agree with the proposal to use the ONS tool to determine whether a property is in a rural area. The approach should allow evidence currently considered as acceptable for determining whether a property is classified as in a rural area under the ECO scheme.

Question 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 with Ofgem's classification.

Question 11: Do you agree with the 'authorised signatory' for business accounts should be an individual with legal authority to represent the organisation eg 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.

We agree that that the authorised signatory should be an individual with legal authority to represent the organisation, on the basis that, as the consultation proposes, multiple users can then be added and allocated tasks in relation to voucher application and management.

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

Yes, we agree with proposed sets of user permissions.

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

We believe it is important to avoid speculative applications and support the proposed administrative approach to evidencing the property owner's consent which we consider captures sufficient information.

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

The proposed approach to obtaining evidence of the property owner's consent looks sensible, as installers should be able to manage their customers and warn them to expect an email which they should respond to.

Ofgem should also consider whether a prompt via an SMS message could be used, particularly if there is a risk that emails could be classified as 'spam' – indeed, Ofgem could consider whether it is possible for homeowners to provide consent via SMS.

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

We agree with the 7-day period for property owners to provide consent.

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

No, we think the information proposed within the notification is sensible and avoids unnecessary duplication with data already required to be captured and stored as part of the MCS process.

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

We agree with the overall approach to issuing vouchers, however we would note some of the powers that Ofgem has in this area, including to reject applications if further evidence is needed and it is not satisfactory, or provided in a timely manner.

Ofgem needs to strike the right balance between not rejecting applications prematurely (by, for example, considering a range of acceptable evidence where evidence is required), and avoiding keeping voucher applications 'alive' where they might be of a more speculative nature, thereby taking up funding which could be allocated to a firm project.

With regard to the voucher validity period, we would note that there are currently longer waiting times for heat pumps, and that 10-12 weeks is an optimistic window for delivery and installation of a heat pump. If it will not be possible under any circumstances for installers to apply for a short extension in the event of an issue, Ofgem should consider extending the voucher validity period, at least for the first year of the scheme.

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

We think that the approach to administering applications for voucher redemption should be as light touch as possible, with determinations around eligibility being made at voucher application as far as possible. To this extent, we agree with the proposal to gather as much information as possible from the MCS certificate to help streamline this process.

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

Yes, we support prompt payments which will assist with supply chain development as cash flow is important. It will encourage installers to submit paperwork to release payment which in turn provides up to date information on how the scheme is progressing.

Question 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 installers should be required to inform property owners. This approach is consistent with other schemes including ECO, LAD and HUG. We support the use of standard wording produced by Ofgem for use by all scheme participants to ensure a consistent approach.

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

We do not, in principle, disagree with the proposed administration of withholding payments, however we would note that the approach must be fair and proportionate. As far as possible, Ofgem should be transparent about the circumstances under which penalties would apply.

Where there is an investigation into non-compliance and payments are withheld, Ofgem should be clear about the approach for resolution, and the timescales involved, so that installers are able to deal with any cashflow issues. In this regard, if an investigation is concluded and it is determined that payments will be resumed, payments should be released promptly.

Question 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 the proposed administration of offsetting payments and requiring repayments seems broadly sensible during an investigation. It is important that Ofgem develops a clear process including timelines for both installers and Ofgem. It is important to ensure that the process does not have an impact on householders with eligible installation not receiving a payment. Ofgem may wish to consider the use of offset payments further.

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

We agree with the proposed administration of the right of review, however, as with the administration of withheld payments, the approach must be fair and proportional, and Ofgem should aim to resolve a review as quickly as is feasible within specified timeframes.

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

We would like to see Ofgem produce monthly reports on the number of vouchers issued and the amount of money that has been allocated. This is particularly important during the early stages of the funding for the entire supply chain to understand how the scheme is progressing, the level of uptake and to monitor any potential drop out and re-allocation.

Question 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?

The additional elements that would be useful include:

- Details of the different stages of application
- Reporting by technology
- Customer demographics
- On/off gas grid
- Performance Management information
- Changes – improvements once teething problems are overcome

ScottishPower

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