

MCS Company response to Ofgem “Administration of the Boiler Upgrade Scheme” consultation

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.

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Organisational Type:	Standards Organisation
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Confidential response:	No

Questions on the proposed administration of the Boiler Upgrade Scheme

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

MCS broadly agrees with the approach. The summary table (Table 3) demonstrates the type of evidence required which is clear about meeting the eligible criteria for a voucher. We would urge that the burden of evidence gathering placed on installers is limited and would suggest a simple check-list to use, to make the process as easy as possible to save administration work, and remove overly complex procedures on proof (e.g. Section 2.1 on page 13 states that 'Installers will need to submit supporting evidence.'), so the scheme remains simple to use. Some of the evidence proofs required could be secured directly by Ofgem, like EPC certificates and a request that homeowners upload this on a customer portal would ease the burden of proofs required.

It is worth noting that the Product Eligibility List (PEL) has historically been populated by the MCS Installations Database (MID). This means that an MCS certified installer can only select MCS certified products, which eventually appear on an installation certificate. Unless the PEL referred to in Table 3 is different to the existing PEL. MCS would advise checking the proposed PEL and that it reflects the MCS certified products in the MID and is not different to allow certification of the installation.

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.

MCS agrees with the inclusion of custom-build-properties in the scheme, which are single build properties owned by individuals (not companies). MCS would support installers providing evidence to Ofgem for these types of properties. We would also recommend a simple, quick and easy to use assessment form for an installer to use to reduce the burden of proof and paperwork required. The consultation should recognise that there could be concerns from some homeowners in providing these documents to the installer, who will then pass on to a third party e.g. OFGEM? Could there be an option that if the homeowner felt uncomfortable sharing documents or information with the installer, that the homeowner could share the documents with OFGEM directly through a consumer portal?

<p>3. Is there any other evidence we should request to prove that properties are custom-build?</p>

MCS is satisfied with the clear description of what qualifies as a custom-build property. We would again urge that any processes for evidence gathering for installers is simplified to make the scheme easier to administer and again not to be time consuming for installers to use or households to evidence. It could be useful if Ofgem would produce a help sheet on the property types to share with installers, similar to ones used for DRHI -

https://www.ofgem.gov.uk/sites/default/files/docs/2016/04/drhi_factsheet_custombuild_v2_0_mar_2016_web.pdf

Again self-build insurance to evidence that the property is custom build or the provision of planning permission/building reg documents could also be used.

The current level of evidence required, namely, title deeds, DIY VAT refund from HMRC or invoices, may not be readily available for custom-build properties and due to the personal information recorded on these evidence documents, new build consumers may be reluctant to share this information with new and unknown installers. With a Custom build there will be no previous council tax bills and VAT refunds tend to be sought at the end of the build process. There needs to be a simple self-declaration form for the custom-builder or individual to the installer with address and contact details and the address of the installation which could be cross referenced on the Ofgem database.

To place a burden on installers to gather this information could be time consuming and any delays from the custom builders/owners could lead to delays in payments or voucher redemption for the installer. Again, MCS would urge a simple self-declaration process signed by the custom builder which is then provided to the installer. Under the DRHI more personal information was being provided to a Government department on a Government website, rather than to an installer, so the two schemes are not identical. It is also clear that feedback from previous schemes (such as DRHI and GHGVS) have all suggested a simplification of the process and MCS would urge that procedural challenges associated with designing previous schemes are considered when designing BUS administration process. The ambition for the BUS should be to create a simple to use, fast system, that does not leave installers vulnerable or create overly complex burdens of proof that installers are required to supply to Ofgem.

Within the consultation, Ofgem indicates that it may require more information in support of voucher applications, but instead of seeking this from the custom build owners, there is a requirement that installers should provide the information. This may require further visits and could be more time consuming for both parties. In the consultation document, Ofgem will give installers no less than 14 days to comply with such requests. The burden of proof has moved from consumers (under DRHI or GHGVS) over to the installers, placing a potentially unreasonable burden on gathering information on behalf of Ofgem and requiring further visits which will drive up prices.

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.

MCS again would urge the use of a self-declaration form from the property owner as to the status and requirements of the property which they could upload to a consumer portal. This places the liability on the property owner and not the installer. It should be made clear on any self-declaration form that any false statements or declarations would be treated as a criminal offence to the property owner.

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.

Using EPC stored information from a database can be a crude tool, as improvements to properties may have been made since the last EPC assessment was conducted. This could lead to properties being excluded from the Grant scheme, when they now qualify if just using an API. It would be useful to provide property owners with a chance to have a new EPC or to provide additional evidence that since the last EPC. If remedial work has occurred since the last rating assessment, could homeowners provide other documents to evidence they now have insulation in place e.g. invoice with property address and date, showing improvements made after the last EPC assessment.

However, MCS do agree that using an API to access the EPC information would be quicker and easier as opposed to a homeowner/installer having to manually share the EPC document with Ofgem.

