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Stage 2 consultation on MCS equivalence for the Domestic Renewable Heat Incentive Scheme

Consultation

Publication date: 02/12/2015

Response deadline: 03/02/2016

Team: Domestic RHI

Email: DRHIconsultation@ofgem.gov.uk

Overview:

The Domestic RHI Regulations require scheme applicants to present evidence of compliance with installation standards. For competition purposes, this can be from either the Microgeneration Certification Scheme (MCS), or an equivalent certification scheme. Within the Regulations the methodology for determining an equivalent scheme is not defined.

Therefore, the purpose of this second consultation stage is to follow on from the consultation that we ran in early 2015. In this stage we set out how Ofgem intends to assess equivalency to MCS based on the revised criteria in Appendix 1 that we consulted upon in Stage 1.

It also addresses the technical difficulties arising from reference to the EN ISO/IEC standards (the community standards for product certification) in the Domestic RHI Regulations.

This consultation is for anyone with an interest in the assessment of schemes equivalent to MCS for the purpose of Domestic RHI eligibility.

Associated documents

The full Domestic RHI scheme requirements are set out in the Regulations:

Domestic Renewable Heat Incentive Scheme Regulations (2014):
www.legislation.gov.uk/uksi/2014/928/made

The Domestic Renewable Heat Incentive Scheme (Amendment) Regulations (2015):
www.legislation.gov.uk/uksi/2015/143/contents/made

The Renewable Heat Incentive Scheme and Domestic Renewable Heat Incentive Scheme (Amendment) Regulations 2015:
www.legislation.gov.uk/uksi/2015/145/contents/made

The Renewable Heat Incentive Scheme and Domestic Renewable Heat Incentive Scheme (Amendment) (No. 2) Regulations 2015:
www.legislation.gov.uk/uksi/2015/1459/contents/made

The guidance material published by Ofgem on our website provides an insight into the application process and the information we require to be provided by applicants.

Ofgem DRHI website:
www.ofgem.gov.uk/environmental-programmes/domestic-renewable-heat-incentive

Ofgem DRHI Stage 1 MCS equivalence consultation and consultation responses:
www.ofgem.gov.uk/publications-and-updates/consultation-mcs-equivalence-domestic-renewable-heat-incentive-scheme

Ofgem DRHI guidance:
www.ofgem.gov.uk/environmental-programmes/domestic-renewable-heat-incentive/about-domestic-rhi/guides-and-videos-domestic-renewable-heat-incentive

Other reading material is outlined below. This is not an exhaustive list but will help provide a good understanding of the key stakeholders and their respective roles and responsibilities in connection with the Domestic RHI.

Department of Energy and Climate Change's (DECC) website:
www.gov.uk/government/policies/increasing-the-use-of-low-carbon-technologies/supporting-pages/renewable-heat-incentive-rhi

Department of Energy and Climate Change's (DECC) RHI Policy Document:
www.gov.uk/government/consultations/renewable-heat-incentive-proposals-for-a-domestic-scheme

MCS website:
www.microgenerationcertification.org

MCS Standards:
www.microgenerationcertification.org/mcs-standards/mcs-standards

UKAS 'Applying for Accreditation' web page:
www.ukas.com/about-accreditation/apply-for-accreditation/Apply_for_Accreditation.asp

Contents

1. Executive summary

Ofgem is the scheme administrator for the Domestic Renewable Heat Incentive (RHI). During the application process, Ofgem relies on information provided to applicants by the Microgeneration Certification Scheme (MCS) as evidence of regulatory compliance.

This consultation, in conjunction with the previous one that closed in May 2015, will help Ofgem to ensure any application can meet the regulatory evidence required. This will be irrespective of whether the application is made using information from MCS's register or the register of a scheme recognised by Ofgem as equivalent.

Why do we need this consultation?

Domestic RHI Regulation 8 requires that an applicant's installed renewable heating system, referred to as the "plant", is installed in accordance with the relevant MCS Installation Standards (MIS), or equivalent standards.

MCS is a certification scheme, therefore we will be looking for any scheme claiming equivalence to MCS to also be a certification scheme. It must be capable of issuing certificates assuring that relevant installation standards have been complied with and containing the information we need to accredit applications made to the Domestic RHI scheme. A plant, installed by an MCS certified installer, is included on the MCS register and MCS issue a certificate that provides evidence to support applications to the Domestic RHI.

Any scheme claiming equivalence will need the ability to assure the installation services of their certified installers and should have access to a list of certified products, either through its own certification system or some other verifiable means.

Because of this, we require the ability to satisfy ourselves, through the assessment process we cover in Section 6, that a certification scheme claiming equivalence to MCS is capable of achieving equivalent outcomes to those of MCS.

The scope of this consultation therefore is to look at how we will undertake this assessment. We will not be looking at current MCS standards or requirements; we will only be looking at how to assess equivalence to these. We are consulting on MCS equivalence in two stages, outlined in Section 2.

Who should respond?

We ask for responses from anyone with an interest in schemes equivalent to MCS for the purpose of Domestic RHI eligibility. Details on how to respond and a full list of the questions in the consultation are set out in Section 7.

Unless marked confidential, all responses will be published by placing them in the Ofgem library and on our website at: www.ofgem.gov.uk/publications-and-updates/stage-2-consultation-mcs-equivalence-domestic-renewable-heat-incentive-scheme.

2. Background

The Domestic RHI is a government financial incentive designed to transform the domestic renewable heat market. It is available for households both off and on the gas grid and is intended to help the UK meet its 2020 renewable energy targets and reduce carbon emissions.

Since its launch on 9 April 2014, over 43,000 successful applications have been accredited and the number of new applications is increasing.

The Domestic Renewable Heat Incentive (RHI)

The Domestic RHI Regulations specifically refer to the Microgeneration Certification Scheme (MCS) or "equivalent". Equivalence was included in the Regulations because it is a requirement of the EU Energy Directive (2012). Ofgem must therefore be able to recognise when a certification scheme is equivalent to MCS.

