



Department for
Business, Energy
& Industrial Strategy

Combined Heat and Power Quality Assurance proposed temporary easements in response to the COVID-19 pandemic

Closing date: 29 January 2021



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Any enquiries regarding this publication should be sent to us at: CHPPolicy@beis.gov.uk

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General information

Why we are consulting

Following the nationwide COVID-19 lockdowns in 2020, the Government have been made aware that a number of Combined Heat and Power (CHP) plants, due to changes in their situation or lockdown restrictions, have not been operating as they would normally choose to. Changes to the way CHP Schemes are operated may impact the Quality Index (QI) or Power Efficiency calculations used in the Combined Heat and Power Quality Assurance (CHPQA) certification process, meaning the participants may be unable to qualify for all of the usual benefits and tax exemptions associated with CHPQA Good Quality certification.

The Government is seeking views on a potential temporary amendment to the CHPQA certification process which would allow affected participants, who can provide appropriate evidence on the impact of COVID-19, to choose to use 2019 operational data in place of their disrupted 2020 data for their 2021 certification. This would enable most impacted participants to potentially be eligible to claim benefits in 2021 upon receipt of sufficient evidence detailing the impact the COVID-19 lockdown had on the operation of their CHP plant.

Consultation details

Issued: 15 December 2020

Respond by: 29 January 2021

Enquiries to:

Email: CHPPolicy@beis.gov.uk

Consultation reference: Combined Heat and Power Quality Assurance proposed temporary easements in response to the COVID-19 pandemic

Audiences:

We are keen to hear from all stakeholders but in particular, CHP operators who may or may not have had their operations disrupted due to the COVID-19 lockdown.

Territorial extent:

UK

How to respond

Email to: CHPPolicy@beis.gov.uk

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the General Data Protection Regulation 2016, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

Quality assurance

This consultation has been carried out in accordance with the Government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: beis.bru@beis.gov.uk.

Background

The Combined Heat and Power Quality Assurance (CHPQA) programme has been the primary mechanism for supporting Good Quality¹ CHP since 2000. Certification of Good Quality CHP enables operators to be eligible to claim a variety of benefits including tax exemptions. The methodology, thresholds, and criteria for Good Quality certification is outlined in the CHPQA Standard available on [GOV.UK](https://www.gov.uk).

Due to the COVID-19 nationwide lockdowns, participating CHP Schemes in a variety of sectors may have been forced to either partially or fully shut down their plants or change the way they operate. There are two key parameters used in the CHPQA assessment process: Quality Index (QI) and Power Efficiency. The QI calculation is based on the amount of useful heat, electricity output and fuel input. The Power Efficiency is based on total annual power output divided by the total annual fuel energy input. Changes to the operation of a CHP Scheme could reduce the QI or Power Efficiency values meaning some CHP operators would not qualify for their usual level of financial benefits. CHP Schemes can either achieve full certification if they pass the thresholds or partial certification with benefits deducted proportionally to the overall QI and Power Efficiency values.

HM Government have provided extensive financial support for businesses and industries in a multitude of sectors impacted by COVID-19. To reduce the financial impact of COVID-19 in 2021 and to ensure continuity of support for businesses and industry with Combined Heat and Power plant, the Government are considering a temporary amendment to the CHPQA Standard as outlined below.

¹ A CHP Scheme is referred to as Good Quality if it's partially or fully certified through the CHPQA assessment process.

Proposed Changes

Currently, operational data from the previous calendar year is submitted to certify a CHP Scheme as Good Quality CHP for the next calendar year e.g. 2018 data was used for certification in 2019.

It is being proposed that for 2021, participating CHP Schemes that would ordinarily certify either fully or partially, but due to a forced change in the operation of their CHP as a result of the COVID-19 pandemic and regional and national COVID-19 lockdowns², are at risk of not matching or exceeding their previous QI or Power Efficiency values, can request to use their previously submitted 2019 data for certification in 2021.

This would allow continuity in the level of benefits and tax exemptions for CHP operators who can provide appropriate evidence.

Data submission and evidence

Participating CHPs wishing to apply for this option would be required to provide their 2020 operational data via the CHPQA portal as normal. This data will be used for the usual statistical purposes in producing the annual Digest of UK Energy Statistics (DUKES): Combined Heat and Power Statistics, published on [GOV.UK](https://www.gov.uk).

Alongside the submission of 2020 operational data, documentation e.g. invoices and reports, detailing the impacts on operation of your CHP Scheme would be required.

