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27 January 2022

Dear Cissy,

### **Administration of the Boiler Upgrade Scheme**

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore, offshore wind and solar generation, and energy storage. With around six million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

EDF welcomes the opportunity to contribute to the development of the administrative programme for the Boiler Upgrade Scheme (BUS). EDF broadly agrees with the approach set down by Ofgem, with some specific points of feedback.

#### **Question 15. Do you agree or disagree with the 7-day period for property owners to provide consent?**

EDF disagrees.

Seven days is a short window for a consumer to respond either via email or telephone (para 3.29). Given how varied and busy many consumers' lives are, and the potential for simple issues such as email spam filters to intervene to block swift responses, Ofgem should allow at least 14 days for property owners to respond to this request. This aligns with the time allowed for installers to respond to requests for additional information. An overly restrictive timescale could result in significant levels of failed applications which would otherwise have progressed to a successful heat pump installation.

Ofgem should ensure the effort required by a property owner to complete the confirmation is minimised. A sufficiently robust measure to ensure fraud is prevented should reflect a simple and streamlined 'tick box' approach, rather than the exhaustive provision of details, which should have already been provided and confirmed by the installer (we note installers will be required to provide a statement to this effect with each application).

Should Ofgem go forward with the current proposal, it must record and publish the volume of rejected applications for this failure, and record incidents of actual and suspected fraud. Once Ofgem has a clear understanding of the risks, and should the data bear out sufficiently low fraudulent activity, Ofgem can move to a proportionate approach; e.g. reliance on installer confirmations, or checks via sampling and audits, rather than for every application.

**Question 24. How frequently would you like Ofgem to publish reports on vouchers issued and available budget?**

Ofgem should publish reports on a monthly basis, for at least the first year of the scheme.

While we have not noted a significant pattern of seasonality to heat pump demand in the current market, the availability of timely data and transparency of up-to-date budget levels (and as such, voucher availability) from Ofgem will be critical to supporting installers and intermediaries with their responses to market signals, the management of workstreams and setting appropriate consumer expectations.

**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?**

Ofgem should capture a broad range of data across each stage of the application and redemptions process. This should include monitoring scheme performance against several of the policy outcomes decided by the October '21 Future Support for Low Carbon Heat: Boiler Upgrade Scheme government response.

- Ofgem should record the volume of Air Source Heat Pump (ASHP) and Biomass vouchers which remain unredeemed beyond the three-month validity period, and additionally how many of these result in a subsequent reapplication. Given the various factors which can intervene to potentially delay an installation, it is our concern that three months may not be sufficient for these installations as demand expands. Should the proportion of delayed heat pump installs give rise to consumer uncertainty, and impact scheme uptake, Ofgem would be in a position to proactively support BEIS with valuable insight to address a solution.
- Ofgem should require that applications for biomass boilers in rural areas should record the reason as to why biomass has been selected over a heat pump.

We note BEIS decided not to include a minimum heat loss threshold for the installation of a biomass boiler with BUS support. Given the overarching purpose of the scheme to facilitate the growth of the heat pump market, and with the exclusion of high temperature heat pumps, the BUS should employ a cautious approach to the installation of biomass

boilers, and only support installations where a heat pump would not be appropriate. Collecting this data would also increase learnings to support future policy development.

- As we note in our response to Question 15, Ofgem should record the volume of failed applications and the reasons for application rejections, including the failure of consumers to respond within the timescale provided.

We note that BEIS and Ofgem (para 3.41) have both referenced the potential for utilising a queuing mechanism to address unserved demand when the annual budget has been reached. It is essential Ofgem provide early clarity on when this will be addressed and how it will work.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Mark Hatton or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Mason", enclosed within a thin black rectangular border.

**John Mason**  
**Senior Manager of Customers Policy and Regulation**