If an applicant applies to the Domestic RHI using supporting evidence from a certification scheme claiming to be equivalent to MCS, Ofgem must be confident that the information provided demonstrates the same level of quality and assurance of outcome as those outcomes provided by applicants with an MCS certificate.

The certificate has a unique reference number that identifies the applicant's installed plant, and is issued by MCS when the plant is registered on the MCS register by the certified installer. We use the information on that certificate and other data contained within the register as evidence that the requirements of Regulation 8, and other provisions, have been met. This enables us to accredit that application, assuming all other applicant eligibility conditions have been met.

Certification schemes

The role of a certification scheme is to certify that a product has passed performance and quality assurance tests, and meets specific standards.

The Domestic RHI Regulations specify that equivalent schemes must have accreditation against EN ISO/IEC standards (the community standards for product certification). These standards provide formal recognition that an organisation is competent to perform specific processes, activities, or tasks in a reliable, credible and accurate manner.

Stage 1 of our consultation on MCS key features

The first stage of our consultation was published on 20 March 2015. In it we asked for views on the process for developing a set of key features required for determining MCS equivalence, and the processes that we might use to assess them.

We received 13 responses and published our initial understanding of the points raised on 31 July 2015 (see Section 3 for further details).

Stage 2 of our consultation on achieving recognition of MCS equivalence

This stage of our consultation asks questions on the requirements and assessment processes for an equivalent scheme laid out in Section 5 and Section 6. These sections have been drafted in response to Stage 1 of our consultation and will serve as the basis for the final procedures and guidance that will be published in Spring 2016.

3. Results and findings from Stage 1 of our consultation

Ofgem received 13 detailed responses to Stage 1 of our consultation. We commented on these responses in an open letter which we published, along with the responses on our website on 31 July 2015 and they can be viewed at:

www.ofgem.gov.uk/publications-and-updates/consultation-mcs-equivalence-domestic-renewable-heat-incentive-scheme

Results and findings from Stage 1 of our consultation

During Stage 1, we asked about how the consultation was planned, and the key principles and features that an equivalent scheme would have.

There were a number of responses that provided opinions on the MCS scheme itself. These however are out of scope for the purposes of determining equivalence. Our comments and analysis of the responses are published alongside the responses themselves on our website.

Two issues were identified with the Regulations which are dealt with in Section 4.

We initially proposed a two stage consultation with the second stage having a four week window for responses. Feedback requested that this be extended, and we have extended the second stage consultation window to eight weeks.

We have revised the key features of an equivalent scheme that we proposed based on the responses we received. They can be found in Appendix 1 of this document.

4. Reference to the EN ISO/IEC 17065 standard in the Domestic RHI Regulations

In this section we detail the requirements of the Regulations in regard to EN ISO/IEC 17065 standards and explain what the implications of those requirements are in relation to determining Microgeneration Certification Scheme (MCS) equivalence.

How the Domestic RHI Regulations refer to MCS equivalence and EN ISO/IEC accreditation

Under the Domestic RHI Regulations there is a requirement for schemes not only to be equivalent to the MCS but also to be accredited under EN 45011 or EN ISO/IEC 17065.

Regulation 8(1)(b) states:

> *"(b) a scheme accredited under EN 45011 or EN ISO/IEC 17065:2012 as installed in accordance with the installation requirements applicable to the plant which apply under that scheme where—*
>
> *(i) that scheme is equivalent to the Microgeneration Certification Scheme; and*
>
> *(ii) the requirements are those which apply on the plant's first commissioning date and which are equivalent to the relevant installation standard."*

The Regulations' references to "certified installer" are worded similarly; the term "certified installer" is defined in Regulation 2 as:

> *"a person who is certified by the Microgeneration Certification Scheme or a scheme which is*
>
> *(a) equivalent to that scheme; and*
>
> *(b) accredited under EN 45011 or EN ISO/IEC 17065:2012."*

Why the Domestic RHI Regulations' references to EN ISO/IEC accreditation are problematic

In the responses to the first stage consultation some consultees observed that certification schemes cannot be accredited against the above standards. It is the conformity assessment bodies (certification bodies) that deliver certification services on behalf of the scheme and ensure installations are accredited to these standards, not the scheme itself. Therefore compliance with the wording in the current Regulations is not technically possible.

The implications of the EN ISO/IEC requirements

Following discussion with the Department of Energy and Climate Change (DECC), we will continue to develop assessment criteria and methodology for recognising MCS equivalence for the Domestic RHI.

Once we have published a working assessment methodology, any scheme claiming to be equivalent to MCS for Domestic RHI purposes could be assessed by us.

We wish to make clear that unless and until DECC amends the Domestic RHI Regulations to correct the references to EN ISO/IEC 17065 accreditation, it will not be lawful, for the purposes of regulation 8(1)(b) of those Regulations or the provisions in them referring to "certified installer", for a scheme other than MCS to be utilised, even if it is established that the scheme is "equivalent".

However, in order to be prepared for any approach by a Domestic RHI scheme applicant, or a scheme claiming equivalence, we believe it is in the best interest of all parties that we continue with our duty to take all steps necessary to be ready to assess a scheme.

5. Requirements for an equivalent scheme

This section sets out our proposed requirements for schemes that want us to assess their equivalence to the Microgeneration Certification Scheme (MCS).

The relationship between MCS, EN ISO/IEC 17065 and EN ISO/IEC 17067

MCS is a certification scheme for both microgeneration products and installation services. To assess a scheme for equivalence for the purposes of the Domestic RHI, Ofgem will first look at the scheme's characteristics and compare them with those of MCS. As a basic premise, the scheme will need to be a certification scheme (see definition in EN ISO/IEC 17065) for renewable heat technologies rather than for any other form of conformity assessment and certification activities.

We will review the scheme to determine:

- how it is structured
- how it is operated and governed
- the standards it uses and requires its members to follow
- how it satisfies itself on matters such as installer competency
- how consumer protection is achieved.

