

MIMA's Response to Ofgem's Administration of the Boiler Upgrade Scheme Consultation 27 January 2022

This template relates to "Administration of the Boiler Upgrade Scheme" consultation and contains all the questions posed within the document. Through this template we're aiming to collect your feedback on our proposals on how we will administer the Boiler Upgrade Scheme. We welcome your views and encourage you to respond to the questions on the questions that are of most interest. Please provide your contact details in the fields below. To respond, please provide your views in the space below the relevant question.	
Organisation Name:	Mineral Wool Insulation Manufacturer's Association (MIMA)
Organisational Type:	Trade Association
Completed by:	Sarah Kostense-Winterton
Contact details:	<div></div>
Confidential response:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Partially <input type="checkbox"/> Anonymous <input type="checkbox"/>

Questions on the proposed administration of the Boiler Upgrade Scheme

Question 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.

The eligibility criterion with regards to insulation is that there should be "no recommendations to install loft or cavity wall insulation unless exempt from doing so."

MIMA strongly agrees with an insulation condition being included as a BUS scheme requirement. Poor insulation means a property is very likely to have high space heating demand. If a heat pump is then installed, every unnecessary unit of electricity consumed by the occupants to achieve thermal comfort will be at a higher unit price than gas. Furthermore, a leaky house may require a larger, more expensive heat pump than would otherwise be the case, potentially running at higher flow temperatures than is efficient. Poor insulation could also result in the householder being unable to benefit from time-of-use tariffs if they struggle to keep their house warm, needing to heat it at peak times. The combined effect could mean homeowners getting unexpectedly high heating bills. Hence, it is no surprise that BEIS's response to the BUS consultation confirmed that the vast majority of respondents to it supported minimum insulation requirements, including broad support for a fabric first approach.

Scope of the minimum insulation requirements

MIMA recognises that Ofgem is not consulting on policy, but we feel it useful to re-iterate our views on this for future versions of the BUS Scheme.

- Lofts – The insulation requirement should activate when there is either no insulation in the loft, or there is insufficient insulation i.e. a top-up is needed. The insulated element in the loft should achieve a minimum U-value 0.16 W/m²K, which in most cases will mean 270mm of insulation is required.
- Cavity walls – The requirement to fill the cavity wall should include the party wall too, where applicable.
- Solid walls – There are around 7.5 million houses with solid walls that have not yet benefitted from insulation and are also not covered by the new Scheme. These types of homes are likely to be amongst the leakiest and also have a significant proportion of fuel poor households. Therefore, there remains a need to treat these homes if they are to have a heat pump installed, particularly to avoid higher energy bills in households that are already at a higher risk of fuel poverty. MIMA would welcome proposals for this type of dwelling. Ideally, like cavity wall insulation, solid wall insulation such as EWI should be required (where absent, and suitable) alongside the installation of a new low carbon heating system, and certainly for large-scale or area-based retrofit projects which benefit from economies of scale. As a minimum, householders should be made aware of the potential impact of not installing this measure in terms of future comfort and energy costs. In addition, eligible householders should be signposted to schemes that offer support in paying for EWI such as the ECO or the Home Upgrade Grant.

Reliance on EPCs

The consultation states *"The BUS will only provide support to properties that do not have recommendations on their EPC for loft or cavity wall insulation to be installed."*

It is essential for the BUS scheme to seek evidence that the necessary insulation conditions have been met, i.e. the insulation is there in reality, in the right quantity etc.

Ofgem will be aware that EPCs are a very useful tool, but they are "non invasive". This means the assessor may sometimes be forced to "assume" whether insulation has been installed, e.g. based on the age of the property and thickness/type of the wall. They will not, for example, be checking walls with a borescope. For lofts, there may be access issues, and so again the assessor is not permitted to enter the loft to see if there is insulation present.

If a property is older than 1920 and has been retrofitted with cavity wall insulation there will normally be drill holes in the outside walls where the insulation has been injected and then sealed. So, if the home's EPC shows no recommendation for cavity wall insulation, plus the BUS installer can see such drill holes (and declares this, or photographs them), then this is good evidence that insulation is present.

