

PROTECTING CONSUMERS AND PROMOTING RENEWABLES

Welcome to the Autumn Newsletter

Dear RECC Member,

Welcome to the autumn edition of the Newsletter. The past month or two have seen quite a few Government policy announcements, the most relevant of which are summarised here.

Importantly, Government is committed to introducing a successor scheme to the Domestic RHI to be launched in April next year. You will also find details of the first 15 months of the Smart Export Guarantee. During the period 4,593 generators received a total of £114,480.37 for 2,568,810 kWh exported.

I hope to see some of you at Solar and Storage Live which is taking place in Birmingham NEC from 23 – 25 November. RECC has a stand there and will take part in three sessions. It's free to register, so do come by and see us.

Best wishes for a productive run-up to Christmas, Virginia Graham.



Government announces Boiler Upgrade Scheme to replace DRHI in 2022

As part of the Government's long-delayed Heat and Buildings Strategy package Government has announced that the Boiler Upgrade Scheme (BUS) will be launched in April 2022. Formerly referred to as the Clean Heat Grants scheme, the BUS will see consumers entitled to an upfront grant for £5,000 against the purchase and installation of an air source heat pump or a biomass boiler, and £6,000 against the purchase and installation of ground source heat pumps.

Virginia Graham, REAL Chief Executive, commented:

"RECC members will benefit from the continuity this new scheme offers them, following the closure of the Domestic RHI to new generators on 31 March 2022, and should now be able to scale up their installation rates. However, today's proposals of £450m in grants means just 90,000 heat pump installations over three years and leaves us a long way off the Prime Minister's ambition of 600,000 heat pump installations a year by 2028.

So long as the heat pumps are well designed and installed, and homes can be sufficiently insulated, this will help consumers to do the right thing for the environment in a cost-effective manner. However, consumer benefits will be limited until heat pumps become more affordable. Currently they cost far more than the grant being offered. Unfortunately, this means the new scheme risks only incentivising the most well-off households."

Government has confirmed that the Domestic RHI scheme will close on 31 March 2022, and has announced administrative changes to make running the scheme smoother during its remaining 7 years.

You can find more details here:
<https://www.gov.uk/government/consultations/domestic-renewable-heat-incentive-ensuring-a-stable-scheme>



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Details of New Boiler Upgrade Scheme

Eligibility

Supported systems will be limited to 45kWth capacity.

Heating systems in new build and social housing properties will not be eligible for the grants. Hybrid systems will not be supported, at least at the outset. Solar thermal may be part of an installation, but the associated heat pump or biomass boiler must be capable of providing all the heat and hot water requirements.

Running the scheme

Ofgem will administer the scheme. Installers taking part must be certified to MCS or the equivalent and must be members of a CTSI-approved Consumer Code. They do not need to be TrustMark members.

Energy efficiency

All eligible properties must have a valid EPC issued within the last 10 years. If the EPC has any outstanding recommendations for wall or loft insulation these measures must be completed at the same time as the installation, or the voucher will not be redeemed.

Vouchers

Vouchers will be issued in an installer-led, two-phase process. Consumers must have received a quotation before an installer can apply for a voucher.



Vouchers will be valid for 3 months for air source heat pumps and biomass boilers, and 6 months for ground source heat pumps. There will be no monthly quotas on the number of vouchers allocated, though there will be an annual limit. Vouchers that expire or are voided will be recycled.

Performance

All supported heat pumps must have a minimum seasonal coefficient of performance (SCOP) of 2.8. Installers will have to declare the SCOP on the Microgeneration Installation Database (MID) before the voucher can be redeemed. The in situ accuracy of the SCOP will be monitored.

Consumer protection

Government intends to work to mitigate fraud by carrying out pre-allocation and pre-redemption checks and has the power to order remedial actions to be taken where systems are found to be non-compliant.

You can find more information here: <https://www.gov.uk/government/consultations/future-support-for-low-carbon-heat>

Scotland launches Heat in Buildings Strategy

Scotland launched its own Heat in Buildings Strategy on 8 October.