When considering how a scheme claiming to be equivalent is structured, the standards we will assess against are:

- EN ISO/IEC 17065:2012 - *Conformity assessment and the requirements for bodies certifying products, processes and services*.

- EN ISO/IEC 17067:2013 (formally EN ISO/IEC Guide 67) - *Fundamentals of product certification that provides guidelines for understanding, developing, operating or maintaining certification schemes for products, processes and services*.

  MCS was established under these guidelines and provides scheme rules through certification scheme type 5 product conformity assessment. This is set out in EN ISO/IEC 17067:2013 - *'type test plus periodic assessment of production process and/or audit of management system plus periodic testing of products from point of production and/or the market'*.

A scheme claiming to be equivalent must use these as the guiding fundamentals for its establishment. Conforming with EN ISO/IEC 17065 and EN ISO/IEC 17067 is a prerequisite for any scheme seeking recognition as equivalent to MCS by us. This means the scheme must:

- demonstrably adhere to the 'fundamentals' of a certification scheme as defined in EN ISO/IEC 17067; and
- offer certification services through accredited EN ISO/IEC 17065 certification bodies.

We will also assess against other essential requirements of MCS that an equivalent scheme will need to provide. For example, registration by installers with a consumer code recognised by the Chartered Trading Standards Institute, appropriate evidence of relevant technical competency by installers and associated certification standards and services (see Appendix 1 for a full list).

Although the MCS Installation Standards (MIS) are the only ones explicitly referred to in the Domestic RHI Regulations, other MCS standards and requirements are referenced within the MIS (demonstrated by, but not limited to, the examples provided in Appendix 3).

We will therefore look at a scheme's standards as a whole when assessing equivalence.

ISO/IEC 17065:2012

In the UK accreditation of conformity assessment bodies (commonly referred to as certification bodies) against EN ISO/IEC 17065 is the responsibility of the United Kingdom Accreditation Service (UKAS) (see Appendix 1 for full accreditation prerequisites).

From 1 September 2015 UKAS has required all certification bodies to have transitioned from EN 45011:1998 to ISO/IEC 17065:2012. We will only refer to EN ISO/IEC 17065 as the standard for certification body accreditation in this consultation.

When accrediting a certification body against EN ISO/IEC 17065 UKAS requires that "*there is a product certification scheme in place and that the requirements of this scheme are defined such that the operational requirements of EN ISO/IEC 17065 can be met*" and that the scheme is "*suitably robust to ensure consistent application*".

Therefore to achieve EN ISO/IEC 17065 accreditation, a certification body needs the associated scheme to have strong, well-developed processes, procedures and standards that ensure certification activities can be delivered in a consistent and impartial manner.

It is the responsibility of the certification scheme to develop and maintain the standards, processes, procedures, rules and other operational features for use by its certification bodies. The certification scheme is responsible for this within its Certification System, but should involve its certification bodies and other knowledgeable representatives from industry in this process.

Accreditation of certification bodies by equivalent national bodies to UKAS that are affiliated to the European co-operation for Accreditation (EA), or the International Laboratory Accreditation Cooperation (ILAC) are equally acceptable to us.

In these international standards, the term "product" can be read as "process" or "service", except in those instances where separate provisions are stated for "processes" or "services".

EN ISO/IEC 17067:2013

EN ISO/IEC 17067 describes the fundamentals of product certification and provides guidelines for product certification schemes. It outlines how such schemes can be structured and managed. It identifies common assessment techniques that are used as a basis for product certification, such as product testing, inspection and auditing.

It is designed to be used by any organisation that is setting up a certification scheme or confirming that their existing certification plan is well structured.

EN ISO/IEC 17067 is a companion document to EN ISO/IEC 17065, *"Conformity assessment – Requirements for bodies certifying products, processes and services."*

EN ISO/IEC 17067 identifies three key components of product certification schemes:

1. the certification system
2. the certification scheme
3. the scheme owner.

The difference between these three components is explained in table 1.

Table 1: The three key components of product certification schemes.

Certification system	Rules, procedure and management for carrying out certification
Certification scheme	A **certification system** related to specified products, to which the same specified requirements, specific rules and procedures apply
Scheme owner	Person or organisation responsible for developing and maintaining a specific **certification scheme**

The certification scheme

EN ISO/IEC 17067 explains that it is acceptable for a certification scheme with its certification system and associated certification body (or bodies) to be either:

1. fully integrated within one organisation [Model 1]; or
2. for the certification body (or bodies) to be external with their own management system [Model 2].

Either model can be used.

MCS operates using Model 2 where MCS contracts with certification bodies to deliver certification services on its behalf. The certification system, its standards, rules and governance remain within MCS but are shared with certification bodies to ensure consistency.

While EN ISO/IEC 17067 provides certification scheme fundamentals, it does not contain any requirements. It therefore cannot be used to accredit a scheme.

In its role as the national accreditation body, UKAS advises that, *"…UKAS may refer to the guidelines within ISO/IEC 17067 when assessing this requirement and when raising any subsequent findings against ISO/IEC 17065"*.

A more complete explanation is published on the UKAS website: www.ukas.com/services/Technical Bulletins/Relationship between ISOIEC 17065 and 17067.asp

Scheme owner

Scheme owner is defined by EN ISO/IEC 17067 as a person or organisation responsible for developing and maintaining a specific certification scheme.

We will require a person with appropriate authority to apply to us for recognition on behalf of a scheme. This person, or organisation, should be an authorised representative of the scheme owner which must be a legal entity.

Consultation Question 1: The scheme requirements	
1.a.	In your opinion, are the proposed scheme requirements [outlined in **Section 5**] sufficient to ensure that an equivalent scheme is set up appropriately? If not, please explain your answer.
1.b.	In your opinion, do the 'fundamentals' of a certification scheme as defined in EN ISO/IEC 17067 contain any requirements that are not necessary for equivalence to MCS? If so, please explain your answer and provide examples.