Supporting information should include:

- The QI or Power Efficiency value that the Responsible Person³ believes would have been met if COVID-19 and associated lockdowns had not occurred and provide detail of your analysis; (Essential)
- How the Responsible Person plans to use the CHP Scheme in 2021 to ensure its QI or Power Efficiency returns to a level normally achieved. (Essential)

As well as one or more of the following, where applicable:

- Changes in customer demands for heat and/or power as a result of COVID-19 restrictions;
- Changes in supply of fuel as a result of COVID-19 restrictions; and
- Related commercial decisions made due to COVID-19 and associated lockdowns impacting CHP use and therefore reducing the QI or Power Efficiency values.

² The first nationwide lockdown started on 23rd March 2020, different sectors may have ended lockdown on different dates due to regional lockdowns. A second nationwide lockdown started on 5th November 2020.

³ The Responsible Person means that person registered with the Administrator as responsible for the operation of a Scheme.

Eligibility

CHP Schemes that achieved partial or full CHPQA certification in 2020 (based on 2019 performance) but will not match or exceed their 2020 QI or Power Efficiency values for 2021 due to the COVID-19 pandemic, and in particular the regional and national lockdowns, will be eligible to apply for the easement.

Each site applying for the easement will be considered based on their supporting information which, as outlined above, should evidence how the COVID-19 pandemic played a key role in why they have not met or exceeded their 2020 QI or Power Efficiency values. If the evidence provided is not deemed to sufficiently prove the impact on the CHP Scheme was due to COVID-19, the easement will not be granted.

CHP Schemes that were commissioned during 2019 that may not have a full 12 months of data before the start of lockdowns on 23rd March 2020 will be assessed against evidence in the same way as other CHP Schemes. If your CHP falls into this category and is able to prove that without the COVID-19 pandemic and associated lockdowns, they would have reached the QI and Power Efficiency thresholds, we will work with you on an appropriate solution for certification for 2021, given the lack of 2019 data.

How the change will be implemented

If the proposed temporary amendment is deemed to be suitable following this consultation, the CHPQA Standard will be updated as outlined in Annex A. The CHPQA Standard will outline the eligibility, supporting documentation required and the amended timescales for certification.

The CHPQA Standard is referenced in multiple regulations. The regulations listed in Annex B will have their reference to the CHPQA Standard Issue number updated to Issue 8 via a Statutory Instrument.

If the proposed temporary amendment is not deemed to be suitable by the majority of respondents, an alternative based on suggestions within responses may be considered.

Timescales

It is expected that if the proposed temporary amendment is suitable, all CHP operators will submit their 2020 operational data as normal through the CHPQA portal before the usual end of March deadline. Impacted sites will notify Ricardo that they want to be considered for the easement by 30th April 2021 and supporting documentation outlining how COVID-19 has led to the site not matching or exceeding their 2020 QI or Power Efficiency values should be submitted by 4th June 2021. The CHPQA administrator Ricardo AEA will then review the supporting information for each site and work with BEIS to confirm whether the easement will be granted. Ricardo will then notify the CHP Scheme's Responsible Person of the outcome before the end of July 2021.

Consultation Questions

1. Should there be support through the CHPQA Scheme for CHP operators impacted by COVID-19 and associated lockdowns? Please explain why.
2. Is allowing CHP operators to use their 2019 performance data (or a similar solution for CHPs commissions during 2019) a sufficient support mechanism as long as they were partially or fully certified in 2020 and can justify COVID-19 and associated lockdowns as the primary reason for not matching or exceeding their 2020 QI or Power Efficiency values for 2021 certification? Please explain why.
3. In addition to what is being proposed, do you feel any further support is needed for CHP operators in relation to COVID-19 impacts?
4. What restrictions do you think should be in place for this proposed temporary amendment?
5. What benefits or adverse impacts would there be from implementing this proposed temporary amendment?

When completing your response, please also confirm:

- Sector, size, age, type and fuel of your CHP, value of CHP incentives to your business (if applicable).

We would be keen to hear from you if you feel this policy may impact people or groups with protected characteristics under the Equality Act 2010.

Annex A – CHPQA Standard Issue 8 draft

If the outcome of the consultation is supportive of the proposed easement, below is suggested wording for the updated CHPQA Standard that will be published alongside any legislative amendments. All sections not shown below will remain as per Issue 7. All references to Issue 7 will be removed.

CITATION AND APPLICABILITY – To replace Issue 7 wording

This Document may be cited as ‘The CHPQA Standard Issue 8’. It has been prepared for the Department for Business, Energy and Industrial Strategy (BEIS), which is the custodian of the document.

Assessment, Registration and Certification under CHPQA shall be available to Schemes in the whole of the United Kingdom (UK) of Great Britain and Northern Ireland.

This latest Issue of the CHPQA Standard (Issue 8) replaces Issue 7.