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

The consultation document does state that applications may be made for properties which have loft or cavity wall insulation recommendations, as long as the insulation is installed before the voucher is redeemed. However, if there is a delay and insulation is not installed prior to commissioning or there are difficulties in booking an EPC assessment, it could mean that voucher redemptions are delayed and they could fall out of the three-month window for an Air Source Heat Pump voucher redemption period. Such delays could result in installers not being paid in a timely fashion for works completed in good faith. Timely payment issues was one of the main criticisms of the Green Homes Grant Voucher Scheme (GHGVS).

Although the plan will be to evidence this at the voucher redemption stage through a new EPC with no loft or cavity wall insulation recommendations, it must be made clear this is the responsibility of the homeowner and needs to be evidenced by them. It should not form a barrier to payment to often small installer companies whose cashflow is paramount to their survival. There is also the issue of who will source the evidence of a new EPC or insulation improvements and again if delays occur, what protections are in place for installers. MCS would suggest that new EPC proof and evidence lies with the property owner and not the installer and should be provided directly to Ofgem via a consumer portal but not delay payment to the installer.

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

MCS support the criteria for low carbon heating systems which are clear and highlight the need for MCS Certification and for the relevant equipment to be listed on the Product Eligibility List (PEL), which should reflect the MCS MID. Lessons should also be learnt from previous schemes such as the GHGVS, in which the application 'Sightline' where installers were required to provide evidence on the installation was difficult to use and many installers experienced technical issues.

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.

In the Consultation, there is a requirement for installers to submit supporting evidence to Ofgem as part of their application, to demonstrate that a property is connected to the gas grid. A simple tick box on a form would be sufficient to confirm the property is connected to the gas grid and that the property owner should provide evidence of a gas connection (gas metre or previous bill) to the installer as proof, but a simple tick box form should be all that an installer should provide to Ofgem.

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.

There is no proposal in the consultation document on this process or definition or link to a definition of what a rural area constitutes and how this could be assessed by Ofgem or an installer, some rural villages are very large and this may create confusion as to what constitutes a rural area? If there is a standard definition then this needs to be referenced.

As this is only a requirement for biomass specific installations it should not be a requirement for heat pump applications, so there should be no requirement for the installer to provide evidence that a property is located in a rural area.

Consideration should be given to an electronic link to the government's 'rural urban classification', as held by the Office for National Statistics to help define rural in this context.

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.

MCS agrees with heating units being new and that no second-hand systems should be installed.

This complies with the MCS-001 Standard which specifies that products and materials installed shall be new and not previously used (https://mcscertified.com/wp-content/uploads/2021/10/MCS-001-1-Issue-4.2_Final.pdf)

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.

Yes. MCS agrees that the signatory should be at Company Secretary, Director level or above and that additional users can be set up for an account. The 'authorised signature' system also needs to be flexible enough to recognise sole traders or other structures that small business may have.

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.

MCS agrees with the user permissions as outlined in the consultation. As stated in the consultation, users granted voucher application permissions will have the ability to submit new voucher applications, edit existing applications and respond to queries in respect of submitted applications. They will also be able to reapply if a voucher expires, cancel an application/voucher and redeem an issued voucher on commissioning of an installation. Users granted user management permission will have the ability to add and remove additional users from the account. They will also be able to set permissions for new users and update permissions for existing users. Those who are granted account management permissions will have the ability to update key information about the company, e.g. bank details, MCS number, business address.

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?

A simple one-page check list form confirming eligibility for the property and a name address, postcode and signature for the homeowner and the installer should be sufficient proof as to the consultation process and assurance from the homeowner about a voucher application.

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

See response to Question 13 that MCS agree with consent and a simple signature from the homeowner, with name, address and postcode as a confirmation process. MCS have concerns over section 2.7 on page 16 of the consultation document, which describes the proposal for installers being required to collect similar evidence to that requested under the Domestic Renewable Heat Incentive (DRHI). Namely, title deeds, DIY VAT refund from HMRC or invoices. You also state you will accept council tax bills and this is to be gathered via installers. The consultation also states that property owners should provide the required evidence to the installer, who will then supply this evidence to Ofgem.

MCS would foresee that some property owners may be reluctant to share this personal information, VAT receipts, title deeds or HMRC invoices with installers. There are also data protection and GDPR issues, with data being passed to an installer and then on to a third party e.g. Ofgem and if appropriate permissions and consent forms are part of the process. MCS would suggest that a consumer portal is part of the voucher application process for consumers to upload and provide such evidence directly to Ofgem.

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

While an installer is visiting the property and making an assessment, it would seem more streamlined to gain owner consent at this point in the process, to limit the time taken during the application process and reduce the follow up time required by installers. In the consultation, Ofgem intend to make a payment to the installer for the amount associated with the redeemed voucher within a week of the notification that the application has been successful. It should be made clearer whether a week refers to 5 working days.

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

In the consultation, Ofgem will be required to determine grant applications in the order they are received and will not be able to issue a BUS voucher were doing so would exceed the budget allocation for that financial year (or that quarter if a quarterly budget allocation is in place). There could be issues with over-subscription for vouchers and related payments, as this is a three-year scheme with BEIS and the Treasury confirming that only £150 million will be allocated each year for the three-year scheme duration.