6. The assessment process

We propose a two part process to assess equivalence. This is so that we can be flexible in the way we undertake the assessment process. It allows a request for assessment to come either from a scheme prior to any installation so it can receive feedback on its internal processes and standards etc; or following an application to the Domestic RHI where the applicant is using a certificate provided by a scheme claiming equivalence.

Microgeneration Certification Scheme (MCS) equivalence assessment – Parts 1 and 2

Our two-part process for assessing scheme equivalence to MCS includes:

1. The first part will be an assessment of the scheme through the review of written evidence. This can be triggered either by an applicant submitting an application to the Domestic RHI or by the owner of a scheme claiming to be equivalent.

2. The second part will involve site audits of installations carried out by installers who are certified by the scheme.

An initial decision with regard to the equivalence of the scheme's structure will be made following the first part. Formal recognition of the scheme as equivalent would follow successful completion of the second part. **Figure 1** outlines the application process.

An independent assessment panel will be appointed to assist us with the review process. The Terms of Reference for and the make-up of the panel can be found in Appendix 2.

Consultation Question 2: The assessment panel	
2.a.	In your opinion, are the Terms of Reference for the assessment panel [outlined in **Appendix 2**] appropriate and sufficient? If not, please explain your answer.
2.b.	In your opinion what qualification, experience or organisational representation would suitably qualify someone to be a representative on this panel? Please explain your answer.

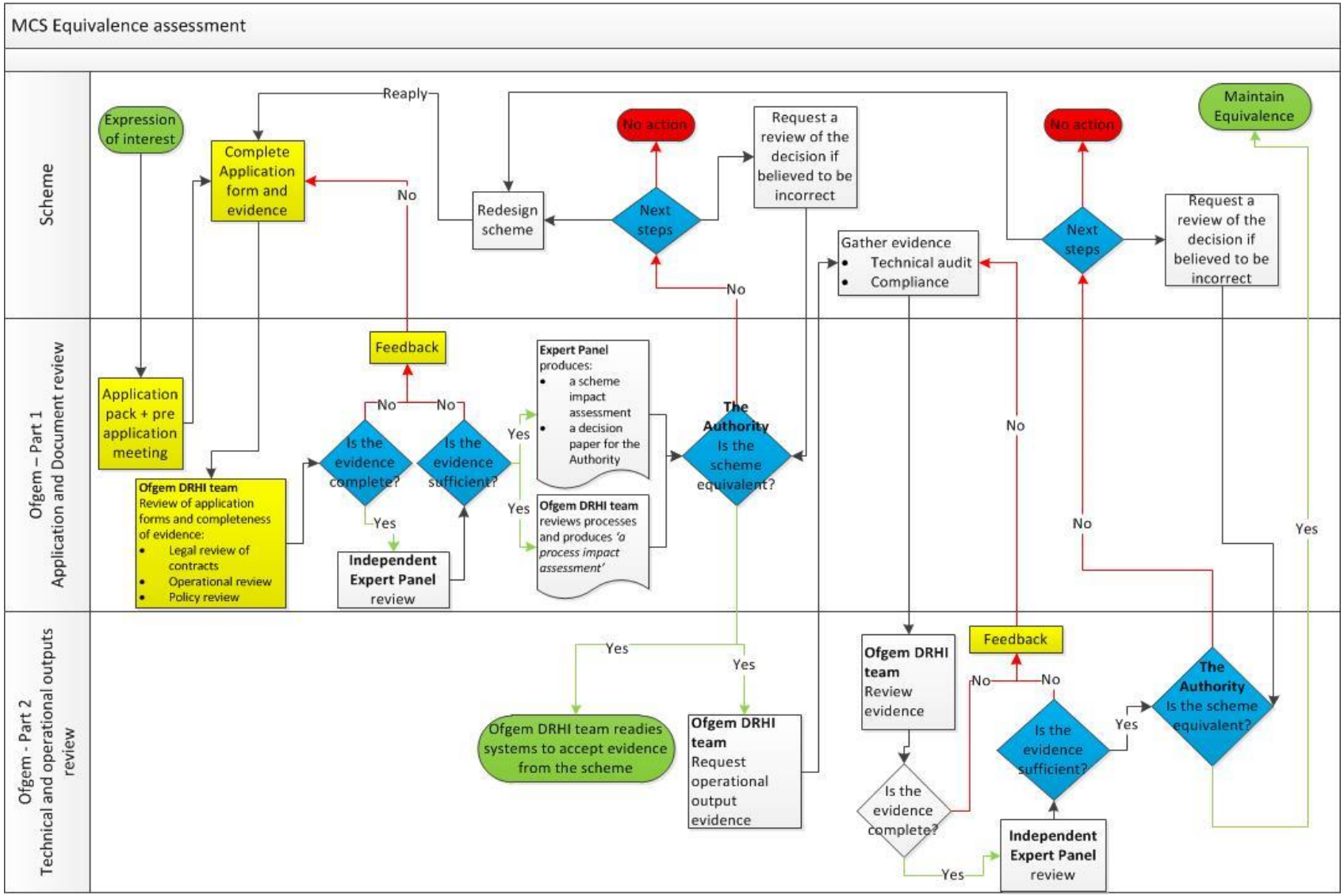


Figure 1: The equivalence assessment process

Part 1 equivalence assessment – assessment and document review

This part determines whether the scheme's structure and governance is considered equivalent to MCS by us.

This part of the assessment process can be triggered by either:

a) a Domestic RHI applicant making an application to us using a certificate by a scheme claiming equivalence to MCS (this would need to be a written application as our IT system would not presently be able to accept their supporting evidence); or

b) an owner of a certification scheme claiming equivalence to MCS.

In the case of a) we would not be able to continue processing their application without first assessing the certification scheme that has been used. We would require the applicant to provide us with the contact details of the certification scheme so that we could assess equivalency.

As a first step we would require the scheme owner to prepare the assessment paperwork for us to undertake our initial assessment of MCS equivalence.