If a property with cavity walls is newer, constructed after building regulations began requiring that walls achieve certain U-values (last 20 years or so), then it will almost certainly have had insulation installed when it was built. So, if the home's EPC shows no recommendation for cavity wall insulation, plus the house is newer than a given date (and the installer declares this), then cavity wall insulation is very likely to be present.

The risk then is for older properties where the EPC states there is insulation present, but there is no other evidence for this. This may only be a problem in a small proportion of homes. In these cases, Ofgem may wish to require a few further checks are made, e.g. with building control who should have records if the walls have already been insulated, or that a borescope inspection is carried out by a qualified individual.

For lofts, the BUS installer should ask the homeowner if they know whether there is sufficient loft insulation installed (normally to 270mm), to verify the information on the EPC. If the homeowner is not sure, and there is no way to safely access the loft for a visual inspection from the loft hatch (by an insured person), then it should not be assumed that insulation is present. Either a qualified loft installer should carry out a technical assessment to confirm the presence of sufficient insulation, or the property's overall heat demand levels should be checked to confirm it is "heat pump ready".

The above issue would not normally arise in the case of a professionally run retrofit outside of the BUS scheme (and arguably the RHI) as, where a decision is taken to fit insulation, the installer should already be carrying out a full technical assessment checking the suitability of the property for insulation and carrying out the necessary quality assurance.

Lastly, where insulation work is carried out in order to meet the BUS insulation requirements, it should be provided with a recognised guarantee.

Real performance

MIMA, alongside many other organisations is urging BEIS to move towards an overall EPC/building regulations compliance regime which is based on the "real" performance of buildings. E.g. space heating targets are set, which are measured in reality rather than relying on modelled wall U-values alone. This transition is beginning to happen, and as it does it will be important for the BUS scheme insulation requirements to join up. For example, if an existing insulated property is estimated to have a space heating demand of 100 kWh/m²/year, likely making it suitable for given size heat pump, but in reality the heating demand is double, then this is a problem. The occupants may struggle to keep the property warm enough at reasonable cost.

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

MIMA generally supports the approach to exemptions i.e. following those currently in place for the RHI.

Assessing suitability

We wish to stress that where an EPC is “recommending” that loft or cavity wall insulation is installed, and this is being addressed as part of the BUS project, then the recommendations on the EPC should not be taken as sacrosanct. They are “possible measures” a property could benefit from because they are not already present. This is very different from a technical assessment being carried out during which a competent individual determines the suitability of a given measure for a property, and also advises on any ancillary work needed to ensure the measure is safe and performs as intended.

Therefore, whilst an EPC “recommendation” for insulation is likely to be appropriate in the majority of cases, it must be subject to a technical assessment to determine its suitability before it is installed, and an appropriate design developed and implemented.

Timing of insulation works

Lastly, Ofgem’s consultation states “applications may be made for properties with loft or cavity wall insulation recommendations, as long as the insulation is installed before the voucher is redeemed. This will be evidenced at the voucher redemption stage through a new EPC with no loft or cavity wall insulation recommendations. This is to reduce the disruption on the property owner who may wish to have the low carbon heating system and insulation installed at the same time.”

We agree this type of approach should be permitted, i.e. any necessary insulation work can be done alongside the heat pump installation. We would suggest that if it looks like the insulation work will be lengthy due to site complications, or there will be a delay for a valid reason, then the installer should still be able to claim the BUS voucher with evidence that the new heat pump has been commissioned and meets the required standards, provided that when redeeming the voucher they show that the insulation work has commenced, and state the reason for the complication/delay. It is not enough to intend to install the insulation. On completion of the insulation, the fully updated EPC and insulation guarantees must be supplied to Ofgem with appropriate and tough sanctions for failure to do so. This approach should help avoid installer payment delays and avoid harder to insulate houses being avoided.