

**CONSULTATION BY THE OFFICE OF GAS AND ELECTRICITY
MARKETS (OFGEM):**

**MCS EQUIVALENCE FOR THE DOMESTIC RENEWABLE HEAT
INCENTIVE (PART 1)**

SCOTTISH GOVERNMENT RESPONSE

MAY 2015

αβχδεφγηιφ

The Scottish Government remains supportive of the domestic Renewable Heat Incentive (RHI) and we recognise it's potential to make an important contribution to our climate change and energy efficiency goals. We welcome the opportunity to provide comment to Ofgem's consultation on MCS equivalence for the domestic RHI.

We have the following comments to make:

GUIDING PRINCIPLES

Question 4.2

Do you have any comments on the principles outlined in this section, such as suggestions to make them more appropriate?

The Scottish Government would recognise that principle “**scheme specific requirements and outcomes**” at paragraph 4.4(e) is most important. From a spatial planning perspective the resultant conditions for neighbours and appearance of place should not differ noticeably across the schemes. The reason for this is that the MCS standards or equivalent also filter down into permitted development rights for spatial planning purposes, those permitted development rights are given on the understanding that the outcomes of the development are generally acceptable in planning terms. If there are noticeable differences in outcomes between MCS and the equivalent schemes then the permitted development rights may not be providing sufficient safeguards. The term ‘noticeable’ deliberately rather than significant because, in particular for noise impacts but the principle applies elsewhere, the cumulative impact of smaller changes can build up over time and place to have a significantly detrimental impact.

INITIAL PROPOSALS

Question 5.1

Do you agree with our proposals on MCS equivalence criteria?

The Scottish Government considers that the equivalence criteria should be clear that some of the protections put in place are for off-site benefits, such as protecting neighbours from unacceptable operational noise of the plant.

Consumer Code of Conduct is an area of extreme importance for any scheme, and at least the same level of standards and outcomes that are in place for MCS should apply for an equivalent scheme.

Question 5.2

What additional criteria, if any, do you suggest should be considered?

Paragraph 5.9(d) introduces the link with permitted development rights within the planning system. The Scottish Government would suggest that an additional standard to ensure that the noise standard for air source heat pumps is the same, rather than similar, across the standards. This is to ensure that neighbours are

protected from unacceptable noise levels to the same degree across the range of MCS and equivalent standards.

SCHEME CRITERIA ASSESSMENT

Question 6.3

Are there any other aspects relating to the assessment of an alternative scheme's claim to MCS equivalence that you feel we should consider?

Paragraph 6.3 identifies special considerations where the outcomes of MCS need to be the same for the equivalent standards. The Scottish Government would recommend that an additional criteria should be introduced here to make sure that the planning system outcomes are the same, through making a link with MCS 020 planning standards.

Question 6.5

What ongoing evaluation of an equivalent scheme do you think is needed and how often?

Paragraph 6.8 suggests that equivalence realignment following a review of MCS standards should be undertaken within a reasonable timeframe. Assuming the revision to MCS standards is not a surprise a reasonable time frame would be a maximum of three months, which allows for any lag in standards development within the equivalent standards compared with the starting point for review of the MCS standards.

Question 6.6

Are there any additional points that you wish to make?

For the standards realignment following review of MCS, there needs to be close working between MCS and the equivalent standards. There should be specific penalties for not realigning to the revised MCS standards, which simply should be that the equivalence certification no longer applies. The consultation does not mention if the certification process as an equivalent standard will have to be undertaken again in full for the realigned equivalent standards following revisions to MCS. Full re-certification may be excessive but a formal process and sign off of the revision as a minimum would be proportionate.

Scottish Government

22 MAY 2015