The scheme owner will complete a form that will be developed as part of the guidance and other documentation following the close of this consultation. This will provide contact details and confirm the authorised representative of the scheme that will be our main point of contact.

We will then enter into the formal assessment process with the authorised representative of the scheme and will require a completed assessment of equivalence qualification questionnaire including:

- An overview of the scheme structure, the portfolio of renewable heat products and services it certifies and information as to how the scheme operates.
- A written explanation of the certification system provided by the scheme. This should include the rules, procedures and management for carrying out certification.
- Written details about the scheme's register of installers and plant, how it works and how it can be accessed by Ofgem and DECC when accrediting applications to the Domestic RHI and for ongoing reporting of performance.
- A copy of the certification body's accreditation certificate from UKAS.
- Copies of the written standards for the relevant products and services the scheme covers.
- Signed copies of contracts between the scheme owner and the certification bodies employed to deliver certification services (should these be separate organisations).

Certain MCS Installation Standards (MIS) are mentioned by name in the Domestic RHI Regulations (Regulation 8 – Certification requirements). Therefore we recommend the scheme owner pays particular attention to these as we will need to be satisfied these are equivalent to those published by MCS.

Two further MCS Standards - MCS 021 and MCS 024 - are explicitly referenced in the Domestic RHI Regulations. There can be no equivalent to these and therefore the scheme owner will need to demonstrate to us how their scheme incorporates both of these in their day-to-day operations and ensures their certified installers employ them when carrying out heat pump or solar thermal installations.

The key features we will examine can be found in Appendix 1 and we encourage scheme owners to read this.

An appointed assessment panel will review the submitted documentation against the relevant parts of MCS. Throughout this process we will liaise with the scheme owner to discuss any clarification needed and to ensure openness and transparency. The panel will make recommendations for consideration by the Authority (the Gas and Electricity Markets Authority), who will make the final decision.

This will be followed by assessment Part 2 where we will then look at the operational aspects of the scheme and determine if the outcomes are equivalent to MCS as well.

Part 2 equivalence assessment – Technical and operational outputs review

The scheme owner will provide their portfolio of certificated installations for which Domestic RHI applications have been made (by the domestic owner of those installations); from which we will select a representative sample for onsite technical audit.

The scheme owner must have a written agreement in place with the owner of these installations permitting us to review technical audits carried out by the scheme in conjunction with the audits that we will undertake.

The results of our audits, and those carried out by the scheme owner, will be reviewed by the assessment panel.

If the outcomes are satisfactory, the panel will provide recommendations, which the Authority will consider when making a decision.

In the event that the review is unsatisfactory, we will provide information to the scheme owner outlining areas where the scheme outputs do not meet the required equivalence levels. The scheme will have the opportunity to correct these shortfalls. This must happen within the timescales outlined in the Regulations for provision of supporting information for making an application.

The panel will review the evidence and make a recommendation to the Authority either that the scheme is now equivalent or that it has failed to demonstrate equivalence. In the latter case, the Authority may make the decision that applications made to the Domestic RHI by the scheme's customers are not eligible and therefore will be rejected. The scheme owner

would need to restart the scheme equivalence assessment process from the beginning again, having made such changes as required by the Authority. A scheme will be given every opportunity to correct any shortcomings throughout the process, before the panel is convened and the Authority makes its decision.

Assuming that we recognise a scheme as equivalent we will:

- publicise our decision
- complete our review of any applications to the Domestic RHI for renewable heat plant where the certificate is provided by the recognised equivalent scheme.

Ongoing maintenance of equivalence

Any recognised equivalent scheme will be required to maintain and demonstrate equivalence throughout its lifetime in order for scheme participants to remain accredited under the Domestic RHI.

Any standards that have been developed must be updated to maintain equivalence and remain in line with MCS standards as required.

Consultation Question 3: The assessment process	
3.a.	In your opinion, will the proposed assessment process [outlined in **Section 6**] enable Ofgem to robustly assess scheme equivalency to MCS? If not, please explain your answer.
3.b.	In your opinion, does the proposed assessment process [outlined in **Section 6**] contain any additional stages that are not necessary for assessing equivalence to MCS? If so, please explain your answer and provide examples.

7. How to respond to this consultation

We request that your responses to this consultation be in the form of answers to the questions collated in this section, so that we may correctly interpret them.

1. The scheme requirements

a. In your opinion, are the proposed scheme requirements [outlined in **Section 5**] sufficient to ensure that an equivalent scheme is set up appropriately? If not, please explain your answer.

b. In your opinion, do the 'fundamentals' of a certification scheme as defined in ISO/IEC 17067 contain any requirements that are not necessary for equivalence to MCS? If so, please explain your answer and provide examples.

2. The assessment panel

a. In your opinion, are the Terms of Reference for the assessment panel [outlined in **Appendix 2**] appropriate and sufficient? If not, please explain your answer.

b. In your opinion what qualification, experience or organisational representation would suitably qualify someone to be a representative on this panel? Please explain your answer.

3. The assessment process

a. In your opinion, will the proposed assessment process [outlined in **Section 6**] enable Ofgem to robustly assess scheme equivalency to MCS? If not, please explain your answer.

b. In your opinion, does the proposed assessment process [outlined in **Section 6**] contain any additional stages that are not necessary for assessing equivalence to MCS? If so, please explain your answer and provide examples.

How to respond

We welcome responses to the specific questions set out in this section of the consultation. Responses should be received by 03/02/2016 and should be sent to:

By email	By Post
DRHIconsultation@ofgem.gov.uk It would be helpful if responses could be submitted electronically.	**Domestic RHI Consultation** Ofgem, 9 Millbank, London, SW1P 3GE

Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website at: www.ofgem.gov.uk/publications-and-updates/stage-2-consultation-mcs-equivalence-domestic-renewable-heat-incentive-scheme.

Respondents who wish to have their responses remain confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. Respondents are asked to put any confidential material in the appendices to their responses. We will respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act (2000) or the Environmental Information Regulations (2004).

