

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 Association
Organisational Type:	Trade Association
Completed by:	Christopher Lewis
Contact details:	<div style="background-color: black; width: 100%; height: 1.2em;"></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

<p>1. Do you agree or disagree with the proposed approach to evidencing existing heating systems? If you disagree, please say why.</p>
<p>We agree with the proposal requiring installers to verify the existing heating system in a property, on the basis that they are a third party with the required expertise. Importantly, they will already be visiting the property as part of the installation of a new heat pump, meaning the added cost of this verification will be minimal. We believe that whilst the EPC rating system possesses some inaccuracies it should suffice specifically for the type of heating system and fuel used in a household.</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>The HPA agrees that installers should verify whether or not a property is a custom-build. Whilst the level of administrative requirement may be burdensome, it’s limitation to custom-build properties avoids this issue, given the small amount of custom-build properties present in the UK.</p>

<p>3. Is there any other evidence we should request to prove that properties are custom-build?</p>
<p>No, continuity from the dRHI will help to ease the transition to the scheme, and thus the HPA supports mirroring these requirements.</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>The HPA believes that installers alone may not be sufficient to independently verify whether a property is social housing or not. We suggest that local authority records are checked, as these leave no room for doubt.</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>The HPA agrees with the usage of an API in accessing EPC data, provided however that it has been tested demonstrably, both at scale, and in depth, to support the Boiler Upgrade Scheme.</p> <p>However, the HPA would like to highlight the inconsistencies, and general inaccuracies present in EPC ratings. Many EPC ratings are provided without access to lofts or the insides of walls, and thus are mere guesses. Installers should be empowered to recommend changes to the current EPC assessment, provided they can evidence inconsistencies.</p> <p>Ofgem could then police these discrepancies, evaluating the evidence provided. This step is important, given that there may be an incentive for installers to misreport household characteristics in order to be accepted for a grant via the scheme. Asking for a new EPC in this case is an unfair and unnecessary cost and should not be used to cover for a previously inaccurate EPC.</p>
<p>6. Do you agree or disagree with the approach to administering insulation exemptions? If you disagree, please say why.</p>
<p>The HPA agrees that insulation exemptions are an important consideration and are glad that they have been considered as part of the Boiler Upgrade Scheme. The HPA supports continuity from the dRHI, as we believe this will help to ease the transition towards the scheme.</p> <p>Particularly for insulation measures many EPC ratings have intrinsic inaccuracies, as they are assessed without access to lofts or the insides of walls, and thus are mere guesses. Installers should be empowered to recommend changes to the current EPC assessment, provided they can evidence inconsistencies.</p> <p>Ofgem could then police these discrepancies, evaluating the evidence provided. This step is important, given that there may be an incentive for installers to misreport household characteristics in order to be accepted for a grant via the scheme.</p>

We believe firmly that both installers and households should not be unduly punished for inaccurate EPC reports, and that Ofgem should offer a pathway forward for those in this situation.

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

The HPA agrees with the usage of MCS as the standard for determining eligibility of low carbon heating systems under the scheme.