At its heart, the Strategy has identified the significant contribution that heat pumps can make to Scotland's journey along the road to Net Zero GHG emissions by 2045.

An investment of at least £1.8bn is to be made over the course of the current Parliament to decarbonise the heating in one million Scottish homes by 2030, equating to 40% of occupied dwellings in Scotland.

Scotland now intends to legislate to phase out the installation of new or replacement fossil fuel boilers in off-gas properties from 2025, and in on-gas areas from 2030. Scotland is also developing regulations that will require all new buildings, for which a building warrant is applied for from 2024, to use zero

emissions heating.

You can find the Strategy here:

<https://tinyurl.com/5b8hzk4k>



REAL Chair receives CBE

Congratulations to REAL Chair Philip Sellwood who recently received a CBE.

This well-deserved honour recognises Philip's illustrious and varied career. For the past 10 years, he has been Chief Executive of Energy Saving Trust. Having stepped down last year, he now holds a number of influential Board positions.



RECC contributes to lenders' handbook on green home technologies



LENDER'S
HANDBOOK ON
GREEN HOME
RETROFIT AND
TECHNOLOGIES



RECC was one of the organisations working with the Green Finance Institute to produce a handbook for lenders considering funding homeowners who install green technologies, including small-scale renewable systems, in their homes.

The handbook provides a practical guide for financial institutions and others to understand the key energy efficiency, renewable heat and power generating and resiliency technologies currently available. It outlines the cost, carbon savings and overall benefits of each technology and also gives details of the main funding options, quality assurances and guarantees currently in place to protect customers.

The UK has 29 million homes which need to be decarbonised. Emma Harvey, programme director at the Green Finance Institute, said: "The

Handbook informs and empowers the finance sector to fund retrofit projects and develop new financial solutions to support their customers net-zero ambitions."

The handbook will be reviewed annually to ensure that the information it provides remains relevant as the sector evolves. Its publication is well-timed given the publication of the Heat and Buildings Strategy (see above).

You can read the handbook here: <https://www.greenfinanceinstitute.co.uk/lenders-handbook>

Ofgem publishes first Annual Report on Smart Export Guarantee

Ofgem has published the first Annual Report since the Smart Export Guarantee (SEG) was launched on 1 January 2020. It covers the 15 months to 31 March 2021. Under the SEG, eligible small-scale generators can sign up to one of the SEG tariffs and earn payments for each kilowatt hour (kWh) of electricity they exported to the grid.

The first fifteen months of the SEG saw a total of 4,593 generators sign up to one of the available tariffs. Collectively, they received payments of £114,480.37 and 2,568,810 kWh of low-carbon electricity was exported.

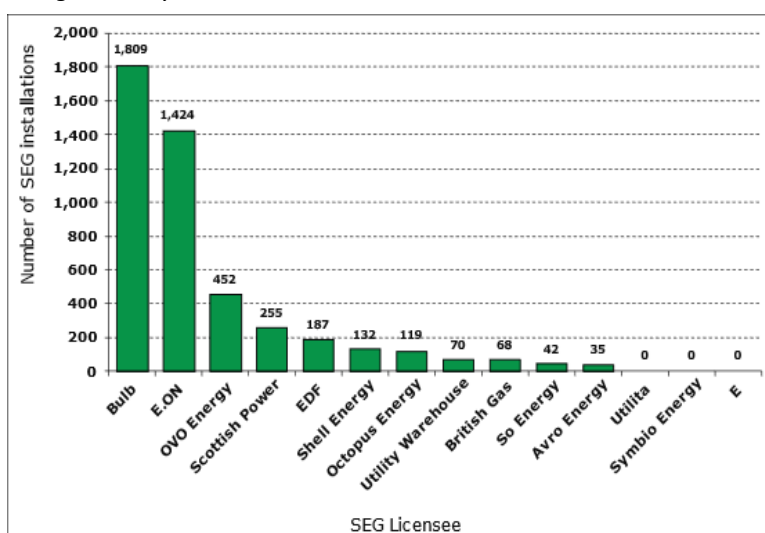
Solar PV made up approximately 99.98% of installations and capacity installed during the first year, exporting 2,567,211 kWh of low-carbon electricity to the National Grid. One micro-combined heat and power (micro-CHP) installation joined a SEG tariff; no wind, hydro or anaerobic digestion (AD) installations joined a SEG tariff in SEG Y1.