8. Our next steps

In this section we set out the process we will follow for this consultation.

High Level Time Plan

02 December 2015	Publication of our Stage 2 consultation on the proposed methodology for recognising equivalence.
January 2016	During January 2016 we will run two workshops in London (video conferencing available from our Glasgow office) and one workshop in Glasgow to discuss this consultation. Dates to be confirmed and published on our website. Please follow the link at the foot of this page and use the 'Notify Me' link to be kept up to date on workshop dates and other information.
03 February 2016	Consultation closes.
February 2016	Collate the responses, assess and compare comments, assemble a list of proposed process changes and amend our assessment processes as appropriate.
Spring 2016	Publish responses and feedback.
	Publish report of consultation responses and conclusions.
	Publish criteria and methodology for a scheme seeking recognition of equivalence by us.
	Publish our guidance, forms and assessment documentation.

The exact date for publication of our workshops, and ultimately our final criteria and assessment processes will be revised and updated on our website.

www.ofgem.gov.uk/publications-and-updates/stage-2-consultation-mcs-equivalence-domestic-renewable-heat-incentive-scheme

Appendices

Appendix 1 – Other equivalence scheme features

Appendix 2 – Terms of Reference for the independent assessment panel

Appendix 3 – Example of interconnectivity of MCS Standards

Appendix 4 – Feedback questionnaire

Appendix 1 – The key features of an equivalent certification scheme

Our first consultation sought to define the key features of a scheme claiming equivalence to MCS. We continue to believe understanding the values of MCS, its objectives and features will help people to not only see the tangible features better but also the rationale behind the requirements for a quality certification scheme.

Below we restate the minimum features that we expect to see when making a determination on certification scheme equivalence.

Prerequisites

There are prerequisites that all certification schemes must meet.

These include UKAS accreditation of the certification body (or bodies) employed by the scheme, or of that part of the scheme that will undertake certification activities. In order to meet the Domestic RHI Regulations' definitions for a "certified installer", "MCS register" and to comply with Regulation 8 certification requirements:

a) The scheme's certification bodies should be accredited against, and operate within the requirements of EN ISO/IEC 17065:2012. This would need to be achieved through accreditation by:

   i. the United Kingdom Accreditation Service (UKAS); or

   ii. an equivalent national body affiliated to the European co-operation for Accreditation (EA) and which is a signatory to the EA Multilateral Agreement (EA MLA); or

   iii. the International Laboratory Accreditation Cooperation (ILAC) and is a signatory to the ILAC Mutual Recognition Arrangement (often referred to as the ILAC Arrangement).

It should comply with its legal responsibilities under relevant European Union (EU) and UK single market and competition legislation such as notification requirements to the EU Technical Standards and Regulations Directive 98/34/EC.

Once the prerequisites have been achieved, we will be able to begin the assessment process for a scheme claiming equivalence to MCS.

Scheme values and objectives

Scheme Values - The key values an equivalent scheme should demonstrate through the features of its scheme are:

a) The facilitation and promotion of quality improvements in relation to:

i. the manufacture and installation of small scale, onsite renewable heat generation technologies

ii. consumer protection

iii. industry standards.

b) It should operate in a manner that does not create undue barriers to trade in the EU single market and internationally.

Scheme Objectives - A scheme claiming to be equivalent to MCS should demonstrate objectives that covers:

a) The development of written materials to support the understanding and knowledge of the scheme and how it operates.

b) The provision of appropriate audit and verification requirements to ensure the scheme is functioning within its requirements.

c) The provision of compliance reviews of installers and installations against standards with a complaints process to assist with disputes between installers and consumers.

d) The provision of liability protection for those involved in the delivery of the scheme and the standards that form part of it (currently MCS has a figure of £5 million and we would look for an equivalent amount).

e) The provision of clear requirements for competence that supports the development and upskilling of the installer organisations in meeting scheme and regulatory requirements.

High level scheme features

A scheme claiming equivalence to MCS and wanting to maintain that recognition must have features similar to those listed below. This is because they underpin the values and objectives above and are the foundation of an equivalent certification scheme.

1. Scheme governance

a) An equivalent scheme does not need to have exactly the same governance structure as MCS but it would need to demonstrate equally robust processes and follow commonly accepted principles of good governance. For example it would need to be able to demonstrate independence and impartiality.

b) The scheme should have plans in place to review its functions and governance.

c) The scheme should ensure that certification marks and brands are respected and their use provides confidence and trust in the delivery of microgeneration renewable heat solutions by consumers.

2. Scheme operation

a) It should employ formalised and published technical standards and administrative processes equivalent to those employed by MCS.

b) It should carry out regular, periodic analysis and review of the scheme's operations to ensure they remain equivalent to MCS in the areas relevant to the renewable heat technologies and installation standards mentioned in this consultation.

c) It should hold and maintain a register of certified products and installers and such details about each installed product such that information required can be provided to us when their customers apply to the Domestic RHI scheme.

d) It should provide an installation certificate using data held on the scheme's register. This should be relevant to the installation and record data including site, installer, product and installation details equivalent to MCS. These details, including any historical information using version control where certificates are amended, should be kept in the scheme's register.

e) It should manage and maintain a set of scheme standards and guidance documents that product manufacturers and installation companies are required to adhere to and be accountable for offering remedies should non-conformities occur.

f) It should maintain an audit and inspection programme so it can verify that the installed systems, and the scheme's certified installers and products, comply with relevant standards.

    i. This audit and inspection programme should be supported by appropriate and robust enforcement processes that have sufficient sanctions available to deter or deal with any occurrences of non-compliance.

g) It should be able to interact with Ofgem to enable data access and information sharing for the accreditation of applicants to the Domestic RHI scheme when and as required.