Due to the COVID-19 pandemic, and in particular the regional and national lockdowns, some CHP Schemes in a variety of sectors may have either partially or fully shut down or changed the way they operate. Changes to the operation of a CHP Scheme could impact the Quality Index (QI) or Power Efficiency values. Some CHP Schemes that previously partially or fully qualified as Good Quality, may not be able to match or exceed their 2020 certification QI or Power Efficiency values based on their 2020 operational performance data, leading to a loss in financial benefits associated with CHPQA certification.

Following multiple representations from organisations concerned about this issue, a public consultation was launched in December 2020. The consultation sought to determine a suitable temporary support mechanism to reduce the financial impact of COVID-19 on CHP Scheme operators and allow continuity of support under the CHPQA Scheme where justified by appropriate evidence. Following consideration of the responses to the consultation the Secretary of State has decided in respect of impacted CHP Scheme operators who are able to provide appropriate evidence of the impact COVID-19 lockdowns had on their CHP Scheme operation, to allow the CHP scheme to be recertified using 2019 operational performance data for one year only. This will be referred to as the temporary COVID-19 easement.

The CHPQA Standard Issue 8 outlines the eligibility, supporting documentation required and amended timescales for certification for those CHP schemes that have been impacted.

4 INTERPRETATION – In addition to Issue 7 wording

Annual Operation (AO) represents the calendar year when the Scheme is in operation; the period from 1 January to 31 December inclusive. For new Schemes, in the first year of operation, this should be from the date of commencing to supply heat to user(s) to 31 December of that year. For Schemes deemed by the Administrator and BEIS to be eligible for the temporary COVID-19 easement, Annual Operation will represent the calendar year when the Scheme was last certified as Good Quality either partially or in full. The definition of Annual Operation will revert to meaning the nearest calendar year for 2022 certification and beyond.

Temporary COVID-19 Easement is the temporary amendment to the CHPQA certification process which will allow a Responsible Person to provide evidence that the COVID-19

pandemic has impacted the use of their CHP Scheme to the point that their 2020 operational performance data will mean the CHP Scheme will not match or exceed their 2020 QI or Power Efficiency values leading to a loss of access to the benefits associated with partial or full CHPQA certification. This easement will only be applicable for 2021 certification.

5 DETAILED REQUIREMENTS – In addition to Issue 7 wording

For each scheme, the Responsible Person shall:

- Notify the Administrator by 30th March 2021, of any changes to the Scheme relevant to Registration and Self-Assessment, including whether the operation of the CHP Scheme has been impacted by COVID-19 and associated lockdowns.

The Administrator of the CHPQA programme shall:

- Work with BEIS to assess evidence provided by Responsible Persons related to the impact COVID-19 and associated lockdowns have had on the operational performance of a CHP and whether the CHP Scheme is eligible for the temporary COVID-19 easement.

5.4 Self-Assessment – In addition to Issue 7 wording

Responsible Persons shall notify the Administrator of any changes made to the Scheme that are relevant to the Self-Assessment, including whether the operation of the CHP Scheme has been impacted by COVID-19 and if they want to be considered for the temporary COVID-19 easement.

During the assessment window for 2021 certification, the Administrator may also approach Responsible Persons for CHP schemes that were either partially or fully certified as Good Quality in 2020 but have not matched or exceeded their 2020 QI or Power Efficiency values for certification in 2021. The Responsible Person could then provide evidence e.g. invoices and reports, on the impacts COVID-19 had on the operation of their CHP Scheme throughout 2020.

This evidence should include but is not limited to the following:

- The QI or Power Efficiency value that the Responsible Person believes would have been met if COVID-19 and associated lockdowns had not occurred and provide detail of your analysis; (Essential)
- How the Responsible Person plans to use the CHP Scheme in 2021 to ensure its QI or Power Efficiency returns to a level normally achieved. (Essential)

As well as one or more of the following, where applicable:

- Changes in customer demands for heat and/or power as a result of COVID-19 restrictions;
- Changes in supply of fuel as a result of COVID-19 restrictions;
- Related commercial decisions made due to COVID-19 and associated lockdowns impacting CHP use and therefore reducing the QI or Power Efficiency values.

Annex B – Regulation updates

The following regulations will have their references to the CHPQA Standard issue updated to Issue 8 by laying a Statutory Instrument:

- The Renewables Obligation Order 2015
- The Emissions Performance Standard Regulations 2015
- The Renewable Heat Incentive Scheme Regulations 2018

The Scottish Government, Northern Ireland Assembly and HMRC are responsible for other impacted legislation.

This consultation is available from: www.gov.uk/government/consultations/combined-heat-and-power-quality-assurance-proposed-temporary-easements-in-response-to-the-covid-19-pandemic

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