If the maximum limit of spend is exceeded or has been reached in a single year, would contractors be reimbursed for assessments, site visits, evidence gathering and the voucher application process? If the annual funding allocation is reached before the end of a financial year, would those applications received after the funding allocation has been reached be carried over to the following financial year in the order they were received, or would the process start again?

It is worth confirming what communication will take place and to whom when this allocation has been reached (Quarterly or yearly). We have seen huge public interest in the Green Homes Grant Voucher Scheme and many people left disappointed as they were unable to secure an installation before the closure of Scheme. It is therefore worthwhile having a clear policy in advance to demonstrate how Voucher applications and consumer interest can be managed, and if voucher applications can be carried over to the following financial year/quarter depending on the agreed approach.

While the BUS is a welcome government incentive, one of the main concerns raised by MCS certified installers during the initial Clean Heat Grant consultation was in relation to over-subscription of the limited funding available, and what this might do to the delivery of an installer's order books and therefore cashflow, towards the end of year if that year's

funding has been exhausted. Clear communications are therefore essential as the funding limit is reached.

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

MCS supports the issuing of vouchers, but lessons must be learnt from the Green Homes Grant Voucher Scheme process and the processes involved must be simplified, guarantee quick payments, within five working days to installers. The previous delays in payments with the GHGVS led to some installers and contractors being left out of pocket for completed work for long periods of time, which ultimately led to some companies going out of business. Also, with the GHGVS, delays in vouchers being issued to consumers created a backlog of orders for installers, which impacted on diary planning, work force and stock control.

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

MCS broadly agrees with some of the proposed approaches, but not with others. The burden of proof and evidence collecting all falls to the installer, rather than the householder and the installer would be the person making the application. The administration and time required to gather the level of proof required would be time consuming and impact on small businesses. MCS would support a self-declaration form from the householder to the installer, who can check requirements and then confirm those on the same form (online/paper check).

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

MCS support the proposed payment cycles, ensuring that a system for regular payments are made as part of the Scheme and that installers experience no delays in payment. MCS believe that there should be a commitment by Ofgem to make a payment to the installer for the amount associated with the redeemed voucher, within five working days of the notification that the application has been successful.

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.

MCS supports a process of informing homeowners as to the possibility of audits and feel this should be made clear in the application process for householders. Ofgem should ensure of what would be included in an audit and the process and communicate this to the homeowner, so that they know what to expect if this were to occur. This may also help reduce the potential for fraud. It should be the responsibility of Ofgem, throughout the application process, that this is included on all paperwork and can be repeated by installers that an audit could be conducted to check the quality of the installation (to ensure the message is reinforced across all channels). MCS would want to amplify this message to our base of certified installers.

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

MCS supports the government ambition to ensure grants are only paid as a result of high-quality installations and that procedures are in place to resolve issues quickly with supported installations, and that failure to carry out corrective action within a specified time frame could result in payments being withheld. It should be noted that MCS and our partner Certification Bodies, do conduct MCS Standards related compliance audits.

We hope any scheme would work with installers and withholding payments is a last resort approach.

22. Do you agree or disagree with our proposed administration of offsetting payments and requiring repayments? If you disagree, please say why.

In the consultation document, Ofgem has the power to withhold grant payments during an investigation into an installer or in the case of non-compliance of an installer. One or more grant payments which would otherwise be payable may be withheld. We hope any investigation will be swift to provide clarity. If Ofgem decides to withhold a payment, it must send a notice to the installer specifying why this is the case and what steps the installer must take to rectify the situation or support an investigation. A time frame for resolution should be introduced and the impacts of further sanctions should be clearly indicated to an installer and support the right of review by an installer.

Ofgem's proposed process in this regard, offers an opportunity to involve MCS as the installer's certification scheme owner. If evidence of non-compliant installations through BUS were to be shared with MCS, this could result in the suspension of an installer's MCS certification, restricting their ability to raise MCS certificates until an installation(s) has been brought back into compliance, and as a result, restrict their access to further voucher applications.

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

MCS supports the right of an installer to request a review of decisions made to reject voucher applications by Ofgem.

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.

The frequency of reporting for a new scheme is always difficult and MCS would recommend monthly in the first year of the scheme to monitor the demand, speed of application process, vouchers issued etc to help predict future demands in the following voucher application periods. It would also be useful to record any issues arising for the Voucher application or approval process, to help improve the scheme as it moves forward and build in the flexibility to adapt processes and burdens of proof etc. It would also be useful to record the number of faulty installations and resolutions to gather evidence. The lack of reporting and communications with the GHGVS left many parties in the sector disconnected and unable to get a clear grasp on how the voucher redemption process was going, therefore lessons must be learnt and applied to the Boiler Upgrade scheme.

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?

In addition to reporting on the requirements in Question 24 it would also be useful to monitor the number of applications received and approved, broken down by technology type, budget ring fenced by applications, record any disputes, faulty installations, resolutions and number of actions being taken against companies, number of audits conducted. This would provide a clear indication of consumer interest, successful voucher redemption, number and type of applications and installations, and the number of complaints and those resolved.