3. Product workmanship and quality

a) It should have a process to access, or develop and maintain, if certification is to be carried out within the scheme, product standards for all of the renewable heat technologies it proposes to cover. As a minimum, it should cover at least one of the four renewable heat technologies currently offered by MCS (for example solar thermal, biomass, air-source heat pumps or ground/water-source heat pumps.

b) It should have a similar process to certify products and verify the capabilities of these against the scheme's standards (which are equivalent to MCS relevant standards).

c) In addition to the requirement for the installation of a plant to be certified by MCS (or equivalent), the Domestic RHI Regulations specify particular product standards which must be met. This will also apply to applications in relation to plants certified by an equivalent scheme. You can find more information on this in Domestic RHI Regulations 4, 5, 6 and SCHEDULE 1.

4. Installer workmanship and competency

a) It should develop and maintain installer standards for the renewable heat technologies currently within the scope of MCS that are currently eligible for the Domestic RHI.

b) It should include the certification of installation companies and verify their competencies against the scheme's standards to a level equivalent to MCS.

5. Other areas

Some examples of areas that a scheme claiming equivalence to MCS would need to explain to us are:

a) Fees

b) Warranties

c) Structure

(i) operational management

(ii) standards management

(iii) technical working groups.

Equivalent scheme specific requirements

A scheme seeking to be assessed as equivalent to MCS by us will need to consider a number of deliverables that are accessible to the public and to Ofgem.

1. **Product and installation certification standards** – A certification scheme claiming equivalence will need to explain how they equate to MCS product and installer certification and standards including:

    a) **One or more of the following MCS product and installation certification standards**

        (i) biomass boilers and stoves – (MCS 008 and MIS 3004)

        (ii) air source heat pumps – (MCS 007 and MIS 3005)

        (iii) ground source heat pumps – (MCS 007, MIS 3005 and MCS 022)

        (iv) solar thermal – (MCS 004 and MIS 3001).

    b) **Other relevant scheme standards, guidance and certificate information needing a consistent methodology to determine are:**

        (i) the estimated annual heat generated by the certified plant

        (ii) whether the plant generating heat needs to be metered to meet the eligibility requirements of the Domestic RHI

        (iii) the Seasonal Performance Factor (SPF) for any plant generating heat using a heat pump.

    c) **Correct design and sizing** for solar thermal systems (equivalent to MCS 024) and a heat emitter guide for heat pumps (equivalent to MCS 021) are important features of an equivalent certification scheme. These will need to produce outcomes identical to MCS as they are specifically cited in the Domestic RHI Regulations, without reference to equivalence, and affect payments to applicants.

    d) **An overarching set of standards** that exist in MCS, which an equivalent scheme would need to address. They must cover installer certification (MCS 001), competency criteria for installers (MCS 025), 'permitted development' planning standards (MCS 020) and relevant, associated guidance documents covering metering, installation and sizing within the 45kW limits of microgeneration heat technologies as defined by the Energy Act (2008). All these exist today in MCS and an equivalent scheme would need to have similar documentation.

2. **Scheme register** – One area, as defined within the Domestic RHI Regulations, relates to the register of installers and plant which are certified under that scheme. An equivalent scheme should record this data and, in particular, it should:

    a) provide for the keeping of a register of all installers certified by the scheme under a unique reference number and identification publically of the type of plant that the installer's certification covers

b) provide for the keeping of a register of each plant type or model which is certified under the scheme under a unique reference number and accessibility of that register to the public

c) provide access to any information, to DECC and Ofgem as requested, on the scheme's register which may be relevant to the operation or running of the Domestic RHI.

Whilst not mandated in the Regulations, it is our strong preference that the register and transfer be electronic and automated.

3. **Production of installation certificates** (for one of more of the four renewable heat technologies covered by the Domestic RHI scheme) – An installation certificate should only be issued by an equivalent scheme in respect of installed plant that complies with all recognised standards that apply to that plant. The installer must be certified for the specific type of plant installed at the property for which the certificate is being issued. If the scheme's installation certificate does not include all the information necessary to demonstrate compliance with all relevant standards then a separate Compliance Certificate should provide the necessary evidence of compliance. In order to be recognised as equivalent a scheme should:

a) have the ability to provide an installation certificate, with a unique reference number, that records data including site, installer, product and installation details, date of commissioning, date the certificate was generated and version number in the event the certificate is ever modified or updated.

b) issue a certificate in respect of each plant installed which meets the requirements for the scheme.

c) include in the same certificate, or via a separate Compliance Certificate, evidence of compliance with relevant installation standards.

d) identify in the certificate by which one or more of the following the plant generates heat:

(i) biomass

(ii) ground (water) source heat pump

(iii) air source heat pump

(iv) solar thermal.

e) identify in the certificate the estimated annual heat generated by the plant determined under the methodology used by the recognised scheme.

f) identify in the certificate, in relation to any plant which is a heat pump, the Seasonal Performance Factor (SPF) for that plant installed as determined under the methodology used by the recognised scheme that is equivalent to MCS Heat Emitter Guide.

g) provide a copy of the certificate to the domestic property owner in which the plant was installed.

h) retain copies of all certificates issued by the scheme in a register of installations for examination as required.

i) issue a Compliance Certificate confirming all relevant standards have been met and detailing information about the certified plant installed that can be used to verify compliance with relevant standards.

4. **Consumer Codes of Conduct** – The scheme should require that its members sign up to a Code of Conduct, approved by the Chartered Trading Standards Institute.

5. **Professional Indemnity** – It should require installers to have appropriate indemnity arrangements in place directly, or via the consumer code, on behalf of its members activities and for the benefit of their customers covering:

a) sales activities;

b) contractual activities;

c) technical (design, installation, commissioning) activities; and

d) equipment performance against installation design specification.

Appendix 2 – Terms of reference for the assessment panel

Purpose of the assessment panel

To support Ofgem in our assessment of a scheme claiming to be equivalent to the Microgeneration Certification Scheme (MCS), we will appoint an assessment panel.

The expert panel will assess whether the proposed scheme will in their view:

- adequately cover the equivalence requirements set out by the Domestic RHI Regulations; and
- assess whether, in so doing, a scheme for which equivalence is claimed will achieve a standard of quality no lower than that achieved by MCS.

