

## Template for response to “Administration of the Boiler Upgrade Scheme” consultation

<p>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.</p>	
Organisation Name:	Heat Pump Federation
Organisational Type:	Heat Pump Sector Trade Body
Completed by:	Bean Beanland
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Confidential response:	No

## Questions on the proposed administration of the Boiler Upgrade Scheme

<p>1. Do you agree or disagree with the proposed approach to evidencing existing heating systems? If you disagree, please say why.</p>
<p>Yes, the existing EPC is a reasonable option. OFGEM already has access to the EPC database so the auditing could be automated with no upload of an EPC required from either the installer or the homeowner. It is essential that the administrative burden on installers is minimised in order to drive enthusiastic participation.</p>
<p>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.</p>
<p>It would be more administratively efficient for OFGEM to use the existing DRHI mechanisms whereby homeowners provide the evidence of custom build status. Asking the evidence to be passed to the installer to pass on to OFGEM is adding unnecessarily to the administrative burden. In addition, surely, it is the homeowner who is making the legal declaration that the dwelling is indeed eligible for custom build status. The homeowner may also want to retain privacy with respect to the evidence in their dealings with installers.</p>
<p>3. Is there any other evidence we should request to prove that properties are custom-build?</p>

<p>To ease the transition between the DRHI and the BUS, the HPF recommends that elements such as this are mirrored across from the DRHI to the BUS. Making changes to this element will merely risk introducing confusion. There is no suggestion that the process and evidence base used for the DRHI was not working perfectly well.</p>
<p>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.</p>
<p>As for question 2., surely it is the homeowner who is making the legal declaration that the dwelling is not social housing. The HPF would recommend that this declaration is added to the process whereby consumer agreement to the work is established.</p>
<p>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.</p>
<p>Using automated interrogation of the EPC, as is current DRHI practice, is sensible. However, asking both the installer and the homeowner to confirm that any required insulation measures will be undertaken during the timescale for the project and then evidenced with a new EPC is unnecessarily burdensome on the installer. This question could merely be added to the consumer declaration that they consent to the project.</p>
<p>6. Do you agree or disagree with the approach to administering insulation exemptions? If you disagree, please say why.</p>
<p>Replicating the DRHI mechanism in this respect would be simple and easily understood by installers, who will, in most cases, be expected to advise the consumer with respect to eligibility. However, it is the homeowner who should be required to provide the evidence of the new EPC reference number which can then be automatically audited by OFGEM as described previously through an API. It is vital that any delays in obtaining such evidence do not result in delayed payments to the installer. Under previous schemes, such as the Green Homes Grant, delays in making payments to installers proved to be financially crippling in many cases. Most installers are micro-businesses which cannot sustain extended payment terms. Any suggestions that this was occurring under the BUS could result in installers withdrawing from the scheme, so reducing consumer choice.</p>
<p>7. Is there any other evidence that Ofgem should consider when determining the eligibility of a low carbon heating system?</p>
<p>The HPF considers use of the PEL to be an unnecessary administrative burden. MCS certification should be enough. Asking installers to check both resources for the same purpose is open to confusion. In addition, there is an administrative burden for OFGEM in ensuring that the PEL is both current and matches the MCS database. Again, this is considered to be an unnecessary administration cost.</p>
<p>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.</p>
<p>The HPF has a policy of not commenting on elements that apply solely to other technologies. However, again, the gas-grid status should form part of the consumer declaration when confirming consent to the project, not be a further imposition on the installer.</p>
<p>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.</p>

<p>The HPF does not recognise any differential between urban and rural locations which would support anything other than a heat pump solution. The recent Electrification of heat, Heat Pump demonstration programme managed by the Energy Systems Catapult reports that no property was identified that could not be serviced with a heat pump solution or one archetype or another. Using the ONS tool to determine location is, therefore, as good as any other option.</p>
<p>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.</p>
<p>Yes. This is broadly consistent with the DRHI scheme and so provides for reasonable continuity.</p>
<p>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.</p>
<p>Yes, this is agreed but clear provision must be made for MCS certified installers which do not have limited company status and who may operate as sole traders.</p>
<p>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.</p>
<p>Yes.</p>
<p>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?</p>
<p>The style of quotation is not prescribed by the BUS scheme, but they do need to be MCS compliant. Therefore, there is no further information that is mandated within a quotation document that could be asked for.</p>
<p>14. Do you agree or disagree with the proposed approach to obtaining evidence of property owner consent? If you disagree, please say why.</p>
<p>This is agreed to the extent that our submissions made above on some of the burdens being allocated to the homeowner rather than to the installer, particularly those that are in effect, legal declarations as to eligibility, etc.</p>
<p>15. Do you agree or disagree with the 7-day period for property owners to provide consent? If you disagree, please say why.</p>
<p>Yes.</p>
<p>16. Is there any additional information that you think should be included in the boiler upgrade voucher notification?</p>