During the first year of its operation, there were a total of thirteen Mandatory SEG Licensees, who had a total of twenty tariffs on offer. Only one electricity supplier opted to become a Voluntary SEG Licensee, offering a single SEG tariff. One Licensee offered a higher tariff to customers who installed their solar PV panels by purchasing one of their solar packages. They were the only Licensee to apply conditions to qualify for a higher tariff. All SEG tariffs offered by Licensees offered a flat rate of return.

Not all registered generators received SEG payment(s) within the year. This could be due to their chosen SEG Licensee making payments in the second year. Other generators did not report any export. This could mean that they did not export any electricity to the grid, for example if they have battery storage, or it could be the result of them not being required to report their export during the relevant reporting period.

You can find the report here: <https://www.ofgem.gov.uk/publications/smart-export-guarantee-seg-annual-report-2020-21>

Graph showing the number of SEG installations registered by Licensee in Year 1:



NAO issues damning report on the Green Homes Grant Voucher Scheme

In a damning report the National Audit Office (NAO) has criticised the timetable for delivering the Green Homes Grant Voucher Scheme. It called it over-ambitious and said that the way the scheme was introduced did not meet an acceptable standard. It failed to create the number of jobs expected and to reduce carbon emissions by the levels predicted.

The scheme was run by the Department for Business, Energy and Industrial Strategy between September 2020 and March 2021 as part of the Government's "green recovery" from the COVID-19 pandemic. Homeowners could claim up to £5,000 for the installation of energy efficient improvements and those on low incomes could claim £10,000.

When the scheme was introduced the Department hoped that it would support 82,500 jobs over the six months it was operating and would help 600,000 households to save up to £600 on their energy bills. It set aside £1.5 billion to fund the scheme but spent only £314 million with £50.5 million being used for administration. That equates to £1,000 for each home being upgraded.

Current estimates are that only 47,500 homes will have benefitted from the scheme and only 5,600 jobs will have been created over the 12 months since it was introduced.

The NAO report highlighted the high level of complaints - over 3,000 - from homeowners and installers about the scheme. Homeowners found the application forms difficult to complete and there were serious delays in issuing digital vouchers for paying installers. There was no consultation with installers before the scheme was introduced so their concerns were not taken into account. Some were simply put off participating in the scheme because of its short duration and the costs involved in gaining accreditation.

You can read the report here:

<https://www.nao.org.uk/report/green-homes-grant/>



Consumer confidence knocked by scams during lockdown

An online survey carried out by YouGov on behalf of the Chartered Trading Standards Institute has revealed that over 2.6 million consumers (5% of adults in the UK) have been scammed since the outbreak of COVID -19 in March 2020.



The survey was conducted in August this year and asked the 2196 respondents to report on any fraudulent activity that aimed to steal money or information. Over 80% had received some scam communication mostly through a phone call, text message or email, with 2% (over 1 million adults) saying it had cost them over £500.

Another worrying aspect highlighted by the survey was that 56% of adults did not feel confident that current consumer protection laws were actually effective. Only 9% had reported a business, product or scam to Trading Standards Institutes companies or charities. Overall 34% felt more at risk of being exploited after the lockdown.

The majority (51%) of respondents felt that public services designed to protect consumers from scams were underfunded. CTSI Chief Executive John Herriman commented:

"The public needs more protection now than ever as a result of the long term economic and social consequences of COVID -19 and we feel obligated to raise the profile of the level of risk consumers are exposed to so that we can ensure the right level of protection is in place".

Solar & Storage Live

RECC has a stand at this year's Solar & Storage Live which will take place in Birmingham NEC on 23, 24 and 25 November.



Come and visit us there!

We will also be speaking in a number of slots at the event.

Register here: <https://www.terrapinn.com/exhibition/solar-storage-live/>