Make-up of the assessment panel

The panel will be appointed by Ofgem. The panel members will be independent and technically competent and conversant with the relevant Regulations. The knowledge and expertise of the panel will cover the following areas: legal; consumer protection; quality management systems; technical expertise across all of the key technology areas to be assessed. An Ofgem representative will also be included in the panel. This member will exert no influence on the panel but will be able to provide a feedback interface with the scheme owner on a pre-assessment basis.

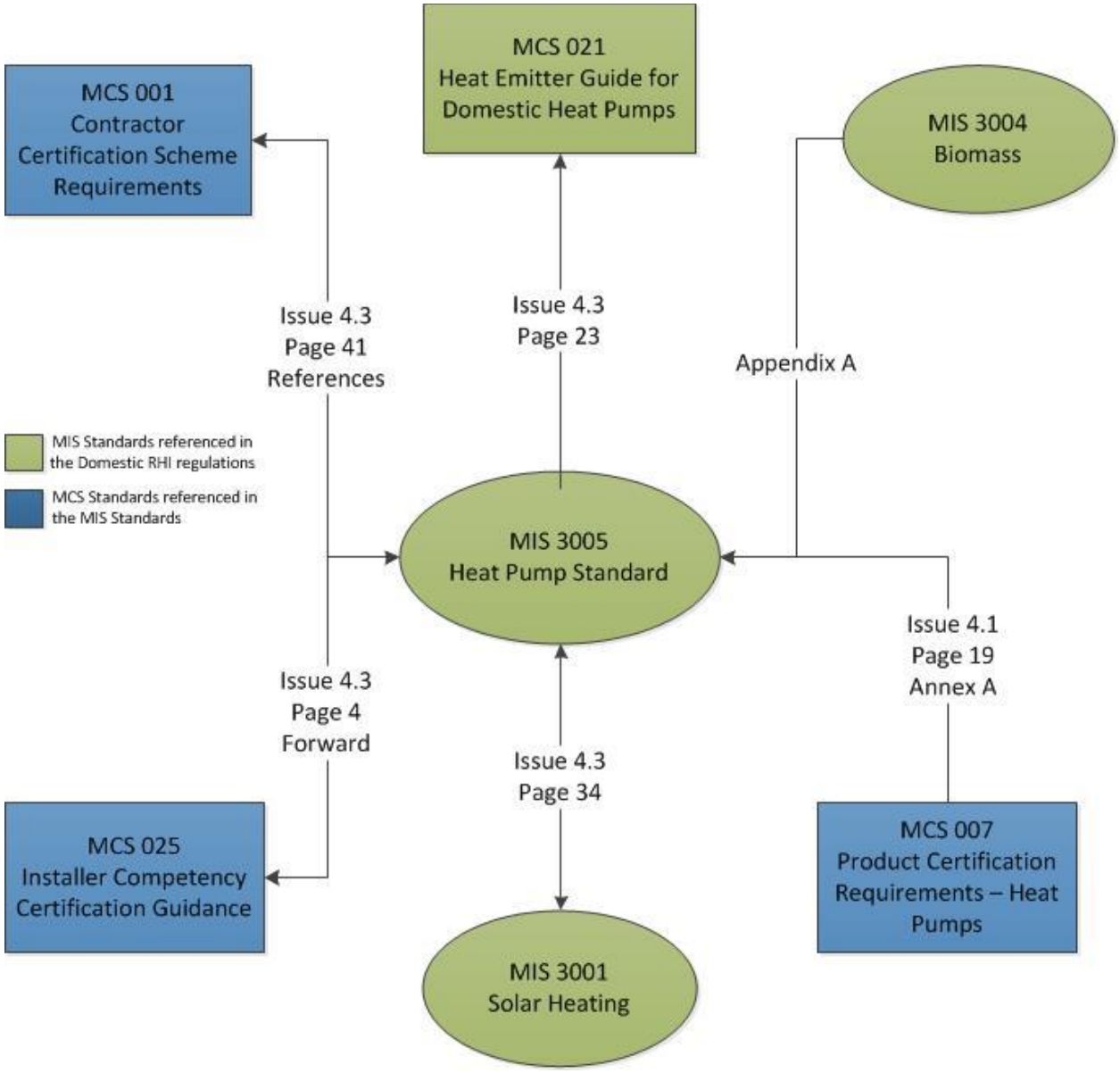
The panel will have a rotating Chairperson, appointed from within its membership. Recommendations will be made by consensus and the Secretariat function will be provided by Ofgem.

Recommendations will be made to the Authority who will consider them when making a determination of equivalence.

Roles and responsibilities of the assessment panel

- Review and assess applications from proposed schemes
    - Review applications / documentation / process
    - Review Standards against MCS Standards
    - Review application of the proposed Standards against MCS procedures
    - Review competence outcomes of proposed scheme
- Identify any deficiencies in terms of equivalence with MCS
- Reach a judgement as to suitability for application to the Domestic RHI
- Provide feedback initially through an Ofgem representative
- Provide ongoing feedback to the applicant via the Secretariat during the process on additional information needed. Ofgem will specify the format of any data required and will agree a timescale for delivery with the applicant.
- Provide feedback to support any decision – for or against with information about areas not achieving equivalence (gaps and failings)
- Involvement in any request to review the Authority's decision as required.
- Assess proof of ongoing maintenance of equivalence

Appendix 3 – Examples of interconnectivity between MCS Standards



This high level chart provides an example that illustrates the complex dependencies between different MCS Standards. It highlights one example of the embedded references to standards other than those explicitly listed in the Domestic RHI Regulations. These should be taken into account when developing equivalent standards.

Appendix 4 – Feedback questionnaire

This questionnaire is intended to capture feedback about the structure of the consultation, not responses to it. Any comment about MCS equivalence must be made in response to the questions collated in Section 7 of this document.

Ofgem considers that consultation is at the heart of good policy development. We're keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the consultation?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Please add any further comments?

Please send these comments to:

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