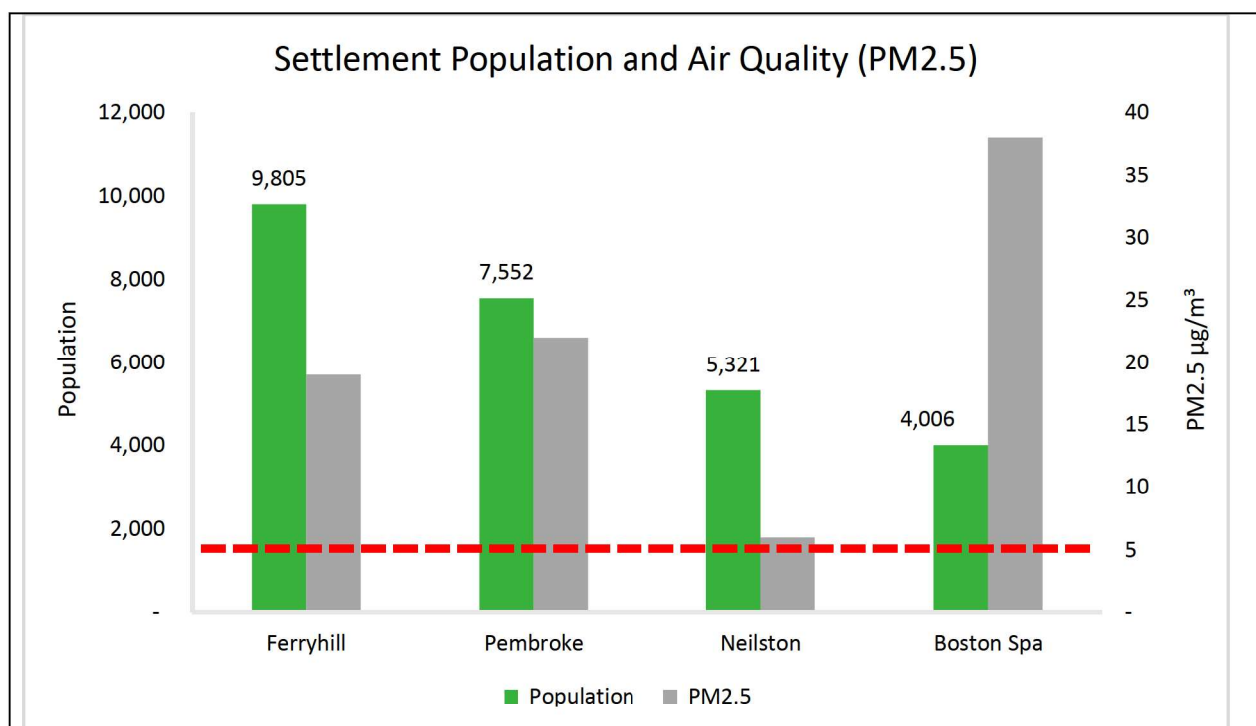
If Ofgem aim to use the *installed system* efficiency, we would recommend clarification around the boundary conditions for SCOP values of 2.8, as well as clearer communication to installers about the tools that are already available. On the other hand, if using the rated efficiency of the unit itself, this should be done to the Energy Related Products (ErP) test conditions (benchmarked at an average climate, with a flow temperature of 55C).

We would caution against the current specification of “rural” when determining whether biomass systems can be installed. The classification of a settlement with 10,000 people does not factor in population density, geo- and topographical features, and vulnerability of said population, to the air pollution caused by biomass systems.

Furthermore, we would point towards the new proposed [WHO air quality guidelines](#) which feature stringent reductions in pollutant levels – to such an extent that even rural-installed biomass systems must be considered carefully. These new guidelines advocate for a reduction in PM2.5 (daily) levels from 25 µg/m³ down to 15 µg/m³, amongst others.

To illustrate this, four settlements with classifications of rural (populations of 10,000 or below), have been put alongside their PM2.5 daily pollutant levels. As seen below, not only do some settlements with populations below 10,000 *already* have exceeding levels of air pollutants, but there are also clear instances where population numbers do not reflect air quality.

Put plainly, in the role that biomass has to play in the transition to net-zero, we advocate for a measured, and careful approach. We recommend, firstly, if Ofgem are to continue to use population as the measurement for rural viability, that it is lowered significantly (even a 5,000 limit may be in breach in some instances). Or secondly, if air quality is the main issue, we would recommend that this is factored directly in to eligibility criteria, rather than estimated via proxy.



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.

The HPA supports the notion of installers supporting the verification process in this instance, but would suggest a more concrete approach could be found in using the knowledge of local authorities, and gas suppliers.

Given the proposed scale and importance of the BUS, it may be easier to use a centralised database, allowing Ofgem to access information on gas grid connections accurately and efficiently. One avenue of interest in this area may be the Gas Safe Register.

Steps should be taken where possible to ease the burden on installers, given they are the primary vector for delivery of the BUS.