<p>If a queuing system is to be introduced to manage the eventuality where financial budgets for the scheme have been exceeded, then this needs to be communicated very explicitly in the notification (that a voucher is not available but that the application is queued). It is essential that OFGEM publishes routine budget data both publicly via its website but also in direct messaging to stakeholders, such as the HPF, so that this can be disseminated to installers in a timely manner.</p>
<p>17. Do you agree or disagree with our proposed approach to issuing vouchers? If you disagree, please say why.</p>
<p>Yes, the HPF agrees to the proposed approach. However, whilst the validity of vouchers is recognised as a Policy decision, the HPF urges OFGEM to address this with DBEIS in light of the current industry supply chain difficulties that are expected to continue for many months, and that are very definitely going to apply at scheme launch. The HPF suggests that air-source and biomass vouchers should have a validity of six months and that vouchers for ground- and water-source should have validity for twelve months. Research recently carried out for DBEIS on supply chain difficulties relating to the Non-Domestic RHI applies equally to the domestic heat pump sector where some manufacturers are unable to confirm product shipment dates many months after the placement of purchase orders. In addition, any installations that require planning consent or upgrades to the electricity supply are highly unlikely to be able to achieve either in a three-month timescale. It must be remembered that early adopters of low carbon heating systems are also likely to be early adopters of EV vehicles. If both technologies are being deployed on any given site, it is essential that the dual load increase is considered. This may require that many more sites to required increases in fuse capacity or upgrades to supply. There is clear evidence that DNOs cannot react inside a three-month timescale and there is clear evidence that all planning applications are being delayed because of the working from home scenarios practised by planning officers. Whilst government advice on returning to offices may be strong, many employers are being more “flexible”, and this does include some planning departments.</p> <p>The concept of missed voucher validity redemption dates resulting in a need to re-apply is completely flawed because the consumer will already have spent the money on the expectation that the contribution from the scheme will be received. Indeed, worse than that, it will be the installer who suffers the cash flow hit (which could be terminal) if no budget is available to support a new applications. We strongly advocate that missed redemption deadlines be handled with an extension programme. We can see no moral or administrative argument that this should not be the case. Any failure in installers receiving funds against work already completed in good faith will be catastrophic for installer confidence in the scheme. It is essential for consumer choice that installer participation is as wide as possible, so any mechanisms that might result in installers losing money would incur a serious and detrimental impact on the confidence of both installers and consumers.</p>
<p>18. Do you agree or disagree with the proposed approach to administering applications for voucher redemption? If you disagree, please say why.</p>
<p>Yes, provided that all possible steps are taken to reduce the administrative burden on the installer.</p>

19. Do you agree or disagree with weekly payment cycles? If you disagree, please set out why?	
The HPF is concerned that a weekly payment cycle may not result in payments being issued within seven days (or five working days) of a redemption application. Setting a timescale for payments to be made after notification that the voucher redemption application has been successful does not establish a mandated timescale for the payments to be issued. OFGEM must commit to a timescale to either confirm successful redemption or rejection. Only in light of this information can the reasonableness of a weekly payment cycle and seven-day undertaking to make payments be evaluated. For example, if OFGEM awards itself 28 days to evaluate an application for redemption, then the payment terms would effectively be 35 working days. This would be completely unsustainable for many micro-business installers.	
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.	
No, information on audit potential should come from the scheme administrator to the homeowner, given that it is OFGEM that would carry out the audits. Clearly, it would be reasonable for installers to highlight this potential within their quotation documents, but the obligation should be on OFGEM. The HPF and other installer representative bodies will, almost certainly, highlight this and many other elements of the scheme to their members.	
21. Do you agree or disagree with our proposed administration of withholding payments? If you disagree, please say why.	
Yes, provided that provision is made to protect high quality installers from consumers who, for whatever reason, fail to provide the required evidence to allow voucher redemption to proceed. Such eventualities should not then be used as an excuse to withhold other legitimate payments from the installer involved. There have been many known instances of consumers using unfair tactics to obtain advantage over legitimate installers. The BUS scheme administrator must recognise this potential and must be prepared to deal with any such occurrences in a transparent, fair and timely manner.	
22. Do you agree or disagree with our proposed administration of offsetting payments and requiring repayments? If you disagree, please say why.	
Yes, provided that the circumstances set out in the response to question 22 are taken fully into consideration.	
23. Do you agree or disagree with our proposed administration of the right of review? If you disagree, please say why.	
Broadly, but the HPF suggests that any fair scheme would include provision for face-to-face discussions as part of a review process and that installers should have the right to include fair representation within any review process, for example from their trade body or legal representatives.	
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.	
Monthly as a minimum. It is essential for confidence in the scheme that reasonably current data on available budget, successful application rates, successful redemption	

<p>rates and any discerned patterns that might be found in the rejection of redemption applications, are made available regularly.</p>
<p>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?</p>
<p>In addition to the elements set out in the response to question 24 above, the HPF recommends that the scheme administrator collects and publishes the number of vouchers awarded to individual manufacturers and to individual installers. Many have voiced concerns that the BUS could be subject to abuse by small numbers of installers seeking to Hoover up vouchers and to deploy the cheapest possible hardware that just scrapes through international product standards for performance. For fair and reasonable consumer protection, it is vital that hardware not only meets performance standards, but that it has reasonable durability along the lines associated with the responsible market in the UK.</p> <p>If it is considered to be unreasonable to publish manufacturer and installer data, the data must be collected and scrutinised by the scheme administrator and DBEIS as a minimum to identify and deal with any patterns that may be detrimental to consumer protection or to the reputation of the heat pump industry in the UK.</p>