

Consultation: Administration of the Boiler Upgrade Scheme

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Mitsubishi Electric Europe BV – UK Branch:

Contact: Robert Taylor – Product Manager [REDACTED]
Division: LES Residential Heating & Ventilation

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(*U.S. dollar amounts are translated from yen at the rate of ¥111=U.S.\$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2021.)

Submission Summary:

Mitsubishi Electric welcomes the launch of the Boiler Upgrade Scheme (BUS) in Spring 2022. We support Ofgem being named as the intended administrator of the BUS as this offers continuity with the domestic Renewable Heat Incentive.

We generally agree with Ofgem’s proposed two-stage application process but reiterate the need to simplify the scheme as far as is possible and minimise the administrative burden on installers. Provision of clear, simple, timely guidance from the administrator is requested.

Feedback and learnings from the Green Homes Grant (GHG) should be considered and appropriate actions implemented within a pro-active BUS administrative process. To generate confidence with cashflow, installers should not experience delay in voucher redemption - timely voucher payment and frequent payment cycles will be critical.

We agree that property owners must be informed about the possibility of audits during the application stage but believe that this responsibility should lie with Ofgem, not the installer.

Withholding payments, offsetting payments and requiring repayment should be supported with sufficient evidence to demonstrate that it is necessary.

Published monthly reports are requested to offer continuity with other schemes and assist demand analysis as well as overall scheme review.

Submission Answers:

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

We agree with the proposed approach to evidencing existing heating systems.

It should be both a quick and a simple process for installers to confirm that the existing heating system is as described by the EPC.

- 2. Q: 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.**

We broadly agree with 'installers' being the party to provide evidence to Ofgem regarding custom-build properties.

However, given the update of MIS3005 from MIS3005 v5.0 to MIS3005-D & MIS3005-I, consideration should be given to the definition of 'installer'; especially with reference to potential 'Umbrella Schemes'.

- 3. Q: Is there any other evidence we should request to prove that properties are custom-build?**

No; continuity of evidence as requested under the domestic Renewable Heat Incentive should aid and simplify scheme transition in this specific area.

- 4. Q: Do you agree or disagree with the proposed approach to evidencing that a property is not social housing? If you disagree, please say why.**

In principle, we agree that with the proposed approach of asking installers to confirm that the property is not social housing. However, to minimise any burden to installers, our agreement is subject to the provision of clear and simple guidance, via the administrator, regarding the classification of social housing.

- 5. Q: 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 use of an API should enable a simple and efficient process.

Any API expense (for example development, testing, validation and implementation) should be considered against the intended process benefit.

If an inaccuracy in an EPC can be evidenced, (for example provision of an invoice which states the property address; date and installation of loft insulation against the properties EPC which states that loft insulation is absent) this should be considered such that updated and/or corrected information is reviewed.

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

We agree with the approach to administering insulation exemptions.

Continuity with the domestic Renewable Heat Incentive should aid and simplify scheme transition in this specific area.

We welcome provision of letter templates as part of administrator guidance, as outlined in the consultation.

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

A minimum Seasonal Coefficient of Performance (SCOP) rating for scheme eligibility purposes should be understood to be different from an aspirational (higher) SCOP rating for efficiency purposes i.e. SCOP 2.8 should not be viewed as a default target figure.

- 8. Q: 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.**

No comment.

- 9. Q: 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.**

No comment.

- 10. Q: 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.**

We agree that a heat pump unit / compressor must be new as opposed to used/second-hand.

- 11. Q: 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.**

We agree that the 'authorised signatory' for business accounts should be an individual with legal authority to represent the organisation.

The 'authorised signatory' for sole traders should be identified, where relevant.

- 12. Q: 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 sets of user permissions, based upon an 'authorised signatory' retaining overall responsibility for the account and the accuracy and veracity of the information provided by additional user on behalf of the organisation.

This should allow for efficient voucher application and holistic BUS account management.

- 13. Q: 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?**

No; other information contained on the quote should not be collected for the purposes of assurance that the property owner has been consulted and reducing speculative applications. To do so is likely to increase the overall administrative burden and reduce scheme simplicity.

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

We agree with the proposed approach to obtaining evidence of property owner consent. To give consent online, on GOV.UK, by clicking a custom link in an email sent by the administrator should provide simplicity for most property owners.

We also welcome provision of an offline route for confirming property owner consent.

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

The proposed 7-day period should be defined to clarify whether this is 7 calendar days or 7 working days.

7 days seems a reasonable time-period for a property owner to provide consent either online or via phone.

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

We do not believe there is any additional information that necessarily needs to be included in the boiler upgrade voucher notification.

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

We agree with the proposed approach to issuing vouchers.

The issuing of vouchers should be a simple and efficient process, with consideration of feedback and learnings from the Green Homes Grant. A pro-active administration approach (for example provision of prompts and supporting guidance regarding required application evidence) could be beneficial.

18. Q: 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 proposed approach to administering applications for voucher redemption.

We support the use of an API to reduce the information installers must provide to the administrator directly as this should reduce the administrative burden on installers.

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

We agree with weekly payment cycles. This represents a payment cycle that, in the main, should suffice regarding installer cashflow.

However, consideration should be given to feedback and learnings from the Green Homes Grant and importantly - installers should not experience delay in voucher redemption.

Timely voucher payment and frequent payment cycles will be critical.

- 20. Q: 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.**

We disagree that installers should hold the responsibility to inform property owners about the possibility of audits at the application stage and to confirm this to Ofgem.

However, more generally, we do agree that property owners must be informed about the possibility of audits during the application stage. As proposed, this can be undertaken by the administrator at the property owner consent confirmation stage.

Furthermore, general guidance and clarity of obligations (both at application and in-use stages) is welcomed via the administrator.

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

In principle, we agree with the proposed administration of withholding payments to ensure that grants are paid only to high-quality installations. However, agreement is based upon i) a requirement for sufficient evidence to demonstrate that withholding payment is necessary; ii) a notice to be sent to the installer specifying why this is the case and steps the installer must take to rectify the situation or support an investigation. Furthermore, a pro-active administration approach (support and/or guidance) may assist in deferring the need to withhold payments.

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

Where it can be proved to be required, we agree with the proposed administration of offsetting payments and requiring repayments. We note the administrator position that offsetting will be administratively simpler than requiring repayment for all cases, based upon their experience administering other schemes.

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

We believe that the right of review is paramount. The proposal is for a review to be undertaken by someone within the administrator who was not involved in the original decision. Whilst this may offer simplicity to administration of the scheme, it could perhaps be seen as a biased position.

- 24. Q: How frequently would you like Ofgem to publish reports on vouchers issued and available budget? Please provide a frequency and your reasoning behind it.**

We request reports be published monthly. We also request reports be issued within the following month - e.g. Apr report received before end of May. This frequency of reporting would offer continuity with other schemes. Monthly reporting would enable relatively granular demand analysis and assist overall scheme review.

- 25. Q: 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?**

Quantity/value of voucher applications (by technology type).

Quantity/value of vouchers issued (by technology type).

Quantity/value of voucher redemption applications (by technology type).

Quantity/value of grants paid (by technology type).

Quantity/value of heating units replaced (by technology type).

Quantity/value of installations (by market sector).

Value of available budget (by quarter).

Quantity of investigations (by issue type).

Quantity of non-compliances (by issue type).

Quantity of audits (by issue type).

Quantity of resolutions (by issue type).