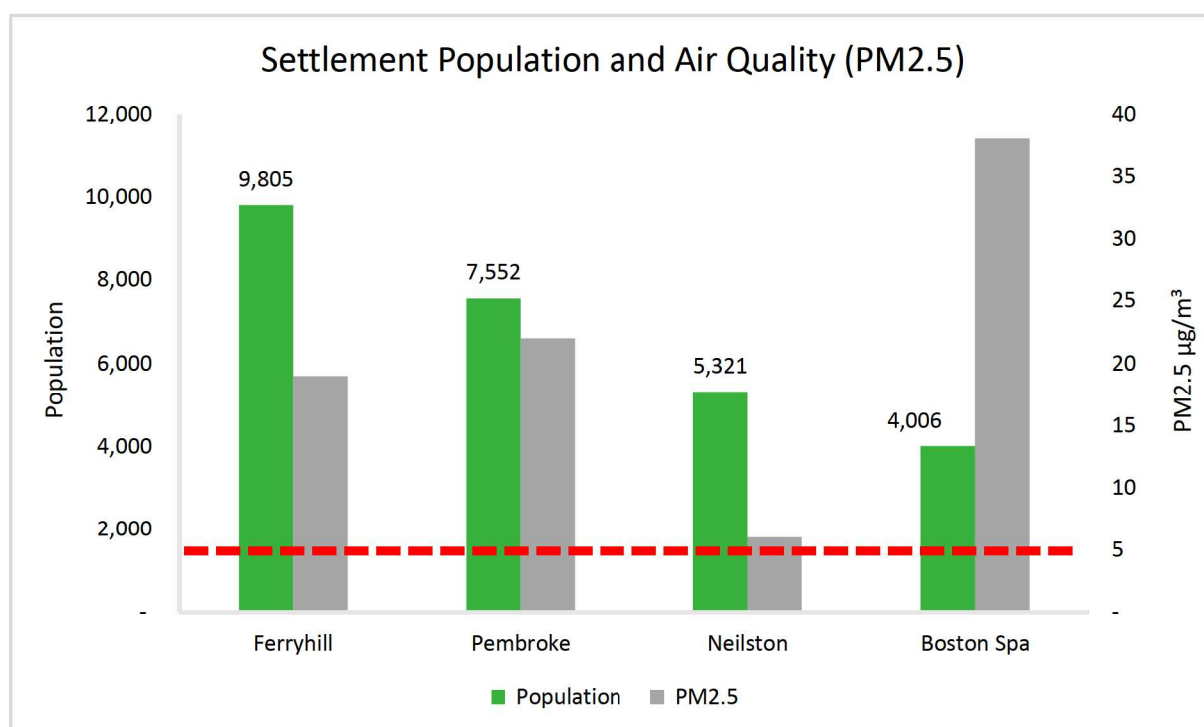
9. Do you agree or disagree with our proposed approach to evidencing whether properties are in a rural area? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

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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.

The HPA agrees with the proposed classification.

11. Do you agree that 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.

Yes, the HPA agrees with this, particularly if the additional identification documents are supplied.
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 proposed set of user permissions. Provided that the authorised signatory has given their consent, then it allows for a more efficient process of applying for the scheme.
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?
The HPA does not believe any other information is required aside from consent from the property owner themselves. Given the security provided by identification at the business owner level, it should be clear enough to dissuade fraudulent applications.
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 that all the required criteria from the property owner is reasonable, and not unduly burdensome. We believe that whilst an online form is useful for most property owners, we would also suggest that an alternative method is provided, in the instance of accessibility issues, a lack of internet connection, or familiarity and confidence in filling forms online – e.g. such as for more elderly property owners.
15. Do you agree or disagree with the 7-day period for property owners to provide consent? If you disagree, please say why.
<p>We believe that 7 days is reasonable if providing consent but would suggest that an alternative which takes more time to complete - such as a physical form, mailed by post – be given additional time.</p> <p>Furthermore, the HPA requests clarity on what happens if the 7 days have elapsed. Clarity here is required, particularly if an entirely new application will need to be submitted. The HPA would support a simple 'tick box' option to resubmit the application again if this time has elapsed.</p>
16. Is there any additional information that you think should be included in the boiler upgrade voucher notification?
The information included in the notification is already relatively complete, but perhaps additional criteria surrounding eligible systems, e.g. including the permitted capacity levels, may help to remove the risk of the installer purchasing an ineligible system, and ending up with a stranded asset.

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

Whilst expiration dates of vouchers are an important aspect, the scheme should ensure that reapplication is a simple process (for example through a simple 'tick box' to resubmit), provided all the information required remains the same. This will help people to access the scheme even if they have an external disruption that prevents them using the voucher in its allotted time, without having the burden of a full application.

The HPA would like to indicate that strict budgetary constraints will act only to slow the administration of the scheme. Whilst concerns around over-exposure are clearly important, it is important to capitalise on momentum, *particularly* if the scheme manages to exceed expectations.

Furthermore, a queuing system may be a more efficient approach when reaching these limits, allowing applications to be queued and ready-to-go, once pre-existing vouchers expire. We would also suggest that reminders and prompts are sent to current voucher holders, as a near-zero cost way of speeding up the process. A queueing system will also allow for a far clearer understanding of excess demand, and allow for a case to be made for further scheme expansion in the future.

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

We agree with the information requested at the redemption stage, however, we suggest that confirmation is also taken from the property owner, to verify the information provided by the installer. This could help to prevent against fraudulent redemption of the voucher.

Particularly for insulation measures many EPC ratings have intrinsic inaccuracies, as they are assessed without access to lofts or the insides of walls, and thus are mere guesses. Installers should be empowered to recommend changes to the current EPC assessment, provided they can evidence inconsistencies.

Ofgem could then police these discrepancies, evaluating the evidence provided. This step is important, given that there may be an incentive for installers to misreport household characteristics in order to be accepted for a grant via the scheme.

We believe firmly that both installers and households should not be unduly punished for inaccurate EPC reports, and that Ofgem should offer a pathway forward for those in this situation.

Finally, the HPA also supports the usage of the API, any measures which shift burden away from installers is important and should be pursued.

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

Yes, we agree that a weekly payment cycle is sufficiently frequent enough to help alleviate cash flow issues that may arise on behalf of installers. However, for some smaller installers, a more immediate redemption may be necessary.

<p>Getting the cash flow is vital to installer confidence and will be the main determinant in the success of the scheme, it was one of the huge weaknesses of the Green Homes Grant leading to it being viewed as a failure.¹</p> <p>Importantly, the HPA would stress the importance of cashflow in the success of the scheme – if the process is unfairly economically burdensome on installers, then uptake will falter. Furthermore, slow cashflow will force smaller installers to avoid partaking in the scheme, reducing overall competition in the market.</p>
<p>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.</p>
<p>The HPA disagrees that installers should be required to bring this up. Given that it is stated clearly, and agreed to at the application/confirmation stage, we believe this may be confusing to homeowners.</p>
<p>21. Do you agree or disagree with our proposed administration of withholding payments? If you disagree, please say why.</p>
<p>Whilst we agree that payments should not continue to be made in the event of an investigation, where there is sufficient evidence to suggest that this is required, we firmly believe that this process needs to be made transparent, and accountable – in particular, with a third party to deal with any disputes that may arise.</p>
<p>22. Do you agree or disagree with our proposed administration of offsetting payments and requiring repayments? If you disagree, please say why.</p>
<p>If the installer has been found responsible, and is required to pay Ofgem an amount, then they should also be involved in the process of deciding which payment method is best.</p>
<p>23. Do you agree or disagree with our proposed administration of the right of review? If you disagree, please say why.</p>
<p>The HPA believes that a right of review is incredibly important, and believes a third party would be best placed to deal with this. Whilst this may be seen as an additional administrative burden, it will only apply in a minority of cases, and will help to provide confidence and fairness for both administrators and applicants. We do not believe that Ofgem should be adjudicating in disagreements between installers and themselves, given the intrinsic bias that exists.</p>
<p>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.</p>
<p>The HPA welcomes a monthly approach to reporting and would request that the more detail which can be provided on applicants – without breaching privacy and data laws – will be beneficial in further analysis and review of the scheme. Monthly reporting is also</p>

¹ UK Parliament (2021) [PAC Report: Green Homes Grant Scheme “Underperformed Badly”](#)

seen in other schemes, such as the RHI and the Green Homes Grant, so continuity is important in this aspect.

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 HPA suggests that anonymised data be provided in spreadsheet format, to assist with future data analysis which could be undertaken. This simple step helps all involved to better understand how the scheme is performing, and how it can be improved.